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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.*



**DFL**  
DAFA LAND

**DaFa Properties Group Limited**

**大发地产集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(the “Company”, Stock Code: 6111)**

**ISSUANCE OF ADDITIONAL US\$100,000,000 9.95% SENIOR NOTES DUE 2022 (THE “ADDITIONAL NOTES”) (TO BE CONSOLIDATED AND FORM A SINGLE SERIES WITH THE US\$180,000,000 9.95% SENIOR NOTES DUE 2022 ISSUED ON 19 JANUARY 2021 (TOGETHER WITH THE ADDITIONAL NOTES, THE “NOTES”, STOCK CODE: 40549))**

## **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 4 June 2021 (the “Offering Memorandum”) appended herein in relation to the issuance of the Additional 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  
**DaFa Properties Group Limited**  
**GE Yiyang**  
*Chairman*

Hong Kong, 11 June 2021

*As at the date of this announcement, the Board comprises Mr. Ge Yiyang, Mr. Liao Lujiang, Mr. Chi Jingyong and Mr. Yang Yongwu as the executive Directors, and Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas as the independent non-executive Directors.*

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION IN THE UNITED STATES

**You must read the following disclaimer before continuing.** The following disclaimer applies to the document following this page and you are therefore advised to read this disclaimer carefully before accessing, reading 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 from time to time, each time you receive any information from us as a result of such access.

**You acknowledge that the attached document and the information contained therein are strictly confidential and intended for you only.** You are not authorized to and you may not forward or deliver the attached document, electronically or otherwise, to any other person or reproduce such document in any manner whatsoever, nor may you disclose the information contained in the attached document to any third-party or use it for any other purpose. **Any forwarding, distribution, publication or reproduction of the attached document in whole or in part or disclosure of any information contained therein or any use of such information for any other purpose is unauthorized.** Failure to comply with this directive may result in a violation of the securities laws of applicable jurisdictions.

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 the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The communication of this offering memorandum and any other document or materials relating to the issue of the New 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 (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 New Notes offered hereby are 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 UK Retail Investors** – The New Notes are not intended to be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes: (a) 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 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; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and (b) an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The New 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 (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**CONFIRMATION OF YOUR REPRESENTATION:** IN ORDER TO BE ELIGIBLE TO VIEW THE ATTACHED DOCUMENT, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THE ATTACHED DOCUMENT ON THE BASIS THAT YOU HAVE CONFIRMED TO GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED AND CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LTD. THAT YOU (I) ARE OUTSIDE THE UNITED STATES, AND, TO THE EXTENT YOU PURCHASE THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION, AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S"), IN COMPLIANCE WITH REGULATION S; AND (II) CONSENT TO DELIVERY BY ELECTRONIC TRANSMISSION.

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# DAFA PROPERTIES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

**US\$100,000,000**

**9.95% Senior Notes due 2022**

**(To be consolidated and form a single series with the US\$180,000,000**

**9.95% Senior Notes due 2022 issued on January 19, 2021)**

**Issue Price: 98.391%**

**plus accrued interest from (and including) January 19, 2021 to (but excluding) June 10, 2021**

DaFa Properties Group Limited (the "Company") is offering US\$100,000,000 9.95% senior notes due 2022 (the "New Notes"). The New Notes will be issued under the indenture dated January 19, 2021 (the "Indenture") governing the Company's outstanding US\$180,000,000 9.95% Senior Notes due 2022 issued on January 19, 2021 (the "Original Notes" and, together with the New Notes, the "Notes"). The New Notes constitute Additional Notes under the Indenture and are identical in all respects to the Original Notes, other than with respect to the issue date and issue price. The New Notes will form a single series with the Original Notes. Upon completion of this offering, the aggregate principal amount of the outstanding Notes will be US\$280,000,000. The Notes will bear interest from January 19, 2021 at 9.95% per annum payable in arrears on July 19, 2021 and January 18, 2022. The Notes will mature on January 18, 2022.

The Notes are senior obligations of the Company, 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 January 18, 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 out in the section entitled "Description of the Notes" of this offering memorandum) 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 January 18, 2022, we may redeem up to 35% of the Notes, at a redemption price of 109.95% 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 capital stock of the Company. Upon the occurrence of a Change of Control Triggering Event (as defined in 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 will be (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (2) at least *pari passu* in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), (3) 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 (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees."

For a more detailed description of the Notes, see the section entitled "Description of the Notes".

**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 10 and particularly pages 37-47 for risks relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.**

The Original Notes are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Application will be made to the Hong Kong Stock Exchange for the listing of the New 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 Limited 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 Issuer, 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 expected date of listing of the New Notes on the Hong Kong Stock Exchange is on or around June 11, 2021.

The New 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 New 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 ("Regulation S"). For a description of certain restrictions on resale or transfer, see the section entitled "Transfer Restrictions."

It is expected that the delivery of the New Notes will be made on or about June 10, 2021 through the book-entry facilities of the 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*

**Guotai Junan International**

**China Galaxy International Securities  
(Hong Kong) Co., Ltd.**

The date of this offering memorandum is June 4, 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.**

**The communication of this offering memorandum and any other document or materials relating to the issue of the New 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 (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 New Notes offered hereby are 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 UK Retail Investors** – The New Notes are not intended to be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes: (a) 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 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; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and (b) an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes.

**IN CONNECTION WITH THIS OFFERING, ANY OF THE INITIAL PURCHASERS, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NEW NOTES IN THE OPEN MARKET. 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 NEW NOTES. AS A RESULT, THE PRICE OF THE NEW 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 THE STABILIZING MANAGER, AND NOT FOR US OR ON OUR BEHALF.**

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

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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) that is material in the context of the offering of the New Notes; (ii) the statements contained in this offering memorandum relating to us and our subsidiaries and our affiliates are 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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the offering of the New 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 New Notes. You should read this offering memorandum before making a decision whether to purchase the New Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

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 New Notes. By purchasing the New 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 by Guotai Junan Securities (Hong Kong) Limited and China Galaxy International Securities (Hong Kong) Co., Ltd. (the “Initial Purchasers”), China Construction Bank (Asia) Corporation Limited (the “Trustee”), China Construction Bank (Asia) Corporation Limited (the “Paying and Transfer Agent” and the “Registrar” and, collectively, the “Agents”) or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future.

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 affiliated with the Initial Purchasers, the Trustee and/or the Agents 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 New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of our company and the terms of the offering of the New Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers, the Trustee or any of the Agents.

**The New 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, 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 making an offer to sell the New 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 issuance of the securities, including the New 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 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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see the section entitled “Transfer Restrictions” 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. We are not making any representation to you regarding the legality of an investment in the New 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 advisors for legal, business, tax and other advice regarding an investment in the New Notes.

We reserve the right to withdraw the offering of the New Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the New Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the New Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the New 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 DaFa Properties Group Limited itself, or DaFa Properties Group Limited 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 our or their respective directors and advisors, and neither we nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. 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 “RMB” or “Renminbi” are to 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. dollars 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. dollars into U.S. dollars 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.

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 certain other countries.

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\$0.001, in our share capital.

References to “April 2019 Notes” are to our 13.5% Senior Notes due 2020, which matured and were repaid in full in April 2020.

References to “January 2020 Notes” are to our 11.5% Senior Notes due 2021, which matured and were repaid in full in January 2021.

References to “July 2019 Notes” are to our 12.875% Senior Notes due 2021.

References to “July 2020 Notes” are to our 12.375% Senior Notes due 2022.

References to “January 2021 Notes” or the “Original Notes” are to our 9.95% Senior Notes due 2022.



A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area (“GFA”) information presented in this offering memorandum represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies.

In this offering memorandum, unless the context otherwise requires, all references to “affiliate” are to person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to “subsidiary” are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended (the “Listing Rules”), which includes: (i) a “subsidiary undertaking” as defined in the twenty-third schedule to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”), (ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable, and (iii) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to IFRS or International Financial Reporting Standards, as applicable; all references to “associate” are used with the meaning ascribed thereto under the Listing Rules, which includes: (i) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power, (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director, chief executive or substantial shareholder of a listed issuer; and all references to “controlling shareholder” are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our board of directors, and “controlling interest” will be construed accordingly.

In this offering memorandum, a land grant contract refers to a state-owned land use rights grant contract (國有土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this offering memorandum, a land use rights certificate refers to a state-owned land use rights certificate (國有土地使用權證) issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a pre-sale permit refers to a commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to the pre-sale of relevant properties; a certificate of completion refers to a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate (國有土地使用權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

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 such 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 forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- projects under development or held for future development;
- the regulatory environment of our industry in general;
- the performance and future developments of the property market in China or any region in China in which we may engage in property development;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, availability and cost of financing, and pre-sale, pricing and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or held for future development;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;
- changes in currency exchange rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct,

and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “Risk Factors” in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

## SUMMARY

*This summary does not contain all the information that may be important to you in deciding to invest in the New 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 an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. As of December 31, 2020, we had a diverse portfolio of 83 projects (including projects we develop with our joint ventures and associates) consisting of 75 residential properties, five residential and commercial complexes, two commercial complexes and one office floor. Of all the aforementioned projects, four projects are located in Shanghai, 79 projects are located in Jiangsu, Anhui, Zhejiang, Sichuan, Chongqing, Shandong, Henan, Jiangxi, Guangdong and Qinghai provinces.

As of December 31, 2020, we had land reserves (including land reserves held by our joint ventures and associates) with a total GFA of approximately 6.7 million sq.m., including (i) completed properties with a total saleable unsold/leasable GFA of approximately 0.6 million sq.m., (ii) properties under development with a total planned GFA of approximately 5.4 million sq.m., and (iii) properties held for future development with a total estimated GFA of approximately 0.7 million sq.m.

Our business operations consist of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services and management consulting service. We derive our revenue principally from the sales of properties we develop. For the three years ended December 31, 2020, revenue generated from property development and sales was RMB5,879.4 million, RMB7,294.1 million and RMB9,085.3 million (US\$1,392.4 million), respectively.

We position our brand as “Design for Life” with a vision of providing quality properties and creating specific living scenes for our customers. We use the brand names “大發” or “大發地產” to carry out our business in China. To implement our market positioning strategy, we have developed four product series of residential property projects under the Bliss series (悦系), each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted customers from first-time home purchasers and customers with home upgrade demand to high-end customers.

We advocate the concept of “situational real estate.” Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios. Our research methods include integrating customer insight and big data analysis, with site adaptability, spatial planning, public space design, environmental friendliness and intelligent design taken into consideration. We classified the living experience of our customers into four scenarios under “24 Blissful Living Community (24 悦愛社區)” to improve the living experience of our customers. See “Business — Property Development and Sales Process — Project Planning and Design.”

We believe we are well recognized in the industry. In the past few years, we have won numerous awards, including “2020 Excellent Investment Value Award for Listed Real Estate Companies of Golden Brick for Real Estate of China” granted by 21st Century Business Herald and Boao 21st Century Real Estate Forum, “2020 Greatest Potential Award for Chinese Real Estate among Top 100 Chinese Real Estate” granted by Times Media, Anjuke, Leju China and CRIC, “China Top 100 Real Estate Developers (中國房地產企業100強)” from 2016 to 2019, “The Star Developers among China Top 100 Real Estate Developers (中國房地產百強之星)” in 2016 and 2019, “Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)” in 2016 and 2017, “China Special Real Estate Outstanding Operation Enterprise — Situational Real Estate (中國特色地產運營優秀企業-情景地產)” in 2018 and 2019, and “Top 10 Brand of Yangtze River Delta Region Real Estate Companies (中國長三角區域房地產公司品牌價值Top10)” in 2019, all granted by the China Real Estate Top 10 Research Team of China Index Academy (中國指數研究院中國房地產TOP10研究組), “2019 Best 10 of East China Real Estate Developers Brand Value (2019中國房地產開發企業品牌價值華東10強)”, “Top 100 Listed Companies of Comprehensive Strength” and “2019 China’s Best Real Estate Employer” in 2019 granted by China Real Estate Association, “2019 Investment Value Award of Listed Real Estate Enterprises” by Gelonghui and the “Key Enterprise Contribution Award (重點企業貢獻獎)” from 2015 to 2019, issued by Shanghai Hongkou District People’s Government (上海市虹口區人民政府).

## **COMPETITIVE STRENGTHS**

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

- An Expanding Residential Real Estate Developer Headquartered in Shanghai and Penetrating into the Yangtze River Delta Region;
- Land Reserves in Core Cities of the Yangtze River Delta Region and Prudent and Efficient Land Acquisition Capabilities;
- An Advocate of Situational Real Estate and A Practitioner of Quality Real Estate;
- Customer-Oriented Residential Products Designed to Meet Customer Demands and Commercial Properties at Prime Locations Bringing in Stable Cash Flows;
- Active and Prudent Financial Policies and Operations; and
- Experienced Senior Management and Operation Team.

## **STRATEGIES**

We strive to become a leading residential real estate developer in the PRC through steady business development. To achieve our goal, we intend to pursue the following strategies:

- Solidify Our Market Position in the Yangtze River Delta Region While Seeking Opportunities in Cities in Other Regions of the PRC;
- Continue to Enhance Our Financial Structure;
- Continue to Enhance Product Quality and Tailor Product Offerings;
- Optimize Corporate Operations and Improve Brand Recognition; and
- Retain and Attract Talents.

## **RECENT DEVELOPMENTS**

### **Issuance of the Original Notes**

On January 19, 2021, we entered into an indenture (as amended or supplemented from time to time, the “January 2021 Indenture”) pursuant to which we issued US\$180,000,000 in aggregate principal amount of the January 2021 Notes. As of the date of this offering memorandum, the entire principal amount of the Original Notes remains outstanding. See “Description of Material Indebtedness and Other Obligations — Original Notes.”

### **Full Repayment of the January 2020 Notes**

On January 27, 2021, we fully redeemed the January 2020 Notes.

## **GENERAL INFORMATION**

We were incorporated in the Cayman Islands on December 18, 2017, as an exempted company with limited liability. Our shares have been listed on the Hong Kong Stock Exchange since October 11, 2018 under stock code 6111. Our principal place of business in the PRC is located in No. 2, Lane 1188 Shenhong Road, Minhang District, Shanghai, the PRC. Our place of business in Hong Kong is located at Flat/RM 05-06, 28/F Bank of America Tower, 12 Harcourt Road, Central. Our registered office is located at Walkers Corporate Limited, 190 Elgin Avenue George Town, Grand Cayman KY1-9008, Cayman Islands. Our website is <http://www.dafaland.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 .....	DaFa Properties Group Limited (the “Company”).
New Notes offered .....	US\$100,000,000 aggregate principal amount of 9.95% Senior Notes due 2022 (the “New Notes”) to be consolidated and form a single series with the US\$180,000,000 9.95% Senior Notes due 2022 issued on January 19, 2021 (the “Original Notes” and, together with the New Notes, the “Notes”). The terms of the New Notes are the same as those for the Original Notes in all respects except for the issue date and issue price.
Issue Price.....	98.391% of the principal amount of the New Notes, plus accrued interest from (and including) January 19, 2021 to (but excluding) June 10, 2021.
Maturity Date .....	January 18, 2022.
Interest.....	The Notes will bear interest from and including January 19, 2021 at the rate of 9.95% per annum, payable in arrears.
Interest Payment Dates .....	July 19, 2021 and January 18, 2022.
Ranking of the Notes .....	The Notes are: <ul style="list-style-type: none"><li>• general obligations of the Company;</li><li>• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;</li><li>• 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);</li><li>• 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 Subsidiary Guarantees and the JV Subsidiary Guarantees” and “Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantors;”</li><li>• 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</li><li>• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.</li></ul>

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 Other 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 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 20% 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% 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 20% 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 certain of its existing indebtedness.

Optional Redemption .....

At any time prior to January 18, 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 January 18, 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 109.95% 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 New 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 New 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 New 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 New Notes .....	The Company expects to make delivery of the New Notes, against payment in same-day funds on or about June 10, 2021 which the Company expects will be the fourth business day following the date of this offering memorandum referred to as “T+4”. You should note that initial trading of the New Notes may be affected by the T+4 settlement.	
Listing.....	The Original Notes are listed on the Hong Kong Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the New Notes by way of debt issues to Professional Investors only as described in this offering memorandum.	
Trustee .....	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).	
Paying Agent, Transfer Agent and Registrar .....	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).	
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 .....	<b>ISIN</b>	<b>Common Code</b>
	XS2286017640	228601764

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated statement of comprehensive income data for 2018, 2019 and 2020 and the summary consolidated statement of financial position data as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for the years ended December 31, 2019 and 2020 and as of such dates, as audited by Ernst & Young, the 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 the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

### SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER FINANCIAL DATA

	For The Year Ended December 31,			
	2018	2019	2020	(US\$)
	(RMB)	(RMB)	(RMB)	(unaudited)
	(in thousands)			
<b>REVENUE</b> .....	5,946,047	7,398,245	9,188,494	1,408,198
Cost of sales .....	(4,364,068)	(5,701,515)	(7,270,798)	(1,114,298)
<b>GROSS PROFIT</b> .....	1,581,979	1,696,730	1,917,696	293,900
Finance income.....	17,740	18,262	26,151	4,008
Other income and gains.....	37,672	21,706	345,471	52,946
Selling and distribution expenses .....	(176,814)	(269,258)	(289,666)	(44,393)
Administrative expenses .....	(375,071)	(393,259)	(449,526)	(68,893)
Other expenses .....	(20,284)	(35,690)	(26,110)	(4,002)
Impairment losses of financial assets, net.....	(395)	(423)	(2,639)	(404)
Fair value gains/(losses), net:				
Financial assets at fair value through profit or loss .....	–	58,363	(2,893)	(443)
Fair value gains/(losses) on investment properties .....	61,295	57,476	(8,164)	(1,251)
Finance costs .....	(132,711)	(249,760)	(235,457)	(36,085)
Share of profits and losses of joint ventures and associates.....	(3,969)	47,059	(24,641)	(3,778)
<b>PROFIT BEFORE TAX</b> .....	989,442	951,206	1,250,222	191,605
Income tax expense.....	(500,067)	(350,466)	(534,888)	(81,975)
<b>PROFIT FOR THE YEAR</b> .....	489,375	600,740	715,334	109,630
Attributable to:				
Owners of the parent .....	476,817	515,821	338,859	51,933
Non-controlling interests.....	12,558	84,919	376,475	57,697
	489,375	600,740	715,334	109,630
<b>Other financial data (unaudited)</b>				
EBITDA <sup>(1)</sup> .....	1,460,044	1,569,884	1,945,004	298,085
EBITDA margin <sup>(2)</sup> .....	24.6%	21.2%	21.2%	21.2%

*Notes:*

- (1) EBITDA consists of profit before taxation plus amortization of intangible assets, capitalized interests included in the cost of goods, finance costs, depreciation of right-of-use assets and depreciation of property, plant and equipment. 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. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. 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. See the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures” for a reconciliation of our profit for the year under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
	(unaudited)			
	(in thousands)			
<b>Non-current Assets</b>				
Property, plant and equipment.....	160,088	130,976	112,938	17,308
Investment properties.....	2,582,000	2,798,600	2,723,700	417,425
Right-of-use assets.....	–	6,964	5,064	776
Intangible assets.....	5,353	10,053	14,971	2,294
Investments in joint ventures.....	–	92,794	403,777	61,882
Investment in associates.....	24,091	1,783,333	1,876,466	287,581
Equity investments designated at fair value through other comprehensive income.....	106,400	115,742	95,100	14,575
Deferred tax assets.....	231,075	271,877	228,485	35,017
	<u>3,109,007</u>	<u>5,210,339</u>	<u>5,460,501</u>	<u>836,858</u>
<b>Current Assets</b>				
Properties under development.....	11,003,293	9,844,872	12,676,017	1,942,685
Completed properties held for sale.....	1,094,172	2,864,311	2,042,689	313,056
Trade receivables.....	33,531	13,528	13,860	2,122
Due from related companies.....	570,396	2,028,836	2,204,035	337,783
Prepayments, other receivables and other assets.....	1,067,063	2,121,365	4,202,111	644,002
Tax recoverable.....	195,219	328,254	258,105	39,556
Financial assets at fair value through profit or loss.....	20,899	596,030	937,053	143,610
Restricted cash.....	650,574	1,115,487	2,128,643	326,229
Pledged deposits.....	26,321	766,669	1,256,204	192,522
Cash and cash equivalents.....	1,487,075	2,811,566	3,891,229	596,357
	<u>16,148,543</u>	<u>22,490,918</u>	<u>29,609,946</u>	<u>4,537,922</u>
<b>Current Liabilities</b>				
Trade and bills payables.....	1,424,969	2,247,171	2,289,005	350,805
Other payables and accruals.....	863,436	1,887,152	2,329,049	356,942
Contract liabilities.....	6,986,306	7,062,738	7,073,740	1,084,098
Due to related companies.....	30,473	577,398	780,294	119,585
Interest-bearing bank and other borrowings.....	2,194,208	2,476,816	1,887,593	289,286
Senior notes.....	–	843,395	3,217,164	493,052
Lease liabilities.....	–	4,819	2,008	308
Tax payable.....	664,766	752,152	686,423	105,199
	<u>12,164,158</u>	<u>15,851,641</u>	<u>18,265,276</u>	<u>2,799,275</u>
<b>Net Current Assets</b> .....	<u>3,984,385</u>	<u>6,639,277</u>	<u>11,344,670</u>	<u>1,738,647</u>
Total Assets less Current Liabilities.....	<u>7,093,392</u>	<u>11,849,616</u>	<u>16,805,171</u>	<u>2,575,505</u>
<b>Non-Current Liabilities</b>				
Interest-bearing bank and other borrowings.....	3,451,010	3,622,333	5,198,726	796,740
Senior notes.....	–	2,150,361	2,345,678	359,491
Lease liabilities.....	–	2,240	3,073	471
Deferred tax liabilities.....	396,417	417,199	471,126	72,203
	<u>3,847,427</u>	<u>6,192,133</u>	<u>8,018,603</u>	<u>1,228,905</u>
<b>NET ASSETS</b> .....	<u>3,245,965</u>	<u>5,657,483</u>	<u>8,786,568</u>	<u>1,346,600</u>
<b>Equity attributable to:</b>				
Owners of the parent.....	3,083,032	3,422,955	3,661,650	561,172
Non-controlling interests.....	162,933	2,234,528	5,124,918	785,428
<b>TOTAL EQUITY</b> .....	<u>3,245,965</u>	<u>5,657,483</u>	<u>8,786,568</u>	<u>1,346,600</u>

## RISK FACTORS

*You should carefully consider the risks and uncertainties 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 foresee. 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 occurs, 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.*

### RISKS RELATING TO OUR BUSINESS

**We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect our business, financial condition, results of operations and prospects.**

The growth and success of our business depend on our ability to continue acquiring land reserves located in desirable locations at commercially reasonable prices. Our ability to acquire land depends on a variety of factors that we cannot control, such as general economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. A majority of our completed projects were developed on land obtained through public tender, auction or listing-for-sale process organized by government authorities, and we may continue to acquire land for our property development projects through such methods. The availability and price of land acquired through public tender, auction or listing-for-sale process organized by government authorities depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Local governments control the availability of land acquisition by public tender, auction or listing-for-sale process organized by government authorities. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. Furthermore, the rapid development of the cities in Shanghai and other parts of the Yangtze River Delta Region in recent years has resulted in a shortage in the supply of undeveloped land in desirable locations and increased land acquisition costs, which becomes one of the largest components of our cost of sales. Any increase in our land costs resulting from shortages of supply or our inability to procure land could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Our business and prospects are heavily dependent on the performance of the PRC property markets, particularly in the various cities we operate and intend to operate, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities where our projects are located, could have a material adverse effect on our business, financial condition and results of operations.**

We principally develop and sell properties in Shanghai and other parts of the Yangtze River Delta Region. As of December 31, 2020, we had 83 property projects in the PRC in various stages of development, 69 of which were located in Shanghai and other major cities in the Yangtze River Delta Region. Our business continues to be heavily dependent on the property markets in the Yangtze River Delta Region. These property markets may be affected by local, regional, national and global factors, including economic and financial developments, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices of property buyers, inflation, government policies, interest rates and the availability of capital. Any adverse developments in the PRC property market generally or in the cities in which we have or expect to have operations could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, private ownership of property in China is still at a relatively early stage. Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how significantly demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to the overall market uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential properties. In addition, the limited amounts

and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit the demand for residential property. The risk of oversupply is also increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations, financial condition and prospects could be materially and adversely affected.

**The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics and pandemics.**

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics, pandemics 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 flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics and pandemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or, most recently, the novel coronavirus named COVID-19 by the World Health Organization.

The COVID-19 outbreak, which may have first appeared at the end of 2019, has subsequently spread across China and around the world. On March 11, 2020, World Health Organization declared COVID-19 outbreak a pandemic. Governments across the world have imposed travel restrictions and/or lockdown in an effort to curb the spread of highly infectious COVID-19. As the pandemic continues to spread worldwide, more countries may impose similar or more severe containment measures. There is no assurance that the current containment measures will be effective in halting the pandemic. The current containment measures and any future containment measures may materially and adversely affect the manufacturing, exports and imports and consumption of goods globally, which may in turn lead to global economy slowdown. As a result, supply of our raw materials and productivity of our employees may be adversely affected. 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 pandemic. 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.

Past occurrences of epidemics and pandemics, 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 or pandemics, 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.

**We had negative net operating cash flow for the year ended December 31, 2020 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, trust financing or other arrangements, on commercially reasonable terms, or at all.**

Property development usually requires substantial capital investment during the construction period. As of December 31, 2020, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans, trust financings and other financing arrangement. We expect to continue to fund our projects through these sources and will look for additional financing opportunities.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the year ended December 31, 2020, we recorded negative net cash flow used in operating activities of approximately RMB3,899.7 million (US\$597.7 million). Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. We cannot assure you that in the future we will not experience negative net cash flow from our operating activities again. 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 payables and repay the 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 finance our property projects primarily through a combination of internally generated funds, including proceeds from pre-sales and sales of our properties and borrowings from financial institutions, such as CBRC-licensed commercial banks and trust financing companies. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and the availability of financing;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the property market.

The PRC government has implemented a number of measures to manage the growth of the money supply and the availability of credit, especially with respect to the property sector. For example:

- the PBOC has adjusted the Renminbi deposit reserve ratio for major banks several times since 2010, first upward to a peak of 21.5% and then downward to 16.5%. Effective from July 5, 2018, the PBOC further made downward adjustment of the Renminbi deposit reserve ratio to a minimum of 15.5% or 13.5% as the case may be, for banks meeting certain conditions;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008. The PBOC lowered the benchmark one-year bank lending rate to 5.35% on March 1, 2015, to 5.10% on May 11, 2015, to 4.85% on June 27, 2015, to 4.6% on August 26, 2015, and further lowered it to 4.35% on October 24, 2015. The benchmark one-year bank lending rate was maintained at 4.35% on January 1, 2016 and January 1, 2017;
- requiring that at least (i) 20% of total investment in property projects is for affordable housing or commodity housing; and (ii) 25% of the total investment for all other types of property projects is funded by the developer's own capital, and the highest percentage had been at 30%;
- restricting commercial banks from granting property developers loans which will be used to pay land premium;
- restricting trust companies from providing financing to property developers that have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, or to projects that fail to meet project capital ratio requirements;

- restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have second-level or above qualification;
- prohibiting PRC commercial banks from extending any existing loans or granting any new or revolving credit facilities in any form to property developers with noncompliance records in relation to, among other things, holding and speculating idle lands, using the land outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;
- prohibiting PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for loans to property developers; and
- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside.

According to the Notice of the CBRC on the Relevant Issues concerning Supporting the Innovation and 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 CBRC on 25 March 2009, Notice of General Office of the CBRC on Strengthening Supervision over the Real Estate Trust Business 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 by the CBRC on February 11, 2010 and Notice of General Office of CBRC on Risk Warning for Real Estate Trust Businesses of Trust Companies (《中國銀監會辦公廳關於信託公司房地產信託業務風險提示的通知》) promulgated by the general office of the CBRC on November 12, 2010, trust companies shall not provide loans to property developers which (i) have not obtained land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, (ii) have not met the minimum capital ratio requirement for real estate development projects, or (iii) whose controlling shareholders do not have second-level or above qualification. Shanghai Dafa, which is the shareholder of our project companies, holds second-level qualification for real estate development. Under the above rules and notices, we are unable to obtain any trust loan from trust companies before our project companies obtaining the land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, and meeting the minimum capital ratio requirement. Accordingly, we are unable to use trust loans from trust companies to finance the land premium, and under normal circumstance, any trust loan that we could obtain can only be used for the relevant project development.

In addition, on March 13, 2018, the PRC State Council submitted the Reform Plan on State Council Agencies (the “Reform Plan”) for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee. The Reform Plan includes the merger of the CIRC and the CBRC into the CBIRC, which may lead to stricter and more unified supervision over financial institutions and may indirectly affect the real property industry. This reform will lead to uncertainties in the regulatory environment of the finance market, which may in turn affect the real property industry.

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and trust financing arrangements to finance our property projects. Should the PRC government introduce similar additional initiatives, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all.

Going forward, we might look for debt financing opportunities to support our business, including but not limited to raising funds through asset-backed securities programs, corporate bonds and other debt offerings. We might also consider other debt offering plans in the near future.

**We are subject to risks associated with certain covenants and restrictions under our bank borrowings and trust financing arrangements which may adversely affect our business, financial condition and results of operations.**

We are subject to certain restrictive covenants in the loan contracts between us and certain banks and the trust arrangements entered into by us. For instance, our loan agreements with certain commercial banks may restrict our operating subsidiaries from paying dividends to their shareholders without prior consent from the lenders. Our loan agreements with certain banks may contain cross-default clauses. If any cross-default occurs,



such banks are entitled under those agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. We may be required to seek the consent of the banks in order to carry out any mergers, restructurings, spin-offs, reductions in registered share capital, material asset transfers, liquidations, changes in shareholding or management structures or the establishment of any joint ventures. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties. In addition, our trust financing arrangements may have covenants that, among other things, the project company is required to notify and obtain written consent from the trust financing companies in advance if, during the term of the trust financing, it is involved in any operational decisions which would lead to any material change to the interests of the trust financing companies under the trust financing arrangements, or if we need to provide guarantees for other external loans if there are circumstances which may affect our ability to repay loans. Should we fail to abide by those provisions, our lenders may be entitled to accelerate repayment of the relevant loans or borrowings, in which case our business, financial condition and results of operations could be materially and adversely affected.

**The CBRC and/or other government agencies of the PRC may tighten the regulations relating to trust loans being provided to the property industry in the PRC, which may affect our ability to obtain trust loans.**

We had certain trust financing arrangements. There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBRC pursuant to the Rules Governing Trust Financing Companies (《信託公司管理辦法》), which came into effect on March 1, 2007, and relevant regulations are published and updated from time to time. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with the relevant notices and regulations promulgated by the CBRC. We cannot assure you that the PRC government will not implement additional or more stringent requirements with regard to trust financing companies. If additional or more stringent requirements with regard to trust financing companies have been implemented, it 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.

**The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, 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 reporting period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. We recognized the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of profit or loss. In 2018 and 2019, our fair value gains on investment properties were RMB61.3 million and RMB57.5 million, respectively. In 2020, our fair value losses on investment properties were RMB8.2 million (US\$1.3 million).

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 adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we 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 could 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.

**Gain on disposal of subsidiaries is non-recurring in nature. Accordingly, we may not record such gain in the future.**

For three years ended December 31, 2020, our gain on disposal of subsidiaries were RMB22.5 million, RMB2.4 million and RMB103.7 million (US\$15.9 million), respectively. While such gain had a significant impact on our reported profit for the relevant period, it was non-recurring in nature. Therefore, we may not record such gain in the future, which in turn may materially affect our profitability.

**Our deferred tax assets may not be recovered, which could adversely affect our results of operations.**

As of December 31, 2020, our deferred tax assets amounted to RMB228.5 million (US\$35.0 million), representing approximately 1.0% of our total assets. 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 recognized 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.

**We may be unable to successfully manage the growth of our business and our results of operations from the previous years may not be representative of our future performance.**

We experienced significant revenue growth in the three years ended December 31, 2020. We cannot assure you that we will continue to grow at this rate, or at all. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. We have established a set of policies, controls and procedures to manage our subsidiaries, including personnel management policies, internal control policies and internal audit procedures. However, as our business continues to expand, we cannot assure you that these policies, controls and procedures will prove as effective as we hope. As a result, our past results of operations may not be indicative of our future performance.

**Our results of operations largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.**

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. For the three years ended December 31, 2020, our revenue generated from property development and sales amounted to 98.9%, 98.6% and 98.9%, respectively, of our total revenue. Our results of operations may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the delivery of completed properties. Because the timing of completion 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 completion 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 completed and 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 grant premium, development costs, administrative expenses, and 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 property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicity, combined with the lead time required for the completion of projects and the sales of properties, indicates that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, our property development 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 flow and results of operations.

**The locations of our property projects have a direct impact on their selling prices or recognized ASP per sq.m., our sales revenue and our gross profit margins.**

The selling prices or recognized ASP per sq.m. of our property projects are affected by the locations of these projects. While the selling prices or recognized ASP per sq.m. of our property projects vary depending on their locations, our sales revenue and therefore our gross profit margin may vary depending on the mix in geographical locations of our property projects being delivered for a particular period. Therefore, our Group's gross profit margins may decrease in the foreseeable future if expected sales contributed by our property projects in locations with relatively higher recognized ASP per sq.m., such as Shanghai, decreased.

In addition, we cannot assure you that our selling prices or recognized ASP per sq.m., as a whole, will always be consistent with the industry trends in the cities we operate. Although historically the fluctuations of the selling prices or recognized ASP per sq.m. for our property projects were generally in line with the industry trends in the cities we operate, our selling prices or recognized ASP per sq.m., as a whole, might deviate from the industry trends as a result of the changes in mix of property series and products types we launch sale and pre-sale in a particular period and the timing of the completion of properties and therefore, making it difficult to predict the future trends.

**Fluctuations in the price of construction materials and labor costs could affect the construction fees charged by our construction contractors which could materially and adversely affect our business and financial performance.**

The cost of construction materials, such as steel and cement, and labor costs, are subject to a high degree of volatility. As most of our major construction contracts are fixed unit price contracts, the risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts. However, for certain raw materials such as concrete and steel, our contractors only bear the risk of fluctuation within 3% of the contract price and we bear the risk of fluctuation exceeding 3% of the contract price. In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require us to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. 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 materially and adversely affected.

**Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining necessary government approvals to carry out our property development and management operations.**

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must also apply to relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for property developers, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any certificate or permit, we must meet the relevant requirements. Those who engage in real estate development without obtaining qualification certificates will be ordered to cease development activities. The illegal profits will be confiscated and a civil fine of five times of the illegal profits or less may be imposed.

We cannot assure you that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates and/or government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

**The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which may have a material adverse effect on our financial condition.**

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. In accordance with a circular issued by the State Administration of Taxation, 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 provisions for LAT by reference to our sales recognized and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the years ended December 31, 2018, 2019 and 2020, we made LAT provisions of RMB195.6 million, RMB29.4 million and RMB74.1 million (US\$11.4 million), respectively. For the years ended December 31, 2018, 2019 and 2020, we made LAT payments of RMB132.4 million, RMB177.6 million and RMB168.4 million (US\$25.8 million), respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development 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 materially and adversely impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

**The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition.**

The appraised value of our properties is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale; we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of our property holdings, and in turn materially and adversely affect our business, results of operation and financial condition.

**We may not be able to complete our development projects on time, which may affect our cash flow.**

Property development projects require substantial capital expenditure prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before a positive net cash flow may be generated through pre-sales, sales, leasing or rentals. As a result, our cash flows and results of operations may be affected by our project development schedules and any changes to those schedules. The schedules of our project developments depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction. Other specific factors that could adversely affect our project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns and decreases in business and consumer sentiments in general;

- failure to obtain necessary licenses, permits and approvals from relevant government authorities in a timely manner;
- changes in relevant regulations, government policies and government planning;
- relocation of existing residents and/or demolition of existing structures;
- shortages of raw materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents; and
- errors in judgment on the selection and acquisition of potential sites.

Construction delays or failure to complete the construction of a project according to our planned specifications, schedule and budget may harm our reputation as a property developer, leading to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units of the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sales agreements and claim damages. There can be no assurance that we will not experience any significant delays in completion or delivery of any of our projects in the future or that we will not be subject to any liabilities for any such delays.

**We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners.**

We established joint ventures and associated companies with third parties to jointly develop property projects, and intend to continue doing so in the future. The performance of such joint ventures and associated companies may affect our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associated companies until they start to generate revenue by delivering properties they develop.

The success of a joint venture or an associated company depends on a number of factors, some of which are beyond our control. We may not be able to force our partners to fully perform their obligations to us pursuant to our cooperation agreements. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associated companies or even suffer losses. In addition, in accordance with PRC laws, our joint venture agreements and the articles of association of our joint ventures and associated companies, certain matters relating to joint ventures or associated companies may require the consent of all parties to the joint ventures and associated companies. Therefore, such joint venture agreements involve a number of risks, including that (i) we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures and associated companies if there is a disagreement between us and our joint venture or associated company partners; or (ii) our joint venture or associated company partners may have economic or business interests or goals or philosophies that are inconsistent with ours.

In addition, since we may not have full control over the business and operations of our joint ventures and associated companies, we cannot assure you that they 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 associated companies or our joint ventures and associated companies will not violate PRC laws and regulations, which may have an adverse effect on our business, results of operation and financial condition.

**We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.**

We currently have, and will continue to require, a substantial amount of indebtedness. Our indebtedness (including current and non-current interest-bearing bank and other borrowings, and senior notes), as of December 31, 2018, 2019 and 2020, were RMB5,645.2 million, RMB9,092.9 million and RMB12,649.2 million (US\$1,938.5 million), respectively, and our net gearing ratio was 107.2%, 77.8% and 61.2%, respectively, as of the same dates. Our indebtedness and gearing could have significant implications, including, among others:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring 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 for our business expansion, working capital and other general corporate purposes;
- limiting our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds; and
- increasing our cost of additional financing.

Moreover, our trust and other financings are generally secured by our equity interests in the PRC subsidiaries or lien of land use rights or development projects. If we default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these PRC subsidiaries, our proportionate share of the asset value of the relevant land use rights or our development projects.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. We might look for debt financing opportunities to support our business, including raising funds through asset-backed securities programs, corporate bonds and other debt offerings. Our ability to generate sufficient cash to satisfy our existing 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, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in a material adverse effect on our business, results of operations and financial condition.

**Our financing costs are subject to changes in interest rates.**

We have incurred and are expected to continue to incur a significant amount of interest expense relating to our borrowings from banks, as well as from our trust and other financing arrangements. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because a majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. We recorded finance costs of RMB132.7 million, RMB249.8 million and RMB235.5 million (US\$36.1 million) for the three years ended December 31, 2020, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our finance costs and thereby materially and adversely affect our business, financial condition, results of operations and prospects.

**The PRC government may adopt further measures to regulate financings for the real estate industry.**

In August 2020, the MOHURD and the PBOC announced that they are considering new rules on capital monitoring and financing for key real estate enterprises, which would impose certain requirements on the asset-liability ratio (excluding proceeds from advance sales), net debt ratio and cash short-term debt ratio of real estate enterprises. It is unclear when and how such rules will be implemented.

On December 31, 2020, PBOC and CBRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a

proportion calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution exceeded 2.0% of the legal proportion based on the statistical data relating to such financial institution as of December 31, 2020. Under the notice, PBOC and CBRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period.

There is no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

**We rely on services provided by third-party contractors. Any failure by these contractors to provide satisfactory services, or any disputes with our third-party contractors could materially and adversely affect our reputation, business, results of operations and financial condition.**

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We generally select third-party contractors through a tender process and endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. 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 service providers or 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 development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or 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.

**Our expansion into new geographical markets presents certain risks and uncertainties.**

In order to achieve sustainable growth, we need to continue to seek development opportunities in select regions in the PRC with the potential for growth and where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from developers with established experience or presence and from other developers with similar expansion plans. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model, may not be readily transferable to, and replicated in, new markets in our target cities. The property markets in our target cities may be different from each other in terms of the level of local economic and industrial development, local governmental policies and support, development phases of local businesses, market demand for our properties, types of properties to be developed and development cycles. We may have limited ability to leverage our established brands and reputation in new markets in the way we have done in our existing markets. Furthermore, the administrative, regulatory and tax environments in our target cities may be different from each other and we may face additional

expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, we may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our property development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal controls and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

**We are partially dependent on commercial property investment and operation income from our investment property portfolio.**

Commercial property investment and operation income from our investment properties constitutes an important part of our business and revenue. For the three years ended December 31, 2020, the revenue of commercial property investment and operations accounted for approximately 1.0%, 0.7% and 0.5% of our total revenue, respectively. 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 renew leases with our tenants on terms acceptable to us, or increase rental rates to the level of the then prevailing market rate, or at all, upon the expiry of the existing terms. In addition, we may not be able to enter into new leases at the rental rates expected. All these factors could negatively affect the demand for our investment properties and our rental income, which could have a material adverse effect on our business, financial condition and results of operations.

**We may not be able to attract and retain quality tenants for our investment properties.**

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with us would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are unable to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have a material adverse effect on our business, financial condition and results of operations.

**We incur maintenance and operating costs in operating our investment properties, which may increase.**

Our urban complexes and lifestyle and shopping centers utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utility providers charge, nor can we easily switch to different utilities providers. Any price increase or change in the pricing structure from these utility providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs on to our customers.



In addition, operating investment properties and other associated facilities, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the property leasing industry experiences a downturn and may exacerbate the impact of a decline in occupancy rates and rental rates. Any significant increase in maintenance costs and operating costs may have a material adverse effect on our business, financial condition, results of operations and prospects.

**We face certain risks of defects or deficiencies in connection with our investment properties and any accidents, injuries or prohibited activities in our investment properties may adversely affect our reputation and subject us to liability.**

Our investment properties may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. If any of our investment properties has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of our investment properties or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our investment properties and/or the attractiveness to tenants and guests of such investment properties.

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places, such as shopping malls. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and increase our costs by implementing additional requisite safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

**Our investment properties may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments and/or the redevelopment or renovation of the properties or neighboring properties.**

Our investment properties may require repairs and refurbishments which may require significant capital expenditures. Our investment properties may need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments or renovations of our investment properties may impact on our ability to attract tenants at our investment properties. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or certain facilities within our investment properties. As a result, during the period of any such repairs, refurbishments, redevelopments or renovations, we may experience a reduction in the occupancy rates and/or rental income of the investment properties.

Furthermore, buildings neighboring any of our investment properties may be demolished or redeveloped for alternative uses, which may cause disruption to our investment properties. This may in turn negatively impact the revenue, attractiveness and valuation of our investment properties. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with our investment properties. The occurrence of any of the above circumstances could have a material adverse effect on our business, financial condition, results of operations and prospects.

**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.**

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 conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals 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.

**We guarantee mortgage loans of certain of our customers and may become liable to mortgage banks if customers default on their mortgage loans.**

We derive a substantial portion of our revenue from sales of our properties. Most purchasers of our properties apply for bank borrowings and mortgages to fund their purchases. In accordance with industry practice, banks require us to guarantee mortgage loans taken out by purchasers of the properties that we develop. Typically, we guarantee the full value of mortgage loans taken out by purchasers, as well as accrued interest and penalties for defaults in mortgage payments, up until the issuance of the relevant property ownership certificates and the registration of the mortgage in favor of the mortgagee bank. These are contingent liabilities not reflected on our balance sheets. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations conducted by the mortgage banks for such customers.

As of December 31, 2020, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB4,497.5 million (US\$689.3 million). However, should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

**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 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. The developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (工程竣工验收备案表) 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. The methodology for calculating the additional land premium is generally the same as the original land grant contract. If issues related to excess GFA cause delays in the delivery of our products, we may also incur liability to purchasers under our sales and purchase agreements. 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 are exposed to contractual and legal risks related to pre-sales, which could have a material adverse effect on our business, financial condition and result of operations.**

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete 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 damages. 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% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; 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. Though we are typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, we cannot assure you that the damages we recoup will fully compensate our losses.

**Changes of PRC laws and regulations with respect to pre-sales may adversely affect our business.**

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if sufficient alternative funding is not available to use on attractive terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

**We may be liable to our customers for damages if individual property ownership certificates are not delivered to our customers in a timely manner due to our fault.**

Property developers in the PRC typically assist purchasers of property to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement, or in the absence of such time frame, 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 agreement if the construction of the property purchased has been completed. Property developers, including us, generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes.

Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and to apply for the property ownership initial registration in respect of these properties.

We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. We cannot assure you that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

**The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.**

Under the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) enacted by the State Council on July 20, 1998 and amended on January 8, 2011, March 24, 2019 and March 27, 2020, and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from third-party contractors with respect to our property projects. If a large number of claims were brought against us under our 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 expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

**We may be subject to fines or forfeit land to the PRC government if we fail to pay land grant premium 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 develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, resettlement and demolition costs and other fees, 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 penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the 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 fee on the land equal 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, unless the delay in the development is caused by government action or is due to a force majeure. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but, suspends for more than one year 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 September 2007, the Ministry of Land and Resources issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. 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 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 cannot assure you that circumstances leading to the repossession of land or delays in the 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 right grant contract as a result of delays in project development, or as a result of other factors, 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.

**If we are unable to successfully retain the services of our current personnel and hire, train and retain senior executives or key personnel, our ability to develop and successfully market our products may be impaired.**

The success and growth 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 rely on them to continue to develop our business. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In addition, if any Director or any member of our senior management team or any of our other key personnel joins a competitor or carries on a competing business, we may lose customers and additional key staff members. However, as the competition is fierce in China for senior management and key personnel with extensive experience in property development, if a large number of directors and senior management resign, and we fail to find a suitable candidate, our business may be adversely affected.

**Potential liability for health and environmental problems could result in delay in the development of our properties.**

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction.

As required by PRC laws and regulations, property projects with GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas 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. For other property projects, we are required to file the environmental impact registration form for record-filing. If we failed 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 one to five percent 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. 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 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.

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

Pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We lease certain properties from third parties mainly for our office use. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser we may be required by relevant government authorities to file the lease agreements for registration 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 occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. 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. There can be no assurance 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.

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

Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

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

Our suppliers are mainly construction contractors and construction material suppliers. During the three years ended December 31, 2020, we were dependent on a limited number of major suppliers to operate our businesses. If a large number of our current major suppliers decide to terminate business relationships with us or, if the services or raw materials supplied by our current suppliers fail to meet our standards, or if our current service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely manner, which may materially and adversely affect our business and financial results.

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

We may be involved from time to time in disputes with various parties involved in the development and the sale of our properties, including (without limitation) contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. See "Business — Legal Proceedings and Compliance — Legal Proceedings." We may be involved in other proceedings or disputes in the future that may have an adverse effect on our business, financial condition, results of operations or cash flows.

**We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and deterioration in our brand image which could adversely affect our business.**

We believe that we have built an excellent reputation in our markets for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Brand value, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that degrade consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties, fail to deliver a consistently positive consumer experience, are exposed to intellectual property infringement claims or are perceived to act in an unethical or socially irresponsible manner. Any decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial condition and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. We have not successfully registered all of our trademarks in China or elsewhere. For instance, we use the brand names “大發” or “大發地產” to carry out our business in China. We have registered them as trademarks in the PRC on May 28, 2018. We cannot assure you that we will not be subject to trademark litigation or disputes in the future. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo.

**The applications for the registration of certain trademarks are still being processed and they may not be able to be registered on a timely basis or at all.**

We have engaged professional parties to prepare the registration of certain trademarks. Based on our experience with the registration process of trademarks, the process in the PRC is lengthy and may take up to twenty four months while the process in Hong Kong may take up to nine months. Furthermore, these trademarks may not be approved for registration. If the applications for registration of these trademarks are not completed on a timely basis or at all, we may not be able to commence legal actions to protect these trademarks from unauthorized use. In such an event, our image and our strategy to develop our brand may be adversely affected.

**We may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations.**

Historically, we experienced certain non-compliance incidents. For example, we commenced or proceeded with construction work with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We commenced construction work with respect to certain of our property projects before being reviewed by the administrative department of planning. We also experienced non-compliance in connection with violation of advertising law and pricing issues. We were subject to penalties or ordered to rectify such non-compliances, as the case may be. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, 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 its 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.

**If we fail to implement effectively our risk management and internal control policies and procedures, our business and prospects may be materially and adversely affected.**

We continually enhance our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. However, we cannot assure you that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

**False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, deteriorate our brand name, and have a material adverse effect on our business.**

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 development projects, our business and our brand image. If any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisements and eliminate adverse effects by publishing notice in the same media or in 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 disclosure, advertisements, filings and publications, and may deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations.

**Negative publicity may adversely affect our business, financial condition, results of operations and prospects.**

We may be subject to and associated with negative publicity, including those on the Internet, with respect to our corporate affairs and conduct related to our personnel, the real estate market we operate or intend to operate. 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 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.

## **RISKS RELATING TO OUR INDUSTRY**

**Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate.**

Our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures, such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing restrictions on foreign investment and currency exchange. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

- strictly enforcing the idle land-related laws and regulations;
- 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 real estate developers with an internal capital ratio lower than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- tightening the grant of trust financing to property developers to control the scale and growth of real estate financing;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second and more residential properties and imposing property purchase restrictions on non-local residents who cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the PRC government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate. These measures resulted in downward pressure on the PRC property market starting in the second half of 2011 and reduced transaction volumes in the first quarter of 2012.



Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 26, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second and more residential property. If the property price increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second and more properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aiming at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

The PRC government has eased certain restrictive measures starting in the third quarter of 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventories. However, such measures have resulted in signs of overheating in the property markets in first-and certain second-tier cities. As a response, in certain first-and second-tier cities including Shanghai, Shenzhen, and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second and more residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by real estate developers during a year. In 2015, the PRC government raised percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, 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. In 2016, such tax policies have been further refined. The Wuhu Housing Provident Fund Management Center (蕪湖市住房公積金管理中心) issued the Notice on Adjustment of Policies for Housing Provident Fund (《關於調整住房公積金貸款政策的通知》) in December 2017, imposing restrictions on mortgage loans. It lists that applications for provident fund loans are prohibited for residents who have paid provident funds in other cities, except for the residents involved in talent-introduction program in Wuhu. In addition, it reduces the maximum amount of second-time provident fund loans.

On February 13, 2017, the Asset Management Association of China issued Circular 4 of Regulation for Registration Management of Private Asset Management Plan by Securities and Future Institutions (the “Circular 4”). The Circular 4 provides that any private equity and asset management plan that is adopted to make either direct or indirect investment into any ordinary residential property project located in certain PRC cities where the property price rises too fast shall not be filed for a record temporarily. Such cities currently include 16 major cities in the PRC, such as Shanghai, Hefei, Nanjing, Suzhou, Tianjin, Fuzhou, Wuhan and Zhengzhou, and the list of such cities may be updated from time to time in the future according to the relevant regulations of the Ministry of Housing and Urban-Rural Development of the PRC. According to the Circular 4, a private equity and asset management plan shall neither be used to finance any real estate developer, by means of bank entrusted loans, trust plans, or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions’ granting of loans for down payments.

Local governments in Shanghai and Ningbo have introduced further policies to restrain property purchases for specialization purposes and prevent property prices from rising too quickly. Such policies include raising the minimum percentage of down payment of the purchase price, setting the minimum interest rate for personal mortgage loans, setting a credit cap for housing provident fund loans and strictly restricting purchasers

from acquiring second and more residential property and selling properties owned for less than five years. The Shanghai Municipal People's Government (上海市人民政府) rolled out further tightening measures to control the residential property market on November 28, 2016, announcing: (i) increased down payment requirements for first-time home buyers from 30% to 35% while the term "first-time home buyers" has been restricted to include only those who do not own any homes in Shanghai, and who have never applied for mortgage loans from either commercial banks or public housing funds; and (ii) residents who do not own a home in Shanghai but who have applied for mortgage loans will be treated as second-home buyers, with an increase in down payment requirements from 30% to 50% (if purchasing ordinary housing) or 70% (if purchasing non-ordinary housing). The General Office of Ningbo Municipal People's Government (寧波市人民政府辦公廳) issued the Notice on Maintaining and Promoting Smooth Operation of the Real Estate Market in Ningbo (《關於保持和促進我市房地產市場平穩運行的通知》) on April 23, 2017 imposing restrictions on property purchasing and mortgage loans in certain areas including: (i) local residents with two or more residential properties, non-local residents with one or more residential properties or those fail to prove they have paid taxes or social insurance in Ningbo for one year within two years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to purchase residential properties in the purchasing restricted areas; (ii) increased down payment requirements for first-time home buyers from 20% to 30%; and (iii) increased down payment requirements for second-time home buyers applying for mortgage loans from 30% to 40% in the purchasing restricted areas. The restrictions policies on property purchasing in Ningbo were further strengthened by the local government since October 1, 2017 announcing that non-local residents with one or more residential properties or those who fail to prove they have paid taxes or social insurance in Ningbo for 24 consecutive months within three years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to buy residential properties in the purchasing restricted areas.

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

In 2017, the Notice on Further Adjustment of Housing Purchases Limitation by General Office of Nanjing Municipal People's Government (《市政府辦公廳關於進一步調整我市住房限購政策的通知》) was issued. The sales of residential properties to non-first home buyers who are not local residents in Liuhe district, Lishui district and Gaochun district are not allowed. The sales of residential properties to home buyers who own more than one home are not allowed in main districts except Liuhe district, Lishui district and Gaochun district.

The General Office of Anqing Municipal People's Government (安慶市人民政府辦公廳) issued the Notice on Adjusting Policies Related to Provident Fund Loan (《關於調整住房公積金貸款政策的意見》) in November 2017 setting limitations on home purchases. For residents who have paid off their first provident fund loan and apply for a second provident fund loan to buy commercial houses, the minimum down payment ratio increases from 30% to 40%. Applications for provident fund loan are prohibited for residents who already have applied for provident fund in other cities.

There is no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

**We face intense competition, which may materially and adversely affect our business, results of operation and financial condition.**

The property market in Shanghai and other parts of the Yangtze River Delta Region has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the region where we have operations and those into which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, in particular financial resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**RISKS RELATING TO CONDUCTING BUSINESS IN 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 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, 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 position 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. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but we cannot assure you that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC, (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies, (iii) measures which may be introduced to control inflation or deflation, (iv) changes in the rate or method of taxation, and (v) imposition of additional restrictions on currency conversion and remittances abroad.

In May 2017, Moody's downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. The full impact of the Moody's downgrade remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. In September 2017, S&P Global Ratings downgraded China's sovereign credit rating for the first time since 1999, citing similar concerns. The full impact of such actions by international rating agencies remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment. Our business, financial condition and results of operations may be adversely affected by:

- changes in the PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulation or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;

- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other important restrictions.

Furthermore, the growth of demand in China for the real estate industry depends heavily on economic growth. We cannot assure you that such growth will be sustained in the future. From time to time, the PRC government has implemented certain measures in order to prevent the PRC economy from experiencing excessive inflation. Such governmental measures may cause a decrease in the level of economic activity and have an adverse impact on economic growth in China. If China's economic growth slows down or if the Chinese economy experiences a recession, the growth of demand for real estate property may also decrease. Such events could have a material adverse effect on the Group's business, results of operations and financial condition.

**The PRC legal system has inherent uncertainties that could limit the legal protection available to you.**

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing such laws. 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 and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect. The PRC may not accord equivalent rights, or protection for such rights, to those that you might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications and interpretations. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, certain courts might refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

**The global financial markets, and therefore PRC markets, have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect our business and results of operations.**

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn affected the PRC real estate industry and many other industries. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In June 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. The United Kingdom and the European Union will have a transition period until December 31, 2020 to negotiate, among others, trade agreements in details. Given the lack of precedent and uncertainty of the negotiation, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting to increase inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty.

China's economic growth may slowdown due to weakened exports and nationwide structural reforms. Moreover, as the PRC is transitioning to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past thirty years. The recent developments surrounding the trade war with the United States may also weaken exports and impact China's economic growth negatively. 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 the trade war may have on China's economy and the PRC 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. In addition, the COVID-19 pandemic may materially and adversely affect the global economy. See "— The national and regional economies in China and our prospectus may be adversely affected by natural disasters, acts of God, and occurrence of epidemics and pandemics."

The above and other issues resulting from the global economic slowdown or uncertainty and financial market turmoil have adversely affected, and may continue to adversely affect homeowners and potential property purchasers, which may lead to a decline in the general demand for our products and erosion of their sale prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect our access to capital and liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets continue, our business, financial condition and results of operations may likely be adversely affected.

**Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.**

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. The value of the Renminbi depreciated against the U.S. Dollar approximately 4.4% in 2015 and 7.2% in 2016, but appreciated against the U.S. Dollar 6.7% in 2017. The value of Renminbi then depreciated approximately 5% against the U.S. Dollar in 2018. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. But we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with 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"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

**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 of China in our business in the PRC.**

On April 28, 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) ("Notice No. 19"). Notice No. 19 stipulate, among other things, (i) that SAFE will no longer process foreign debt registrations and applications for the purchase of foreign exchange submitted by foreign-invested real estate enterprises which obtained approval certificates from and registered with MOFCOM on or after June 1, 2007; (ii) the foreign-invested real estate enterprises found before June 1, 2007 may borrow foreign debt within the scope of original difference between investment amount and registered capital pursuant to relevant laws and regulations; if the difference between investment amount and registered capital after capital increase is lower than the difference before capital increase, the latter shall be the standard; and (iii) if a foreign-invested real estate enterprise fails to obtain the State-owned Land Use Certificate or the capital of the development project fails to reach 35% of the total investment of the project, it shall not borrow foreign debts from abroad; SAFE shall not register foreign debts or approve the settlement of foreign debts. These regulations effectively prohibit our ability to fund our PRC subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require registration from the commerce department of the local government, 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. We cannot assure you that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation. Furthermore, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, in China the funds raised outside of China.

**Our investments in the PRC are subject to the PRC government's control over foreign investment in the property sector.**

The PRC government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material adverse effect on our business, results of operations and financial condition.

**The implementation of the EIT Law may significantly increase our income tax expenses.**

On March 16, 2007, the PRC National People's Congress, Chinese national legislature, adopted a new tax law, the EIT Law, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council issued the Implementation Regulations of the PRC Enterprise Income Tax Law (the "Implementation Regulations"), which also became effective on January 1, 2008 and as amended on April 23, 2019.

Under the EIT Law and Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to a tax treaty between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

**We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.**

Under the EIT Law, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Regulations for the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will explain the regulation. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation Regulations.

**Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that we will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.**

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights ranges from 40 years to 70 years depending on the land use purpose. The term of the land use right for land used for residential purposes shall be automatically renewed upon expiration; the land use rights for non-residential or other purposes will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as of the date of this offering memorandum, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which we will have to pay and any additional conditions which may be imposed if we decide to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our investment properties, our operations could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

**We are a holding company and will rely on dividends paid by the PRC subsidiaries to fund our cash and financing requirements, and any limitation on the ability of the PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct business.**

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our subsidiaries in China. We will be financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

PRC laws and regulations require that dividends be paid only out of distributable profits, which are net profit of our PRC subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Failure by our operating subsidiaries in the PRC to pay us dividends could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, the PRC subsidiaries may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities, to which they may be subject. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct business.

## **RISKS RELATING TO THE NOTES, THE SUBSIDIARY GUARANTEES AND THE 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. The Notes will not be guaranteed by any current or future PRC subsidiaries. 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. 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 and any holders of preferred shares in such entities, 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, the Non-Guarantor Subsidiaries had total indebtedness of approximately RMB6,879.6 million (US\$1,054.3 million) and the Non-Guarantor Subsidiaries had capital commitments of approximately RMB4,346.9 million (US\$666.2 million) and contingent liabilities of approximately RMB6,356.0 million (US\$974.1 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 non-current interest-bearing bank and other borrowings, and senior notes) amounted to RMB12,649.2 million (US\$1,938.6 million). Subsequent to December 31, 2020, we also incurred other indebtedness for our general business operation, including, among others, the January 2021 Notes. As of December 31, 2020, we had total indebtedness amounting to RMB5,104.8 million (US\$782.3 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 and the indentures governing the Existing Pari Passu Secured Indebtedness (as defined in the “Description of the Notes”), 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 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.

**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 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.

**We have flexibility to incur debt secured by assets the security interest of which may not be shared with the Holders of the Notes.**

Although the “Limitation on Liens” covenant as described under the “Description of the Notes” section provides that we may not create or permit to exist any liens on our assets and properties unless such liens are shared on a *pari passu* basis with the holders of the Notes, such restriction is subject to important exceptions and qualifications. The terms of the Notes give us enhanced flexibility to make Restricted Payments, including investments, in Unrestricted Subsidiaries, minority owned joint ventures and other persons, and we have the flexibility under the terms of the Notes to designate certain subsidiaries as Unrestricted Subsidiaries, which may have substantial assets. Unrestricted Subsidiaries themselves are not subject to the restrictive covenants under the indenture governing the Notes and will therefore be permitted to incur debt secured by their assets, the security interest of which will not be shared with holders of the Notes. In addition, the definition of “Permitted Liens” also gives us and our Restricted Subsidiaries flexibility to incur debt secured by certain assets, the security interest of which may not be shared with holders of the Notes. The Notes will therefore rank behind such secured debt to the extent of the value of such security, the amount of which may be material.

**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 pay dividends on our common stock in 2019 in any amount with respect to any profit for the year ended December 31, 2018 or, for any fiscal year ending 2019 or after, in an aggregate amount up to 20.0% of our net profit for the year without satisfying the Fixed Charge Coverage Ratio. 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 Our Business — We may be deemed a PRC resident enterprise under the EIT Law and be subject to the PRC taxation on our worldwide 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 25.0% of our total assets, without satisfying the Fixed Charge Coverage Ratio requirement. See "Description of the Notes."

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

Although application will be made to the Hong Kong Stock Exchange for listing of the New 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 Hong Kong Stock Exchange, 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 New 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 New 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 New 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 New Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the New Notes could be adversely affected.

**Our corporate ratings may be lowered or withdrawn in the future.**

We have been assigned a long-term corporate credit rating of B2 with a stable outlook by Moody's Investors Service. 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 New 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 New Notes.

**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 Hong Kong Stock Exchange 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 New 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 New Notes will initially only be issued in global certificate form and held through Euroclear and Clearstream. Interests in the New 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 New Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global certificate representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the global certificate representing the New 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 New Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary 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 New Notes under the Indenture.



Unlike the holders of the New 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 New 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 and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries, the Exempted Subsidiaries, the Listed Subsidiaries, and certain offshore subsidiaries, the consolidated assets of which (other than our joint venture company with Greentown China, the Exempted Subsidiaries and the Listed Subsidiaries) do not account for more than 20% of our total assets (without counting the assets of the Exempted Subsidiaries and the Listed Subsidiaries), will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries and such offshore subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See the section entitled “— Risks Relating to the Notes — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.”

Under the terms of the Notes, a Subsidiary Guarantor may be able to release its Subsidiary Guarantee if it sells or issues no less than 20% of the capital stock of such Subsidiary Guarantor to a third party, as long as the consolidated assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of our total assets.

In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of a minority interest in such subsidiary or its direct or indirect majority shareholders (subject to the satisfaction of certain conditions including a cap on the non-guaranteed portion of the assets of JV Subsidiary Guarantors). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such 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.

**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.

## **USE OF PROCEEDS**

We estimate that the gross proceeds from this offering, before deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US\$102.3 million, which we plan to use for refinancing certain of our existing indebtedness.

Pending application of the net proceeds of this offering, we intend to invest such net proceeds in “Temporary Cash Investments” as defined in “Description of the Notes.”

## 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 <sup>(1)</sup>	High	Low
		<b>(RMB per US\$1.00)</b>		
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 28, 2021).....	6.3674	6.4321	6.4749	6.3674

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 <sup>(1)</sup>	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 28, 2021).....	7.7610	7.7654	7.7697	7.7608

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 consolidated cash and cash equivalents, short-term debt and capitalization as of December 31, 2020 on an actual basis and on an adjusted basis after giving effect to (i) the offering of the Original Notes, and (ii) the offering of the New Notes before deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering inclusive of accrued interest from (and including) January 19, 2021 to (but excluding) June 10, 2021. The following table should be read in conjunction with the selected consolidated financial information and the audited consolidated financial statements and related notes included in the offering memorandum.

	As at December 31, 2020			
	Actual		As adjusted	
	RMB	US\$	RMB	US\$
		(unaudited)	(unaudited)	(unaudited)
				(in thousands)
<b>Cash and cash equivalents<sup>(1)</sup></b> .....	3,891,229	596,357	5,709,747	875,057
<b>Short-term borrowings<sup>(2)</sup></b>				
Interest-bearing bank and other borrowings –				
due within one year .....	1,887,593	289,286	1,887,593	289,286
Senior Notes <sup>(3)</sup> .....	3,217,164	493,052	3,217,164	493,052
Original Notes .....	–	–	1,151,010	176,400
New Notes to be issued .....	–	–	667,508	102,300
	5,104,757	782,338	6,923,275	1,061,038
<b>Long-term borrowings<sup>(2)</sup></b>				
Interest-bearing bank and other borrowings –				
due after one year .....	5,198,726	796,740	5,198,726	796,740
Senior Notes <sup>(4)</sup> .....	2,345,678	359,491	2,345,678	359,491
<b>Total long-term borrowings</b> .....	7,544,404	1,156,230	7,544,404	1,156,230
<b>Total Equity</b> .....	8,786,568	1,346,600	8,786,568	1,346,600
<b>Total Capitalization<sup>(5)</sup></b> .....	16,330,972	2,502,831	16,330,972	2,502,831

*Notes:*

- (1) Cash and cash equivalents exclude restricted cash of RMB2,128.6 million (US\$326.2 million) and pledged bank deposits of RMB1,256.2 million (US\$192.5 million).
- (2) Subsequent to December 31, 2020, we have, in the ordinary course of business, entered into additional financing arrangements to finance our property developments and for general corporate purposes. See “Description of Material Indebtedness and Other Obligations.” Some of these additional borrowings are not reflected in the table above.
- (3) Refers to the January 2020 Notes, which matured and were repaid in full in January 2021.
- (4) Refers to the July 2019 Notes and the July 2020 Notes. On December 21, 2020, we purchased the July 2019 Notes in the open market in an aggregate principal amount of US\$20,000,000 (the “Repurchased July 2019 Notes”). After cancellation of the Repurchased July 2019 Notes, the aggregate principal amount of the July 2019 Notes remains outstanding is US\$280,000,000. See “Description of Material Indebtedness and Other Obligations — July 2019 Notes.”
- (5) Total capitalization includes total long-term borrowings plus total equity.

Subsequent to December 31, 2020, we have, in the ordinary course of business, entered into additional financing arrangements to finance our property developments and for general corporate purposes. After the completion of this offering, we may incur additional debt, including Renminbi denominated borrowings or other debt securities. Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalization since December 31, 2020.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected consolidated statement of comprehensive income data for 2018, 2019 and 2020 and the selected consolidated statement of financial position data as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for the years ended December 31, 2019 and 2020 and as of such dates, as audited by Ernst & Young, the 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 the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

### SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER FINANCIAL DATA

	For the year ended December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
				(unaudited)
				(in thousands)
<b>REVENUE</b> .....	5,946,047	7,398,245	9,188,494	1,408,198
Cost of sales .....	(4,364,068)	(5,701,515)	(7,270,798)	(1,114,298)
<b>GROSS PROFIT</b> .....	1,581,979	1,696,730	1,917,696	293,900
Finance income .....	17,740	18,262	26,151	
Other income and gains .....	37,672	21,706	345,471	52,946
Selling and distribution expenses .....	(176,814)	(269,258)	(289,666)	(44,393)
Administrative expenses .....	(375,071)	(393,259)	(449,526)	(68,893)
Other expenses .....	(20,284)	(35,690)	(26,110)	(4,002)
Impairment losses of financial assets, net .....	(395)	(423)	(2,639)	(404)
Fair value gains, net:				
Financial assets at fair value through profit or loss .....	–	58,363	(2,893)	(443)
Fair value gains on investment properties .....	61,295	57,476	(8,164)	(1,251)
Finance costs .....	(132,711)	(249,760)	(235,457)	(36,085)
Shares of profits and losses of joint ventures and associates ...	(3,969)	47,059	(24,641)	(3,778)
<b>PROFIT BEFORE TAX</b> .....	989,442	951,206	1,250,222	191,605
Income tax expense .....	(500,067)	(350,466)	(534,888)	(81,975)
<b>PROFIT FOR THE YEAR</b> .....	489,375	600,740	715,334	109,630
Attributable to: .....				
Owners of the parent .....	476,817	515,821	338,859	51,933
Non-controlling interests .....	12,558	84,919	376,475	57,697
	489,375	600,740	715,334	109,630
<b>Other financial data (unaudited)</b>				
EBITDA <sup>(1)</sup> .....	1,460,044	1,569,884	1,945,004	298,085
EBITDA margin <sup>(2)</sup> .....	24.6%	21.2%	21.2%	21.2%

*Notes:*

- (1) EBITDA consists of profit before taxation plus amortization of intangible assets, capitalized interests included in the cost of goods, finance costs, depreciation of right-of-use assets and depreciation of property, plant and equipment. 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. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. 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. See the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures” for a reconciliation of our profit for the year under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See the section entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.



**SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As of December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
	(unaudited)			
	(in thousands)			
<b>Non-current Assets</b>				
Property, plant and equipment .....	160,088	130,976	112,938	17,308
Investment properties .....	2,582,000	2,798,600	2,723,700	417,425
Right-of-use assets .....	–	6,964	5,064	
Intangible assets .....	5,353	10,053	14,971	2,294
Investments in a joint venture.....	–	92,794	403,777	61,882
Investment in associates .....	24,091	1,783,333	1,876,466	287,581
Equity investments designated at fair value through other comprehensive income .....	106,400	115,742	95,100	14,575
Deferred tax assets .....	231,075	271,877	228,485	35,017
	3,109,007	5,210,339	5,460,501	836,858
<b>Current Assets</b>				
Properties under development.....	11,003,293	9,844,872	12,676,017	1,942,685
Completed properties held for sale .....	1,094,172	2,864,311	2,042,689	313,056
Trade receivables .....	33,531	13,528	13,860	2,122
Due from related companies .....	570,396	2,028,836	2,204,035	337,783
Prepayments, other receivables and other assets.....	1,067,063	2,121,365	4,202,111	644,002
Tax recoverable .....	195,219	328,254	258,105	39,556
Financial assets at fair value through profit or loss.....	20,899	596,030	937,053	143,610
Restricted cash.....	650,574	1,115,487	2,128,643	326,229
Pledged deposits .....	26,321	766,669	1,256,204	192,522
Cash and cash equivalents.....	1,487,075	2,811,566	3,891,229	596,357
	16,148,543	22,490,918	29,609,946	4,537,922
<b>Current Liabilities</b>				
Trade and bills payables.....	1,424,969	2,247,171	2,289,005	350,805
Other payables, deposits received and accruals.....	863,436	1,887,152	2,329,049	356,942
Contract liabilities .....	6,986,306	7,062,738	7,073,740	1,084,098
Due to related companies.....	30,473	577,398	780,294	119,585
Interest-bearing bank and other borrowings .....	2,194,208	2,476,816	1,887,593	289,286
Senior notes .....	–	843,395	3,217,164	493,052
Lease liabilities .....	–	4,819	2,008	308
Tax payable .....	664,766	752,152	686,423	105,199
	12,164,158	15,851,641	18,265,276	2,799,275
<b>Net Current Assets</b> .....	3,984,385	6,639,277	11,344,670	1,738,647
Total Assets less Current Liabilities.....	7,093,392	11,849,616	16,805,171	2,575,505
<b>Non-Current Liabilities</b>				
Interest-bearing bank and other borrowings .....	3,451,010	3,622,333	5,198,726	796,740
Senior notes .....	–	2,150,361	2,345,678	359,491
Lease liabilities .....	–	2,240	3,073	471
Deferred tax liabilities .....	396,417	417,199	471,126	72,203
	3,847,427	6,192,133	8,018,603	1,228,905
<b>NET ASSETS</b> .....	3,245,965	5,657,483	8,786,568	1,346,600
<b>Equity attributable to:</b>				
Owners of the parent.....	3,083,032	3,422,955	3,661,650	561,172
Non-controlling interests.....	162,933	2,234,528	5,124,918	785,428
<b>TOTAL EQUITY</b> .....	3,245,965	5,657,483	8,786,568	1,346,600

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with the section entitled "Selected Consolidated Financial and Other Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. All significant intra-group transactions, balances and unrealized gains on intra-group transactions have been eliminated. Our consolidated financial statements were prepared in accordance with IFRS, which differ in certain material respects from generally accepted accounting principles in other jurisdictions. In this section of the offering memorandum, references to "2018", "2019" and "2020" refer to our financial years ended December 31, 2018, 2019 and 2020, respectively.*

### OVERVIEW

We are an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. As of December 31, 2020, we had a diverse portfolio of 83 projects (including projects we develop with our joint ventures and associates) consisting of 75 residential properties, five residential and commercial complexes, two commercial complexes and one office floor. Of all the aforementioned projects, four projects are located in Shanghai, 79 projects are located in Jiangsu, Anhui, Zhejiang, Sichuan, Chongqing, Shandong, Henan, Jiangxi, Guangdong and Qinghai provinces.

As of December 31, 2020, we had land reserves (including land reserves held by our joint ventures and associates) with a total GFA of approximately 6.7 million sq.m., including (i) completed properties with a total saleable unsold/leasable GFA of approximately 0.6 million sq.m., (ii) properties under development with a total planned GFA of approximately 5.4 million sq.m., and (iii) properties held for future development with a total estimated GFA of approximately 0.7 million sq.m.

Our business operations consist of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services and management consulting service. We derive our revenue principally from the sales of properties we develop. For the three years ended December 31, 2020, revenue generated from property development and sales was RMB5,879.4 million, RMB7,294.1 million and RMB9,085.3 million (US\$1,392.4 million), respectively.

In line with our business strategy, we own and operate certain commercial properties we developed or purchased. These commercial properties include shopping malls and other retail spaces. We hold these commercial properties for long-term investment and capital appreciation purposes and lease them to generate rental income. For the three years ended December 31, 2020, revenue generated from our commercial property investment and operations amounted to RMB65.2 million, RMB54.4 million and RMB49.6 million (US\$7.6 million), respectively. We also generated a portion of our revenue from property management services and management consulting service. For the three years ended December 31, 2020, revenue generated from property management services and management consulting service amounted to RMB1.4 million, RMB49.7 million and RMB53.7 million (US\$8.2 million), respectively.

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations, financial condition and prospects are affected by a number of factors, many of which are beyond our control, including those set forth below. The following should be read in conjunction with the section headed "Risk Factors" in this offering memorandum.

#### **Economic growth, urbanization and demand for real estate properties in China, particularly in Shanghai and other major cities in Yangtze River Delta Region**

Economic growth, urbanization and increasing purchasing power have been the main driving forces behind the increasing market demand for real estate properties in China. These factors are in turn affected by a number of macroeconomic factors, including changes in the global economy and world markets, as well as the fiscal and monetary policies of the PRC government. The paces of economic growth, urbanization and increasing purchasing power in China are expected to continue to significantly affect the number of potential property buyers and the pricing and profitability of residential properties, and, in turn, our performance and results of operations. Because we focus primarily on developing properties in Shanghai and other major cities in the

Yangtze River Delta Region, developments in markets in Shanghai and other major cities in the Yangtze River Delta Region and other future target cities are especially important to our operations. If there is a downturn in the global economy, the PRC economy or in any of the property markets in which we have operations or a decrease in the pace of urbanization, our financial condition and results of operations may be materially and adversely affected. See “Risk Factors — Risks Relating to Our Business — Our business and prospects are heavily dependent on the performance of the PRC property markets, particularly in the various cities we operate and intend to operate, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities where our projects are located, could have a material adverse effect on our business, financial condition and results of operations.”

### **The regulatory environment and measures affecting the property industry in China**

PRC governmental policies and measures regarding property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among other things, the supply of land, pre-sales of properties, land usage, plot ratios, bank financing and taxation. In recent years, in response to rising property prices across the country, the PRC government has implemented a series of measures aimed at controlling prices in the real estate market. Various administrative bodies have introduced policies and measures to discourage speculation and impose more stringent requirements on property developers. These measures require, among other things, higher minimum down payments from purchasers, new restrictions on the purchase of properties, that a minimum portion of investment in property projects be devoted to affordable and commodity housing and increases in bank lending rates for mortgage financing. A substantial portion of our customers make down payments and rely on mortgage financing to purchase our properties. Accordingly, regulations or measures adopted by the PRC government that are intended to increase down payment requirements, restrict the ability of purchasers to obtain mortgages, limit their ability to resell their properties or increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our results of operations. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business and results of operations. Furthermore, the PRC government may introduce initiatives which may affect our access to capital and the means by which we can finance our property development. See “Risk Factors — Risks Relating to Industry — Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate.”

Furthermore, our continuing growth depends, to a significant extent, on our ability to expand into other regions and cities. We intend to further expand into other regions in the future. We may not have the same level of familiarity with local regulatory environment. If we cannot successfully leverage our experience or understand the property market in our target cities for expansion, our business, results of operations, financial condition and prospects will be adversely affected.

### **Land acquisition and construction costs**

Our success and continuing growth will largely depend on our ability to acquire quality land at prices that can generate reasonable returns. As the Chinese economy continues to grow rapidly and demand for residential properties remains strong, competition among property developers for land likely continues to intensify. In recent years, land premiums have increased notably in major cities in China and in the cities in which we operate, in particular. Construction costs have also increased in recent years mainly due to increases in labor costs and costs of raw materials. Historically, we mainly acquired state-owned land use rights through public tender, auction and listing-for-sale. However, we cannot assure you that we will be able to continue to source land with favorable prices given the increasing competition for land for development. If our land acquisition costs significantly increased, we may incur substantial additional financing costs. If we cannot sell our properties at increased prices sufficient to offset increases in costs, our profitability will be adversely affected.

### **Access to capital and cost of financing**

Bank loans, borrowings from financial institutions and trust financing are important funding sources for our property development. As of December 31, 2018, 2019 and 2020, the amount of our outstanding current and non-current bank loans was RMB3,258.6 million, RMB4,157.4 million and RMB5,037.6 million (US\$772.0 million), respectively. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which are linked to the PBOC benchmark lending rates, the restrictions imposed by the PRC government on bank lending for property development, and the general conditions of the domestic and global capital markets.

From time to time, we also enter into trust and other financing arrangements provided by trust financing companies and asset management companies. Compared with bank loans, these financing arrangements offer greater flexibility in terms of availability, despite higher financing costs than bank loans. If we are unable to enter into such trust and other financing arrangements on favorable terms in the future, or at all, our results of operations and financial condition may be materially and adversely affected.

Our finance costs amounted to RMB132.7 million, RMB249.8 million and RMB235.5 million (US\$36.1 million) for the three years ended December 31, 2020, respectively. Any potential increase in interest rates may result in additional interest costs for us, especially in newly raised loans.

Going forward, we might look for debt financing opportunities to support our business, including but not limited to raising funds through asset-backed securities programs, corporate bonds and other debt offerings. We might also consider other debt offering plans in the near future.

### **Timing of property development**

The development of property projects requires significant time. It may take several months, years, or even longer, from the start of development to pre-sales of properties. We do not recognize revenue until properties have been sold, completed and delivered to our customers. Due to fluctuations in the market demand, the revenue that we recognize in a particular period may also be affected by market conditions at the time a particular property project is pre-sold or sold. Moreover, delays in construction, regulatory approval or other processes may adversely affect the completion timetable of our projects and, therefore, our recognition of revenue from our projects.

### **Pre-sales of properties**

Pre-sales of properties constitute one of the most important sources of our operating cash flows during our project development process. PRC laws allow us to pre-sell properties prior to their completion upon satisfaction of certain pre-conditions but require that we use the pre-sales proceeds to finance the particular project that has been pre-sold. Please refer to the paragraphs headed “Business — Property Development and Sales Process — Sales and Marketing” for additional details. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedules of our projects, restrictions on pre-sales imposed by the PRC government, the availability and affordability of mortgage financing for our purchasers, market demand for our properties and the number of our properties available for pre-sale. In addition, any reduction in cash flows from the pre-sales of our properties will likely increase our reliance on external financing, which may increase our costs and impact our ability to finance our continuing property development.

### **Fair value of our investment properties**

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. The property valuer has used methods of valuation which involve, inter alia, certain estimates including current market transaction prices for comparable properties, appropriate yield rates and expected current market rents. Favorable or unfavorable changes to the assumptions would result in changes in the estimated fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in the consolidated statements of comprehensive income. For the three years ended December 31, 2020, we had fair value gains on investment properties of RMB61.3 million, RMB57.5 million and fair value losses investment properties of RMB8.2 million (US\$1.3 million), respectively. The amounts of valuation adjustments likely continue to be significant as a result of market fluctuations and have a significant impact on our results of operations. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.”

## LAT

Our property development is subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors engaged in real estate development in China and is levied on properties sold at progressive rates ranging from 30% to 60% on the appreciation of land value. The fluctuations in the amount of LAT paid during these periods were mainly due to the delivery timetables of our projects and differences in the sales prices of the properties in its various development stages. We make provisions for LAT based on our recognized sales and in accordance with our estimates of the LAT rate which will be applicable under relevant PRC laws and regulations. For the three years ended December 31, 2020, we made LAT provisions of RMB195.6 million, RMB29.4 million and RMB74.1 million (US\$11.4 million), respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially recorded. Any such differences may impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities.

## DESCRIPTION OF SELECTED LINE ITEMS OF STATEMENTS OF PROFIT OR LOSS

### Revenue

We derived our revenue primarily from property development and sales, commercial property investment and operations and property management services. The following table sets forth our revenue by business line for the years indicated.

	For the year ended December 31,						
	2018		2019		2020		
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(US\$'000)	(%)
<b>Revenue</b>							
Property development and sales.....	5,879,356	98.9	7,294,137	98.6	9,085,255	1,392,376	98.9
Commercial property investment and operations .....	65,212	1.0	54,435	0.7	49,550	7,594	0.5
Property management services and management consulting service fee.....	1,479	0.1	49,673	0.7	53,689	8,228	0.6
<b>Total.....</b>	<b>5,946,047</b>	<b>100.0</b>	<b>7,398,245</b>	<b>100.0</b>	<b>9,188,494</b>	<b>1,408,198</b>	<b>100.0</b>

### *Property development and sales*

Revenue from property development and sales is recognized only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the sale and purchase agreements. Revenue from property development and sales has constituted, and is expected to constitute, a substantial majority of our total revenue.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See “Business — Property Development and Sales Process — Sales and Marketing.” Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as “contract liabilities” under “current liabilities” in our consolidated financial statements.

There is a time difference between the pre-sales of properties in projects under development and the completion of construction. Because the timing of completion of our properties varies according to the 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 pre-sales and completion and 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 completed and delivered within the same period. As a result, our revenue from property development and sales may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

For the years ended December 31, 2018, 2019 and 2020, our revenue from property development and sales was RMB5,879.4 million, RMB7,294.1 million and RMB9,085.3 million (US\$1,392.4 million), respectively. The GFA delivered for the corresponding year was 463,326 sq.m., 454,494 sq.m. and 673,189 sq.m., respectively.

### ***Commercial property investment and operations***

We also generate rental income from our lease of commercial properties and office space. Our commercial properties include shopping centers and other retail spaces. We hold these commercial properties for capital appreciation and lease them to generate rental income. For the years ended December 31, 2018, 2019 and 2020, revenue from property investment and operations was RMB65.2 million, RMB54.4 million and RMB49.6 million (US\$7.6 million), respectively.

### ***Property management services and management consulting services***

Our property management services income represents revenue generated from commercial property management services that we provide to certain commercial properties we developed through our commercial property management subsidiary. Management consulting services income represents revenue generated from the provision of support services in connection with development of property projects. Revenue from our property management services and management consulting services are recognized over the period when (i) our commercial property management services and management consulting services are rendered and (ii) the customers simultaneously receive and consume the benefits of such services. For the three years ended December 31, 2020, revenue from property management services and management consulting services was RMB1.4 million, RMB49.7 million and RMB53.7 million (US\$8.2 million), respectively.

### **Cost of Sales**

The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The following table sets forth a breakdown of our cost of sales for the years indicated:

	For the year ended December 31,						
	2018		2019		2020		
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US\$'000)	%
Cost of properties sold .....	4,354,317	99.8	5,673,545	99.5	7,236,342	1,109,018	99.5
Cost of commercial property investment and operations .....	9,331	0.2	8,865	0.1	6,588	1,010	0.1
Cost of property management <sup>(1)</sup> .....	420	0.0	2,292	0.1	1,264	194	0.0
Cost of management consulting service ..	–	–	16,813	0.3	26,604	4,076	0.4
<b>Total</b> .....	<b>4,364,068</b>	<b>100.0</b>	<b>5,701,515</b>	<b>100.0</b>	<b>7,270,798</b>	<b>1,114,298</b>	<b>100.0</b>

*Note:*

(1) Primarily includes labor costs, maintenance fees and other miscellaneous fees.

### ***Cost of Property Development and Sales***

Cost of property development and sales mainly includes construction costs, land acquisition costs and capitalized interest. We recognize the cost of property sales for a given period to the extent that revenue from such properties has been recognized in such period.

### ***Cost of Commercial Property Investment and Operations***

Cost of commercial property investment and operations primarily includes staff costs, utility costs and repair and maintenance costs.

### ***Cost of Property Management Services***

Cost of property management services primarily includes staff costs and utility costs associated with our property management company and other costs associated with the management of the properties and provision of related services.

### ***Cost of Management Consulting Service***

Cost of management consulting service primarily includes staff costs and other costs associated with the provision of management consulting service.

### **Finance Income**

Finance income consists of interest income. For the three years ended December 31, 2020, our finance income amounted to RMB17.7 million, RMB18.3 million and RMB26.2 million (US\$4.0 million), respectively.

### **Other Income and Gains**

Our other income and gains mainly consist of gains on disposal of subsidiaries, gain on foreign exchange, dividend income from financial assets at fair value through profit or loss and others.

### **Selling and Distribution Expenses**

Our selling and distribution expenses primarily consist of (i) advertising, marketing and business development expenses, (ii) commissions paid to external sales agents and (iii) office expenses. For the three years ended December 31, 2020, our selling and distribution expenses were RMB176.8 million, RMB269.3 million and RMB289.7 million (US\$44.4 million), respectively.

### **Administrative Expenses**

Our administrative expenses primarily consist of (i) staff costs, (ii) tax and (iii) entertainment expenses. For the three years ended December 31, 2020, our administrative expenses were RMB375.1 million, RMB393.3 million and RMB449.5 million (US\$68.9 million), respectively.

### **Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss**

For the year ended December 31, 2020, our fair value losses on financial assets at fair value through profit or loss was RMB2.9 million (US\$0.4 million). For the year ended December 31, 2019, our fair value gains on financial assets at fair value through profit or loss was RMB58.4 million. We didn't record fair value gain on financial assets at fair value through profit or loss in 2018.

## **Fair Value Gains on Investment Properties**

We develop and hold certain commercial areas in our properties on a long-term basis for rental income or capital appreciation. Our investment properties are recorded as non-current assets in our consolidated statements of financial position at fair value as of each balance sheet date as determined by independent valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our consolidated statements of comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer. We recorded the fair value gains on investment properties for the years ended December 31, 2018 and 2019 of RMB61.3 million and RMB57.5 million and fair value losses on investment properties for the year ended December 31, 2020 of RMB8.2 million (US\$1.3 million), which are primarily related to the fluctuation in value of our properties due to economic situation.

## **Finance Costs**

Our finance costs mainly consist of interest on bank and other borrowings and senior notes, and interest from significant financing component of contract liabilities less interest expense capitalized into properties under development.

## **Share of Profit and Losses of Joint Ventures and Associates**

We recorded share of losses of joint ventures and associates of RMB4.0 million and RMB24.6 million (US\$3.8 million) in 2018 and 2020. We recorded share of profits of joint ventures and associates of RMB47.1 million in 2019.

## **Income Tax**

Our income tax expenses for a given period include payments and provisions made for corporate income tax and LAT.

### ***Corporate income tax***

Our PRC subsidiaries are subject to a corporate income tax at the rate of 25% according to the EIT Law. For the three years ended December 31, 2020, our effective corporate income tax rate was 38.4%, 34.8% and 39.2%, respectively. The high effective corporate income tax rates were primarily due to the unrecognized deferred tax assets in connection with the tax losses of certain subsidiaries of our Group by considering the uncertainty of their future profitability.

### ***LAT***

Under PRC laws and regulations, our property development and sales are subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in the PRC and is levied on properties for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher-end properties and commercial properties have had higher appreciation values, and have been therefore generally subject to higher LAT rates. On December 28, 2006, the SAT issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on February 1, 2007 and was amended on June 15, 2018. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and



local conditions. On May 12, 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值税清算管理規程》), effective on June 1, 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We make provisions for LAT by reference to our recognized sales and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations, but only prepay 2% to 4% of the pre-sales proceeds each year as required by the local tax authorities under prevailing market practice.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS**

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

#### **Revenue**

Our revenue increased significantly from RMB7,398.2 million for the year ended December 31, 2019 to RMB9,188.5 million (US\$1,408.2 million) in 2020, primarily due to the increase in revenue from property development and sales.

#### ***Property Development and Sales***

Revenue from property development and sales increased from RMB7,294.1 million for the year ended December 31, 2019 to RMB9,085.3 million (US\$1,392.4 million) in 2020, primarily due to an increase in GFA completed and delivered in 2020 as a result of our continuing expansion.

#### ***Commercial Property Investment and Operations***

Revenue from commercial property development and sales decreased from RMB54.4 million for the year ended December 31, 2019 to RMB49.6 million (US\$7.6 million) in 2020.

#### ***Property Management Services and Management Consulting Services***

Revenue from property management services and management consulting service income increased from RMB49.7 million for the year ended December 31, 2019 to RMB53.7 million (US\$8.2 million) in 2020.

#### **Cost of Sales**

The cost of sales increased from RMB5,701.5 million for the year ended December 31, 2019 to RMB7,270.8 million (US\$1,114.3 million) in 2020, primarily due to the increase in total GFA of properties delivered in 2020.

#### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased from RMB1,696.7 million for the year ended December 31, 2019 to RMB1,917.7 million (US\$293.9 million) in 2020. Our gross profit margin decreased from 22.9% for the year ended December 31, 2019 to 20.9% in 2020, primarily due to the properties with relatively lower gross profit margin being delivered in 2020.

#### **Finance Income**

Our finance income increased from RMB18.3 million for the year ended December 31, 2019 to RMB26.2 million (US\$4.0 million) in 2020, primarily due to the increase in the total amount of bank deposits.

#### **Other Income and Gains**

Our other income and gains increased from RMB21.7 million for the year ended December 31, 2019 to RMB345.5 million (US\$52.9 million) for the same year in 2020, primarily due to a gain on foreign exchange of approximately RMB200.4 million in 2020, mainly due to the appreciation of RMB; (ii) the gain on disposal of subsidiaries of approximately RMB103.7 million which is a non-recurring item; and (iii) the remeasurement gain on investments in joint ventures and an associate held before business combination of approximately RMB18.6 million which is also a non-recurring item.

## **Selling and Distribution Expenses**

Our selling and distribution expenses increased from RMB269.3 million for the year ended December 31, 2019 to RMB289.7 million (US\$44.4 million) in 2020, primarily due to the Group's strengthened advertising and marketing to promote newly launched property projects of the Group.

## **Administrative Expenses**

Our administrative expenses increased from RMB393.3 million for the year ended December 31, 2019 to RMB449.5 million (US\$68.9 million) in 2020, primarily due to the increase in the business expenses and other miscellaneous expenses, which was in line with our business expansion.

## **Fair Value (Losses)/Gains on Financial Assets at Fair Value Through Profit or Loss**

We recorded fair value gain on financial assets at fair value through profit or loss of RMB58.4 million in 2019 and fair value losses on financial assets at fair value through profit or loss of RMB2.9 million (US\$0.4 million), which mainly represented the realized gain and unrealized capital appreciation and exchange gain or loss on financial assets at fair value through profit or loss.

## **Fair Value (Losses)/Gains on Investment Properties**

We recorded fair value gain on investment properties of RMB57.5 million in 2019 and fair value losses on investment properties of RMB8.2 million (US\$1.3 million) in 2020, respectively.

## **Finance Costs**

Our finance costs decreased from RMB249.8 million for the year ended December 31, 2019 to RMB235.5 million (US\$36.1 million) for the same year in 2020, primarily due to the increase of the interest capitalization rate for the borrowings attributable to development of the property projects.

## **Share of Profits and Losses of Joint Ventures and Associates**

Our share of losses of joint ventures and associates was RMB24.6 million (US\$3.8 million) in 2020 as compared to share of profits of joint ventures and associates of RMB47.1 million in 2019, primarily due to the rising number of projects under development by joint ventures and associates, which were still in development stage and therefore yet to contribute profits to the Group.

## **Profit for the Year and Net Profit Margin**

As a result of the foregoing, our profit for the year increased from RMB600.7 million in 2019 to RMB715.3 million (US\$109.6 million) in 2020. Our net profit margin remains stable at 8.1% for the year ended December 31, 2019 and 7.8% for the same year in 2020.

## **Profit Attributable to Non-controlling Interest**

Our profit attributable to non-controlling interest increased from RMB84.9 million in 2019 to RMB376.5 million (US\$57.7 million) in 2020, primarily due to the increase of the equity interest of non-controlling shareholders in the property development projects delivered in 2020.

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

### **Revenue**

Our revenue increased significantly from RMB5,946.0 million for the year ended December 31, 2018 to RMB7,398.2 million in 2019, primarily due to the increase in revenue from property development and sales.

### ***Property Development and Sales***

Revenue from property development and sales increased from RMB5,879.4 million for the year ended December 31, 2018 to RMB7,294.1 million for the same period in 2019, primarily due to an increase in average selling price of these delivered projects.

### ***Commercial Property Investment and Operations***

Revenue from commercial property development and sales decreased from RMB65.2 million for the year ended December 31, 2018 to RMB54.4 million for the same period in 2019.

### ***Property Management Services and Management Consulting Services***

Revenue from property management services and management consulting service income increased from RMB1.4 million for the year ended December 31, 2018 to RMB49.7 million for the same period in 2019.

### **Cost of Sales**

The cost of sales increased from RMB4,364.1 million for the year ended December 31, 2018 to RMB5,701.5 million for the same period in 2019, primarily due to an increase in average development cost per sq.m. resulting from continuous improvement of product quality.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased from RMB1,582.0 million for the year ended December 31, 2018 to RMB1,696.7 million for the same period in 2019. Our gross profit margin decreased from 26.6% for the year ended December 31, 2018 to 22.9% for the same period in 2019, primarily due to more properties with relatively lower gross profit margin delivered in 2019.

### **Finance Income**

Our finance income increased from RMB17.7 million for the year ended December 31, 2018 to RMB18.3 million for the same period in 2019, primarily due to the increase in the total amount of bank deposits.

### **Other Income and Gains**

Our other income and gains decreased from RMB37.7 million for the year ended December 31, 2018 to RMB21.7 million for the same period in 2019, primarily due to the decrease in gain on disposal of subsidiaries in 2019.

### **Selling and Distribution Expenses**

Our selling and distribution expenses increased from RMB176.8 million for the year ended December 31, 2018 to RMB269.3 million for the same period in 2019, primarily due to our business development to promote newly launched property projects in new cities and regions.

### **Administrative Expenses**

Our administrative expenses increased from RMB375.1 million for the year ended December 31, 2018 to RMB393.3 million for the same period in 2019, primarily due to the increase in our management and administrative headcount, travelling expenses and other miscellaneous expenses, which was in line with our business expansion.

### **Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss**

We recorded fair value gain on financial assets at fair value through profit or loss of RMB58.4 million in 2019, which mainly represented the realized gain and unrealized capital appreciation on financial assets at fair value through profit or loss. We didn't record fair value gain on financial assets at fair value through profit or loss in 2018.

## Fair Value Gains on Investment Properties

Our fair value gains on investment properties remained stable at RMB61.3 million and RMB57.5 million in 2018 and 2019, respectively.

## Finance Costs

Our finance costs increased from RMB132.7 million for the year ended December 31, 2018 to RMB249.8 million for the same period in 2019, primarily due to the increase in the balance of interest-bearing borrowings resulting from our continuous expansion.

## Share of Profits and Losses of Joint Ventures and Associates

Our share of profits of joint ventures and associates was RMB47.1 million as compared to share of losses of joint ventures and associates of RMB4.0 million, primarily due to revenue recognized from properties of associates in 2019.

## Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased from RMB489.4 million for the year ended December 31, 2018 to RMB600.7 million for the same period in 2019. Our net profit margin remains stable at 8.2% for the year ended December 31, 2018 and 8.1% for the same period in 2019.

## Profit Attributable to Non-controlling Interest

Our profit attributable to non-controlling interest increased from RMB12.6 million in 2018 to RMB84.9 million in 2019, primarily due to the increase of the equity interest of non-controlling shareholders in the property development projects delivered in 2019.

## LIQUIDITY AND CAPITAL RESOURCES

Property development requires substantial capital investment for land acquisition and construction. We fund our operations principally from cash generated from our operations, mainly including proceeds from pre-sales and sales of our properties, receipt of rental income, as well as issuance of bonds, bank loans and borrowings from financial institutions. Going forward, we may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings.

## Cash Flows

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

	For the year ended December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
				(unaudited)
		(in thousands)		
Net cash (used in)/from operating activities.....	429,379	100,530	(3,899,696)	(597,655)
Net cash (used in)/from investing activities.....	387,630	(3,762,694)	(131,179)	(20,104)
Net cash from financing activities.....	292,876	4,986,655	5,110,538	783,224
Net increase in cash and cash equivalents.....	1,109,885	1,324,491	1,079,663	165,466
Cash and cash equivalents at end of year.....	1,487,075	2,811,566	3,891,229	596,357

### *Cash Flows (Used in)/From Operating Activities*

Our primary source of cash from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land acquisitions.

Net cash flows used in operating activities in 2020 was RMB3,899.7 million (US\$597.7 million), primarily attributable to the profit before tax of approximately RMB1,250.2 million (US\$191.6 million), adjusted primarily by the following items: (i) increase in prepayments, other receivables and other assets of RMB2,755.0 million (US\$422.2 million) and (ii) increase in properties under development and completed properties held for sale of RMB1,164.1 million (US\$178.4 million), partially offset by increase in other payables and accruals of RMB1,356.4 million (US\$207.9 million).

Net cash flows from operating activities in 2019 was RMB100.5 million, primarily attributable to the profit before tax of approximately RMB951.2 million, adjusted primarily by the following items: (i) increase in other payables and accruals of RMB1,834.6 million and (ii) decrease in properties under development of RMB1,344.6 million, partially offset by increase in prepayments, other receivables and other assets of RMB1,754.3 million.

Net cash flows from operating activities in 2018 was RMB429.4 million, which was primarily attributable to the profit before tax of approximately RMB989.4 million, adjusted primarily by the following items: (i) increase in contract liabilities of RMB1,988.3 million due to our increased pre-sale of new property projects and (ii) increase in other payables and accruals of RMB652.7 million due to increased deposits related to land use rights, partially offset by increase in properties under development of RMB2,751.8 million due to the increased property development activities.

#### ***Cash Flows (Used in)/From Investing Activities***

Net cash flows used in investing activities in 2020 was RMB131.2 million (US\$20.1 million), primarily attributable to (i) advances to related companies of RMB2,406.9 million (US\$368.9 million) and (ii) acquisition of financial assets at fair value through profit or loss of RMB961.4 million (US\$147.3 million), partially offset by repayment of advances to related companies of RMB2,203.9 million (US\$337.8 million).

Net cash flows used in investing activities in 2019 was RMB3,762.7 million, primarily attributable to (i) advances to related companies of RMB6,779.3 million and (ii) investments in associates of RMB1,689.0 million, partially offset by repayment of advances to related companies of RMB5,362.9 million.

Net cash flows from investing activities in 2018 was RMB387.6 million, primarily attributable to (i) repayment of advances to related companies of RMB2,179.1 million and (ii) disposal of financial assets at fair value through profit or loss of RMB730.0 million, partially offset by (i) advances to related companies of RMB1,948.4 million and (ii) acquisition of financial assets at fair value through profit or loss of RMB510.9 million.

#### ***Cash Flows From Financing Activities***

Net cash flows from financing activities in 2020 was RMB5,110.5 million (US\$783.2 million), primarily attributable to proceeds from interest-bearing bank and other borrowings of RMB7,710.5 million (US\$1,181.7 million) and proceeds from issuance of senior notes of RMB3,547.3 million (US\$543.6 million), partially offset by repayment of interest-bearing bank and other borrowings of RMB7,251.3 million (US\$1,111.3 million).

Net cash flows from financing activities in 2019 was RMB4,986.7 million, primarily attributable to proceeds from interest-bearing bank and other borrowings of RMB4,221.3 million and proceeds from issue of senior notes of RMB2,884.6 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB3,767.4 million.

Net cash flows from financing activities in 2018 was RMB292.9 million, which was primarily attributable to proceeds from interest-bearing bank and other borrowings of RMB2,418.4 million and proceeds from issue of new shares of RMB1,285.1 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB2,775.0 million.

## Capital Resources

We have historically financed and will continue to finance our working capital through proceeds from the pre-sales and sales of properties, receipt of rental income, as well as borrowings from banks and other financial institutions.

### Indebtedness

The following table sets forth the level of our borrowings and their respective maturity profiles as of the dates indicated:

	As of December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
				(unaudited)
				(in thousands)
<b>Current</b>				
Bank loans – secured .....	–	821,711	421,930	64,664
Other loans – secured .....	688,450	1,076,715	915,409	140,293
Other loans – unsecured .....	56,200	–	–	–
Current portion of long term bank loans – secured .....	736,370	138,850	418,524	64,142
Current portion of long term other loans – secured .....	713,188	439,540	126,730	19,422
Current portion of long term other loans – unsecured .....	–	–	5,000	766
Senior notes .....	–	843,395	3,217,164	493,052
<b>Sub-total</b> .....	<u>2,194,208</u>	<u>3,320,211</u>	<u>5,104,757</u>	<u>782,338</u>
<b>Non-Current</b>				
Bank loans – secured .....	2,522,195	3,196,795	4,197,119	643,237
Other loans – secured .....	928,815	314,000	937,963	143,749
Other loans – unsecured .....	–	111,538	63,644	9,754
Senior notes .....	–	2,150,361	2,345,678	359,491
<b>Sub-total</b> .....	<u>3,451,010</u>	<u>5,772,694</u>	<u>7,544,404</u>	<u>1,156,230</u>
<b>Total</b> .....	<u><b>5,645,218</b></u>	<u><b>9,092,905</b></u>	<u><b>12,649,161</b></u>	<u><b>1,938,569</b></u>

The table below sets forth aging analysis of our interest-bearing bank and other borrowings as of the date indicated:

	As of December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
	(unaudited)			
	(in thousands)			
<b>Bank loans repayable:</b>				
Within one year or on demand .....	736,370	960,561	840,454	128,805
In the second year.....	560,150	400,340	1,564,256	239,733
In the third to fifth years, inclusive .....	417,692	1,376,445	1,177,420	180,448
Beyond five years.....	1,544,353	1,420,010	1,455,443	223,056
<b>Sub-total.....</b>	<b>3,258,565</b>	<b>4,157,356</b>	<b>5,037,573</b>	<b>772,042</b>
<b>Other loans repayable:</b>				
Within one year or on demand .....	1,457,838	1,516,255	1,047,139	160,481
In the second year.....	928,815	425,538	667,767	102,340
In the third to fifth years, inclusive .....	–	–	333,840	51,163
<b>Sub-total.....</b>	<b>2,386,653</b>	<b>1,941,793</b>	<b>2,048,746</b>	<b>313,984</b>
<b>Senior notes:</b>				
Within one year .....	–	843,395	3,217,164	493,052
In the second year.....	–	2,150,361	2,345,678	359,491
<b>Sub-total.....</b>	<b>–</b>	<b>2,993,756</b>	<b>5,562,842</b>	<b>852,543</b>
<b>Total.....</b>	<b>5,645,218</b>	<b>9,092,905</b>	<b>12,649,161</b>	<b>1,938,569</b>

### July 2019 Notes

On July 11, 2019 and November 13, 2019, we issued an aggregate principal amount of US\$180 million and US\$120 million, respectively of the July 2019 Notes. As of the date of this offering memorandum, US\$280 million of the July 2019 Notes remains outstanding. See “Description of Material Indebtedness and Other Obligations — July 2019 Notes.”

### January 2020 Notes

On January 29, 2020, we issued an aggregate principal amount of US\$200 million of the January 2020 Notes. As of the date of this offering memorandum, no January 2020 Notes remains outstanding.

### July 2020 Notes

On July 30, 2020, October 21, 2020 and December 17, 2020, we issued an aggregate principal amount of US\$360 million of the July 2020 Notes. As of the date of this offering memorandum, the entire principal amount of the July 2020 Notes remains outstanding. See “Description of Material Indebtedness and Other Obligations — July 2020 Notes.”

### January 2021 Notes

On January 19, 2021, we issued an aggregate principal amount of US\$180 million of the January 2021 Notes. As of the date of this offering memorandum, the entire principal amount of the January 2021 Notes remains outstanding. See “Description of Material Indebtedness and Other Obligations — Original Notes.”

## Commitments

The following table sets forth our contractual obligations, other than loans and borrowings, as of the dates indicated:

	As of December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
				(unaudited)
	(in thousands)			
Contracted, but not provided for:				
Property development activities .....	1,804,466	1,942,586	2,877,994	441,072
Acquisition of land use rights .....	540,261	979,610	–	–
Capital contributions payable to associates and joint ventures ..	92,100	171,984	1,468,935	225,124
	<u>2,436,827</u>	<u>3,094,180</u>	<u>4,346,929</u>	<u>666,196</u>

## Contingent Liabilities

As of December 31, 2020, we provided guarantees to banks in connection with facilities granted to purchasers of our properties with an aggregate principal amount of RMB4,497.5 million (US\$689.3 million) and guarantees to banks and other institutions in connection with facilities granted to related companies with an aggregate principal amount of RMB1,858.5 million (US\$284.8 million). Our guarantees are issued from the dates of grant of the relevant mortgages and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds.

## Off-balance Sheet Commitments and Arrangements

Except for the contingent liabilities set forth above, as of December 31, 2020, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

## MARKET RISKS

We are exposed to various types of market risks in our normal course of business.

### Commodities Risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We purchase most of our supplies of steel and cement at market prices. Such purchase costs are generally accounted for as part of contractors' fees pursuant to our arrangements with the relevant contractors. Rising prices for construction materials will therefore affect our construction costs in the form of increased fees payable to our contractors. As a result, fluctuations in the prices of our construction materials could have a significant impact on our results of operations.

### Interest Rate Risk

Our business is sensitive to fluctuations in interest rates. Our indebtedness are typically fixed rate borrowings that are subject to negotiation in interest rate on an annual basis and any increase in interest rates will increase our finance costs. We currently do not hedge our interest rate risk, but may do so in the future.



An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue, gross profits and profits. The PBOC benchmark one-year lending rates in China (which directly affect the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2018, 2019 and 2020 were 4.35%, 4.35% and 3.85%, respectively.

### **Foreign Exchange Rate Risk**

We conduct our business exclusively in Renminbi. The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of Renminbi against the U.S. dollar. Fluctuations in the value of Renminbi to the U.S. dollar may adversely affect our cash flows, revenue, earnings and financial position. For example, if the value of Renminbi appreciates, we would record foreign exchange losses on bank balances and other assets we maintain in non-Renminbi currencies. See "Risk Factors — Risks Relating to the PRC — Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on your investment." We currently do not hedge our foreign exchange risk but may do so in the future.

### **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 under IFRS to our definition of EBITDA for the years indicated:

	For the year ended December 31,			
	2018	2019	2020	
	(RMB)	(RMB)	(RMB)	(US\$)
	(unaudited)			
	(in thousands)			
<b>Profit before tax</b> .....	989,442	951,206	1,250,222	191,605
<b>Adjustments:</b>				
Finance costs .....	132,711	249,760	235,457	36,085
Depreciation of property, plant and equipment .....	17,091	18,020	16,968	2,600
Depreciation of right-of-use assets .....	–	5,530	6,327	970
Amortization of intangible assets .....	458	1,198	1,849	283
Capitalized interests included in the cost of properties sold .....	320,342	344,170	434,181	66,541
<b>EBITDA</b> .....	1,460,044	1,569,884	1,945,004	298,085
<b>EBITDA margin</b> .....	24.6%	21.2%	21.2%	21.2%

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.



## BUSINESS

### OVERVIEW

We are an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. As of December 31, 2020, we had a diverse portfolio of 83 projects (including projects we develop with our joint ventures and associates) consisting of 75 residential properties, five residential and commercial complexes, two commercial complexes and one office floor. Of all the aforementioned projects, four projects are located in Shanghai, 79 projects are located in Jiangsu, Anhui, Zhejiang, Sichuan, Chongqing, Shandong, Henan, Jiangxi, Guangdong and Qinghai provinces.

As of December 31, 2020, we had land reserves (including land reserves held by our joint ventures and associates) with a total GFA of approximately 6.7 million sq.m., including (i) completed properties with a total saleable unsold/leasable GFA of approximately 0.6 million sq.m., (ii) properties under development with a total planned GFA of approximately 5.4 million sq.m., and (iii) properties held for future development with a total estimated GFA of approximately 0.7 million sq.m.

Our business operations consist of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services and management consulting service. We derive our revenue principally from the sales of properties we develop. For the three years ended December 31, 2020, revenue generated from property development and sales was RMB5,879.4 million, RMB7,294.1 million and RMB9,085.3 million (US\$1,392.4 million), respectively.

We position our brand as “Design for Life” with a vision of providing high-quality properties and creating specific living scenes for our customers. We use the brand names “大發” or “大發地產” to carry out our business in China. To implement our market positioning strategy, we have developed four product series of residential property projects under the Bliss series (悅系), each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted customers from first-time home purchasers and customers with home upgrade demand to high-end customers.

We advocate the concept of “situational real estate.” Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios. Our research methods include integrating customer insight and big data analysis, with site adaptability, spatial planning, public space design, environmental friendliness and intelligent design taken into consideration. We classified the living experience of our customers into four scenarios under “24 Blissful Living Community (24 悅愛社區)” to improve the living experience of our customers. See “— Property Development and Sales Process — Project Planning and Design.”

We believe we are well recognized in the industry. In the past few years, we have won numerous awards, including “2020 Excellent Investment Value Award for Listed Real Estate Companies of Golden Brick for Real Estate of China” granted by 21st Century Business Herald and Boao 21st Century Real Estate Forum, “2020 Greatest Potential Award for Chinese Real Estate among Top 100 Chinese Real Estate” granted by Times Media, Anjuke, Leju China and CRIC, “China Top 100 Real Estate Developers (中國房地產企業100強)” from 2016 to 2019, “The Star Developers among China Top 100 Real Estate Developers (中國房地產百強之星)” in 2016 and 2019, “Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)” in 2016 and 2017, “China Special Real Estate Developers (中國特色地產運營優秀企業-情景地產)” in 2018 and 2019, and “Top 10 Brand of Yangtze River Delta Region Real Estate Companies (中國長三角區域 房地產公司品牌價值Top10)” in 2019, all granted by the China Real Estate Top 10 Research Team of China Index Academy (中國指數研究院中國房地產TOP10研究組), “2019 Best 10 of East China Real Estate Developers Brand Value (2019中國房地產開發企業品牌價值華東10強)”, “Top 100 Listed Companies of Comprehensive Strength” and “2019 China’s Best Real Estate Employer” in 2019 granted by China Real Estate Association, “2019 Investment Value Award of Listed Real Estate Enterprises” by Gelonghui and the “Key Enterprise Contribution Award (重點企業貢獻獎)” from 2015 to 2019, all granted by Shanghai Hongkou District People’s Government (上海市虹口區人民政府).

We believe that our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past.

## RECENT DEVELOPMENTS

### Issuance of the Original Notes

On January 19, 2021, 2020, we entered into an indenture (as amended or supplemented from time to time, the “January 2021 Indenture”) pursuant to which we issued US\$180,000,000 in aggregate principal amount of the January 2021 Notes. As of the date of this offering memorandum, the entire principal amount of the Original Notes remains outstanding. See “Description of Material Indebtedness and Other Obligations — Original Notes.”

### Full Repayment of the January 2020 Notes

On January 27, 2021, we fully redeemed the January 2020 Notes.

## COMPETITIVE STRENGTHS

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

### **An Expanding Residential Real Estate Developer Headquartered in Shanghai and Penetrating into the Yangtze River Delta Region**

We are an expanding residential real estate developer. Since expanding our business to Shanghai in 2001 and setting up our headquarters in Shanghai, we have been operating in Shanghai for 18 years and developed properties such as Shanghai Kai Run Jin Cheng (上海凱潤金城) and Dafa Bliss Huating (大發融悅華庭). We have focused on intensively penetrating into the real estate market in the Yangtze River Delta Region. Having expanded into Jiangsu Province since 2003 and into Anhui Province since 2008, our footprint has gradually covered major cities in the Yangtze River Delta Region such as Wenzhou, Shanghai, Nanjing, Anqing, Ningbo, Zhoushan and Wuhu. As of December 31, 2020, we had a total of 69 property projects at different development stages in the Yangtze River Delta Region.

We are a real estate developer aiming to pursue sustainable growth. Our property development segment achieved substantial growth in terms of key indicators such as sales and sales area. Our revenue from property development and sales increased from RMB5,879.4 million in 2018 to RMB9,085.3 million (US\$1,392.4 million) in 2020. The GFA delivered for the corresponding period increased from 463,326 sq.m. to 673,189 sq.m.

Adhering to our business philosophy of “pursuing excellence with integrity and innovation,” we believe that we have forged ahead and engaged in constant innovation, and established a good reputation and quality brand image among our customers through the development of high-end projects and the construction of premium properties. We believe we are well recognized in the industry. In the past few years, we have won numerous awards, including “2020 Excellent Investment Value Award for Listed Real Estate Companies of Golden Brick for Real Estate of China” granted by 21st Century Business Herald and Boao 21st Century Real Estate Forum, “2020 Greatest Potential Award for Chinese Real Estate among Top 100 Chinese Real Estate” granted by Times Media, Anjuke, Leju China and CRIC, “China Top 100 Real Estate Developers (中國房地產企業100強)” from 2016 to 2019, “The Star Developers among China Top 100 Real Estate Developers (中國房地產百強之星)” in 2016 and 2019, “Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)” in 2016 and 2017, the “China Special Real Estate Outstanding Operation Enterprise — Situational Real Estate (中國特色地產運營優秀企業-情景地產)” in 2018 and 2019, and “Top 10 Brand of Yangtze River Delta Region Real Estate Companies (中國長三角區域房地產公司品牌價值Top10)” in 2019, all granted by the China Real Estate Top 10 Research Team of China Index Academy (中國指數研究院中國房地產TOP10研究組), “2019 Best 10 of East China Real Estate Developers Brand Value (2019中國房地產開發企業品牌價值華東10強)”, “Top 100 Listed Companies of Comprehensive Strength” and “2019 China’s Best Real Estate Employer” in 2019 granted by China Real Estate Association, “2019 Investment Value Award of Listed Real Estate Enterprises” by Gelonghui and the “Key Enterprise Contribution Award (重點企業貢獻獎)” from 2015 to 2019, all granted by Shanghai Hongkou District People’s Government (上海市虹口區人民政府). Our projects Dafa Duhui Road No. 1 and Zhoushan Dafa Rongyue New Territories Mansion received the 5th “Real Estate Design Award” in 2019. We were also awarded several awards such as the “2019 Listed Companies Annual Award” by the Hong Kong Institute of Financial Analysts and Professional Commentators Association and “2019 Valuable Real Estate Companies in the Capital Market” by China Index Academy.

## **Land Reserves in Core Cities of the Yangtze River Delta Region and Prudent and Efficient Land Acquisition Capabilities**

Leveraging our knowledge of the real estate market in the Yangtze River Delta Region, we have acquired land parcels that we believe are situated in premium cities such as Shanghai and Nanjing, and derived substantial revenue through the projects developed in these cities. For new cities that we expand our business into, we have adopted prudent assessment criteria and conducted in-depth preliminary studies. We believe our strategic site selection strengthens our land acquisition capabilities.

When selecting land acquisition target in each city, we have established prudent and efficient land acquisition criteria, taking into account various projected financial indicators such as gross margin, EBITDA margin, net profit margin and cash flow. We have also developed strategic cooperation with various business partners in land acquisition and development, which puts us in a better position to control costs and capital expenditure and therefore limit our risk exposure in land acquisition.

We mainly acquired lands through tender, auction or listing-for-sale. For the year ended December 31, 2020, we, including our joint ventures and associates, acquired 22 land parcels with a total estimated GFA of approximately 2.8 million sq.m. with an average land cost of approximately RMB5,753 per sq.m. These land parcels are predominately located in top-tier cities.

As of December 31, 2020, we had land reserves (including land reserves held by our joint ventures and associates) with a total planned GFA of approximately 6.7 million sq.m., including (i) completed properties with a total saleable unsold/leasable GFA of approximately 0.6 million sq.m., (ii) properties under development with a total planned GFA of approximately 5.4 million sq.m., and (iii) properties held for future development with a total estimated GFA of approximately 0.7 million sq.m. We believe our quality land reserves will provide us with a strong foundation in real estate development and support our long-term steady and sustainable growth.

We believe that we have developed accurate market judgment and vision which enable us to achieve a high rate of return on our land acquisition.

## **An Advocate of Situational Real Estate and A Practitioner of Quality Real Estate**

We stepped into the real estate industry with the initial aspiration of “building good houses” 25 years ago. As of today, our initial aspiration remains unchanged. But as the demands of our customers have gradually upgraded from “living comfortably” to “living happily,” our goal has risen from “providing a comfortable living space” to “Design for Life.”

Life is composed of different situations. Therefore, we advocate the concept of “situational real estate.” Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios and the “situational real estate” concept is implemented in certain of our projects. Our research methods include integrating customer insights and big data analysis, with site adaptability, spatial planning, public space design, environmental friendliness and intelligent design taken into consideration. We classified the lives of our customers into four scenarios under 24 Blissful Living Community (24悅愛社區). See “— Property Development and Sales Process — Project Planning and Design.” In 2018, we won the “2018 China Special Real Estate Outstanding Operation Enterprise — Situational Real Estate (2018中國特色地產運營優秀企業-情景地產)” award issued by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組).

We are also a practitioner of quality real estate. Upholding our “100+ Quality” slogan with the primary goal of surpassing competing properties, we are committed to providing our property owners with the 100-point living experience. To this end, we implement stringent construction standards, operating procedures and quality controls. We choose third-party design and construction companies with strict and standard processes. For instance, when selecting an external design team, we carefully consider the team’s success with similar cases in the area, the consistency of the architectural style adopted in successful cases with that in our projects, and the biographies and excellence of members of the team. Our selection process includes selection of outstanding design companies in the industry, comparison and selection of bidding concept solutions, review of service proposals and grading of team members for evaluation of design bids etc. for final determination of the design company with the winning bid.

We believe the top-tier domestic and international design companies we chose bring us and our customers first-class designs. For example, we hired a series of well-known teams for Ningbo Hai Jun Fu, with Allied Architects International (Canada) Inc. as the construction solution company, and certain well-known design companies in charge of the landscape and interior design, joining hands with strong business partners to create a campus-style series. Our goal has increased from providing housing to leading people to a better life.

We believe our high-quality situational real estate has henceforth enhanced our product competitiveness, and attracted more customers to our constructed living environment designs, and our customers became more satisfied with our services.

### **Customer-Oriented Residential Products Designed to Meet Customer Demands and Commercial Properties at Prime Locations Bringing in Stable Cash Flows**

We focus on developing residential properties. Our residential products are customer-oriented, aiming to serve the needs of a wide range of customers from first-time home purchasers with rigid demands to customer groups seeking to improve their living environment, and high-end customers. We understand the significance of purchasing a residential property to our customers, and will take accountability for our customers' choices by providing quality products.

We develop Bliss series (悦系列) for our residential products. The Bliss series features a neo-Asian style with oriental elements, emphasizing the merging and harmony between architecture and the environment and reflecting the low-profile and open mindset of China's new middle class. Representative projects of the Bliss series include Dafa Bliss Oriental (大发融悦东方), Dafa Bliss Four Seasons (大发融悦四季) and Bliss Xinjie Residence (融悦新界公馆).

The Bliss series targets first-home purchasers, home-upgraders and has developed four sub-series, namely the Pu series (璞系列), the Xi series (熙系列), the Rong series (融系列) and the Ming series (铭系列), each targeting different customers. The Pu series (璞系列) features elegant and modern products targeting high-end customers in central areas of a city. The Xi series (熙系列) features quality, simple and modern products targeting the customers in core area of cities. The Rong series (融系列) features diversified and differentiated products targeting the middle-income households in the suburbs. The Ming series (铭系列) features products with fashion elements targeting first-home purchasers and home upgraders in the suburbs.

Our commercial real estate business is a good supplement to our residential real estate. Our commercial properties, for example, Nanjing IST Mall, Shanghai Kai Hong Plaza, Affiliated Commercial Property of Nanjing Kaihong Junfu and Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou), are situated in locations with convenient transportation facilities and within proxy to residential areas, which we believe are or will be capable of bringing in stable cash flows for our development. We position our commercial properties as integrated lifestyle centers within the relatively promising areas of a city, so as to satisfy the different demands of customers. Thus, we believe we are able to enhance the value of the region, improve customers' living circumstances, and grow and develop together with the city.

The synergic integration of commercial property projects and residential property projects will create a favorable synergistic effect. Commercial properties bring us stable rental income which we believe can supplement the cash flow of our residential property development business and mitigate risks associated with the residential property development business, such as price volatility and schedule-related uncertainty. Meanwhile, we believe commercial properties can enhance the overall positioning, attractiveness and investment value of real estate projects and drive the growth of residential property sales. For example, Shanghai Kai Hong Plaza is part of Shanghai Kai Run Jin Cheng; it serves to empower the residential portion of Shanghai Kai Run Jin Cheng. In addition, the brand effect of commercial properties also builds customer loyalty for our residential property projects. We believe that with many years of accumulated experience, our operation model for commercial properties has increasingly matured. For the three years ended December 31, 2020, the average occupancy rate of our commercial properties was approximately 93.3%, 95.2% and 90.1%, with operating income amounting to RMB65.2 million, RMB54.4 million and RMB49.6 million (US\$7.6 million), respectively.

## **Active and Prudent Financial Policies and Operations**

We have implemented financial policies that balance progressivity and stability. We have continuously diversified our financing channels to meet capital requirements. Our funding sources are diversified, including land mortgage financing, project development financing, fixed assets financing and working capital loans provided by commercial banks, as well as debt financing offered by trust companies and asset management companies. We have maintained ongoing and stable relationship with tens of large and medium-sized banks and financial institutions. We have cooperated with commercial banks such as Bank of China, China Minsheng Banking Corp., Ltd., China Zheshang Bank Co., Ltd. and Ping An Bank Co., Ltd. We have also cooperated with major asset management companies including Ping An Trust Co., Ltd. and China Huarong Asset Management Co., Ltd. Shanghai Branch. We also adopted standardized project development and management procedures to raise operational efficiencies. Our system covers detailed steps of all major workflows during our project cycle, with detailed delegation to all responsible personnel. For timeline of project development, we aim to commence construction within three months upon land acquisition, launch for pre-sale within three months upon commencement of construction and achieve positive cash flow turnaround within four months upon launching of pre-sale. Concurrently, we have clearly defined all major time periods and business support lines that are important to our operation flows to enable efficiency in filing for approval and commencing construction. We also adopt follow-up methods, using a background supporting mechanism to strengthen regional authorizations for operations, projects and administrations, and to support regional standards and services.

On the other hand, we have pursued prudent financial management policies and managed our current assets levels to ensure the adequacy of our working capital by closely monitoring the cash position and the maturity status of borrowings. On our projects, we also implemented proper oversight measures. By auditing to manage risks, we managed to regulate investment, secure land, recruit personnel and lay down foundations in all workflows, to ensure good standing while expanding our operations.

Due to our diversified sources of capital and high-quality project portfolio, we continued to optimize our debt structure. As of December 31, 2020, bank loans due within one year or on demand, bank loans due from one to two years, bank loans due from three to five years and bank loans due beyond five years accounted for 16.7%, 31.0%, 23.4% and 28.9% of our total outstanding bank loans, respectively. Given our stable relationship with banks, our sound credit history and lower PBOC benchmark lending rates, we believe we will be able to lower our finance costs by replacing certain existing borrowings with lower-interest-rate borrowings. For the three years ended December 31, 2020, the effective interest rate for our financing was 8.5%, 9.8% and 9.0% respectively.

## **Experienced Senior Management and Operation Team**

Since the inception of our Company, we believe our dedicated, professional and experienced core management has made a significant contribution to our business growth. We believe the professionalism, stability, youthful energy, unity, loyalty and aspirations of our management are the key safeguards of our steady progress.

Mr. Ge Yiyang, our president, has more than 14 years of experience in the PRC real estate sector. Mr. Ge Yiyang graduated from Aston University in Birmingham, UK with double bachelor's degrees in business administration and computer science in 2006. He then obtained a master's degree in business administration from and enrolled in the DBA Program offered by Cheung Kong Graduate School of Business in 2013 and 2016, respectively. Since joining the Company in 2006, Mr. Ge Yiyang has been in charge of managing over 100 employees. He has guided our fast and steady business growth and created a new generation of benchmarks for the growth of PRC real estate developers, contributing to the upgrade and development of the PRC real estate industry. Mr. Ge Yiyang has established himself as a leading voice among the new generation of real estate industry leaders in China, and also a core leading figure in advocating an innovative real estate ecosystem in China. Mr. Ge Yiyang is widely acclaimed by the government for his entrepreneurial spirit and philanthropy. Mr. Ge Yiyang was awarded the Best Youth Model of 2017 (2017最佳青年榜樣) by The Sixth Organizing Committee of China Finance Summit (第六屆中國財經峰會組委會) in July 2017. He was awarded the Influential Individual of the Year (年度影響力人物) by the Times Creative and Change List (時代創變榜) in November 2017.



Our other senior management members also have an average of 15 years of experience in the real estate and related industries. Our management and operation team has extensive experience in real estate development, construction engineering, finance, accounting, management and other related fields. Their extensive industry knowledge, valuable industry experience and dedicated working attitude will help enable us to better serve our customers. To attract quality talent, we proactively recruit talents from reputable universities at home and abroad as well as competitive peer companies, and provide them with ongoing vocational trainings to enhance their competencies.

We adhere to the brand concept of “Design for Life” and pursue a corporate culture of “Innovation, Creativity and Entrepreneurship.” Innovation is to think outside of the box, to break away from normal procedure, and to spot the development patterns in an aspect of work with a development-minded vision. This is the life source of our brand. Creativity is a way of thinking that opens our minds, keeps us fresh, lets us observe products, customers and industries absorbedly and discover development patterns more easily. Entrepreneurship is the spirit to grasp challenges and be unswerving, the combined fruition of innovation and creativity, and the common dream of all the employees.

## **OUR STRATEGIES**

We strive to become a leading residential real estate developer in the PRC through steady business development. We intend to achieve our goal by pursuing the following strategies:

### **Solidify Our Market Position in the Yangtze River Delta Region While Seeking Opportunities in Cities in Other Regions of PRC**

We will continue to deepen penetration in the Yangtze River Delta Region, which is one of the biggest economic zones in the PRC with a more established real estate market. Since we have had a presence in the Yangtze River Delta Region for many years and our brand has gradually gained wider recognition among customers, we believe we have the geographical advantage in this market. When enlarging our investment footprints, we will choose regional hub cities in the Yangtze River Delta Region as key points, fanning out from point to area. We will continue to deepen penetration in the Yangtze River Delta Region by establishing regional branches in Nanjing, Hefei and Wenzhou to explore land parcels with development potential and seeking opportunities in selected new regions such as Chengdu and Chongqing region, Western China region, Central China region, the Bohai Economic Rim and the Greater Bay Area, as well as selected new cities with high development potential such as Fuzhou.

We believe that the real estate markets in single core second-tier cities, such as Xi’an, Wuhan, Chengdu, Taiyuan, Changsha, Nanchang and other inland provincial capitals, will grow enormously in the next few years to balance regional economic development in the PRC, achieving structural adjustment. Meanwhile, the State Council has approved the establishment of eight national-level city clusters as of February 5, 2018 and are expected to approve another five, within which varying urban groups will form. Due to the driving effect arising from high-speed railways among core cities, the real estate markets in third-tier cities experiencing powerful growth will also have greater development potential, thereby serving as our target regions for development. In light of such market outlook, we will pay attention to opportunities in the second-tier cities with strong economic performance and, to a lesser extent, second-tier cities with moderate current economic performance and third-tier cities with high ranking or high growth potential.

Giving priority to land parcels with well-developed railway transportation, advanced ancillary facilities, high-volume consumers, future development potential and reasonable land premiums, we will conduct our site selection in the densely-populated areas in cities when acquiring land parcels. We will also acquire land parcels for various uses. Although we prefer to focus on the development of residential property, we are open to commercial complex projects with cash flow balance when acquiring land parcels.

As we continue to execute our development projects and prudently replenish our land reserves, we aim to steadily increase in our contracted sales and strengthen our market position in the industry.

### **Continue to Enhance Our Financial Structure**

We will persistently implement a solid financial policy, closely monitor major financial indicators such as gearing ratio and interest coverage, prudently manage capital structure, cash flow and liquidity position as well as control cost and risk, with a view to achieving a high turnover rate of working capital, positive cash flow turnaround and high cash collection rate.

We also plan to expand diverse financing channels to further enhance our capital structure. We believe that our current debt ratio is relative healthy while there is still room for profit margin to grow, thereby providing greater flexibility for us to obtain financing. We plan to explore diversified financing channels following the

successful listing, such as asset-backed securities programs, corporate bonds and other debt offerings. During the course of financing, we strive for a balance between time spent on acquiring funding and cost of capital. Our headquarters will continue to implement overall control of our cash flow to further improve the capital utilization efficiency.

### **Continue to Enhance Product Quality and Tailor Product Offerings**

We place high emphasis on product quality since it is closely linked with the brand image of our Group. We will persistently endeavor to improve our product quality, which will be beneficial for raising brand awareness and consumer recognition of our Group in the Yangtze River Delta Region as well as nationwide, boosting the implementation of our expansion and deployment plan. We will also seek to standardize more project series, design plans and development procedures in order to accelerate our sell-through rate using the scalable commercial model.

We will continue to provide products from the perspective of our customers. With changes in population structure and social attitudes, consumer demands for housing change constantly. We believe that the post-80s and post-90s generations are the dominant force of house purchases in the future, which are our major target customers. Compared with traditional families, new post-80s and 90s generation core families expect to build sound interpersonal relationships in daily life, engage in eventful activities and display personal tastes. Therefore, they attach great importance to garden landscapes that are based on social demands, the functional design of public areas and customer activities while focusing on basic factors such as building density, household function, living comfort and price-performance ratio. In addition, they have higher quality demands for space allocation, design details and community entertainment. With the increasing popularity of smart living, we aim to provide our customers with properties integrated with various smart living features by leveraging on the latest information technologies. We will take the characteristics of such target consumer groups as a breakthrough point and design well-targeted household and community facilities to satisfy their demands. Moreover, based on the various demands of different groups, we will continue to diversify our product lines to expand the coverage to more age groups and wider customer categories.

### **Optimize Business Operations and Improve Brand Recognition**

In the following five years, we will position our Group as a scalable housing enterprise. To achieve this goal, we intend to carry out product and business procedures standardization in order to improve our operating efficiency. We plan to further optimize the three-tier structure of our operating system consisting of our headquarters, regional companies and project companies, and gradually grant authorization to the regional companies in the future so as to stimulate the regional companies to achieve deeper market penetration. By implementing an effective incentive mechanism, we will place emphasis on the establishment of a team culture to create corporate cohesion while encouraging healthy competition among regional companies. We believe that these measures will optimize corporate operations.

In addition to improving our internal corporate operation, we also plan to cooperate with high-quality real estate developers to optimize our resource utilization, achieve cooperation advantage in obtaining land and improve the efficiency for project execution. We believe an efficient corporate operation system and strategic cooperation with renowned real estate developers will enable us to accelerate our market launch and sell-through rate and to achieving rapid turnover. By improving product quality and strongly promoting the situational real estate concept, we plan to further enhance the recognition of “Dafa” in the minds of our consumers. Additionally, we intend to upgrade our brand communication model from a single-channel approach to a multi-channel approach and deepen the promotion of the “Dafa” brand through cooperative activities with established brands. We believe that our accumulative reputation will transform “Dafa” from a regionally famous brand to a nationally famous brand.

### **Retain and Attract Talents**

With our business development nationwide, our demands for quality talent will also increase. In order to meet rapid development in the future, we intend to accelerate the establishment of the talent system, continue to improve the remuneration and benefits system and recruit capable talented personnel to increase our talent reserves. By leveraging our remuneration standard over the industry standard and maintaining an open culture, our Company believes that we will be able to attract high-quality talents from home and abroad.

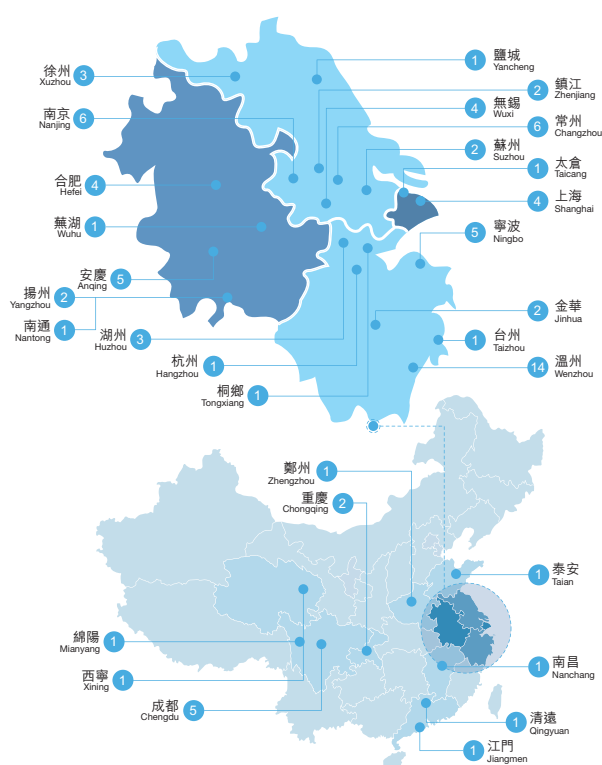
To induce our employees’ sense of achievement, we have designed incentive plans named Collective Endeavor (共創) and Collective Triumph (共贏). The Collective Endeavor plan allows its participants to invest in our project companies and share the profits when certain conditions are met. The Collective Triumph plan is a reward mechanism distributing bonuses to employees according to their positions and performances. We believe that our Collective Endeavor and Collective Triumph incentive plans may mobilize the morale and entrepreneurial spirit of our employees, and tie our employees’ personal growth to the development of our Group. See “— Employees.”

## OUR PROJECT PORTFOLIO

The manner in which we classify our projects may be different from the classifications employed by other property developers. Each property project or project phase may require multiple land use rights certificates, construction work commencement permits, pre-sales permits and other permits and certificates, which may be issued at different times in the development process.

As of December 31, 2020, we had a diverse portfolio of 83 projects (including projects we develop with our joint ventures and associates) consisting of 75 residential properties, five residential and commercial complexes, two commercial complexes and one office floor. Of all the aforementioned projects, four projects are located in Shanghai, 79 projects are located in Jiangsu, Anhui, Zhejiang, Sichuan, Chongqing, Shandong, Henan, Jiangxi, Guangdong and Qinghai provinces.

The map below shows the geographic coverage of our property portfolio during the as of December 31, 2020:



## Classification of Our Residential Properties

We categorize our residential properties as follows:

- Low-rise apartments (低層住宅) – residential buildings that typically have two to three storeys;
- Multi-storey apartments (多層住宅) – residential buildings that typically have four to six storeys;
- Mid-rise apartments (小高層住宅) – residential buildings that typically have seven to nine storeys;
- High-rise apartments (高層住宅) – residential buildings that typically have 10 storeys or more;
- Townhouses (聯排房屋) – residential house that are connected to each other and each such house typically has three to four storeys.

## Land Reserves

As of December 31, 2020, we had land reserves (including land reserves held by our joint ventures and associates) with a total planned GFA of approximately 6.7 million sq.m. The average land cost of our land reserves (including land reserves held by our joint ventures and associates) was approximately RMB4,960 per sq.m. as of December 31, 2020.

The following table sets forth a summary of our land reserves (including land reserve held by our joint ventures and associates) by geographical location as of December 31, 2020:

	Completed		Under development	Future development	Total land reserves	Percentage of total land bank by geographical location
	Saleable GFA unsold <sup>(1)</sup>	Rentable GFA held for property investment <sup>(2)</sup>	Planned GFA under development <sup>(1)</sup>	Planned GFA <sup>(1)</sup>	Total GFA <sup>(1)</sup>	(%)
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Wenzhou.....	88,853	4,026	988,002	–	1,080,881	16.3%
Ningbo.....	7,081	–	614,880	–	621,961	9.3%
Changzhou.....	18,989	–	480,105	–	499,094	7.5%
Hefei.....	80,163	–	348,484	–	428,647	6.4%
Yangzhou.....	–	–	–	390,586	390,586	5.8%
Wuxi.....	15,642	–	295,800	–	311,442	4.7%
Huzhou.....	82,889	–	113,459	–	196,348	2.9%
Xuzhou.....	11,277	–	208,411	–	219,688	3.3%
Zhenjiang.....	–	–	–	213,502	213,502	3.2%
Yancheng.....	–	–	203,149	–	203,149	3.0%
Wuhu.....	–	–	184,512	–	184,512	2.8%
Tongxiang.....	–	–	165,700	–	165,700	2.5%
Nanjing.....	3,943	41,100	100,306	–	145,349	2.2%
Jinhua.....	–	–	123,157	–	123,157	1.8%
Suzhou.....	15,609	–	101,070	–	116,679	1.7%
Nantong.....	–	–	96,110	–	96,110	1.4%
Hangzhou.....	–	–	62,192	–	62,192	0.9%
Taicang.....	–	–	53,567	–	53,567	0.8%
Anqing.....	30,195	–	–	–	30,195	0.5%
Shanghai.....	–	27,369	–	–	27,369	0.4%
Taizhou.....	11,373	–	–	–	11,373	0.2%
Chengdu.....	28,766	–	502,082	–	530,848	7.9%
Chongqing.....	95,145	–	114,032	–	209,177	3.1%
Mianyang.....	–	–	–	114,144	114,144	1.7%
Xining.....	–	–	212,383	–	212,383	3.2%
Taian.....	–	–	143,165	–	143,165	2.1%
Jiangmen.....	–	–	101,751	–	101,751	1.5%
Qingyuan.....	–	–	84,366	–	84,366	1.3%
Zhengzhou.....	–	–	69,662	–	69,662	1.0%
Nanchang.....	–	–	37,487	–	37,487	0.6%
	489,925	72,495	5,403,832	718,232	6,684,484	100.0%

### Notes:

- (1) Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant completion certificates or inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction work planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA. "Saleable GFA unsold" includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.
- (2) "Rentable GFA" refers to the internal floor area of a property, which has been allocated with shared floor area. It is space available to generate rental income.

## Project Portfolio

The table below is a summary of our portfolio of property development projects (including projects we develop with our joint ventures and associates) as of December 31, 2020.

	Project	Location	Interest attributable to the Group	Type of property product	Total site area	Completed and salable/rentable GFA	Planned GFA under development	HELD FOR FUTURE DEVELOPMENT	
								COMPLETED DEVELOPMENT	UNDER DEVELOPMENT
1	大發融悅華庭	Dafa Bliss Huating	100%	Residential	45,428	118,139	-	-	-
2	上海凱潤金城	Shanghai Kai Run Jin Cheng	100%	Residential	16,929	53,925	-	-	-
3	寧波中山隴府	Ningbo Zhongshan Junfu	98%	Residential	61,226	171,227	-	-	-
4	大發宜景城一期	Dafa Yi Jing Cheng Phase I	100%	Residential	207,422	123,480	-	-	-
5	大發宜景城二期	Dafa Yi Jing Cheng Phase II	100%	Residential	248,528	-	-	-	-
6	大發宜景城三期	Dafa Yi Jing Cheng Phase III	100%	Residential	76,557	278,164	-	-	-
7	大發宜景城四期	Dafa Yi Jing Cheng Phase IV	100%	Residential	123,050	513,943	-	-	-
8	大發宜景城商業	Commercial Building of Dafa Yi Jing Cheng	100%	Residential, commercial	18,720	45,561	-	-	-
9	大發融悅花園	Dafa Bliss Garden	100%	Residential	32,451	69,101	-	-	-
10	大發燕瀾灣	Dafa Yan Lan Wan	100%	Residential	70,231	172,283	-	-	-
11	南京凱潤金城	Nanjing Kai Run Jin Cheng	100%	Residential	35,962	228,440	-	-	-
12	南京凱鴻雋府	Nanjing Kaihong Junfu	100%	Residential, commercial	27,243	59,895	-	-	-
13	凱欣錦園A	Kaixin Jinyuan A	100%	Residential	40,504	146,332	-	-	-
14	凱欣錦園B	Kaixin Jinyuan B	96%	Residential	45,562	167,180	-	-	-
15	大發融悅東方(溫州)	Dafa Bliss Oriental (Wenzhou)	90%	Residential, commercial	26,576	120,240	-	-	-
16	溫州都會道一號	Wenzhou Metropolis No. 1	100%	Residential	14,713	70,955	-	-	-
17	上海艾尚天地	Shanghai IST Mall	100%	Commercial complexes	-	25,870	-	-	-
18	港陸廣場	Harbor Ring Plaza	100%	Office	118	1,499	-	-	-
19	南京艾尚天地	Nanjing IST Mall	100%	Commercial complexes	-	35,921	-	-	-
20	常州武進新城都督	Changzhou Wujin New City Metropolis	31%	Residential	69,261	169,796	-	-	-
21	宜興中梁大發首府壹號	Yixing Zhongliang Dafa Mansion One	34%	Residential	25,829	53,150	-	-	-
22	邳州大發融悅東方	Pizhou Dafa Bliss Oriental	90%	Residential	49,126	-	155,331	-	-
23	射陽大發融悅東方	Sheyang Dafa Bliss Oriental	91%	Residential	54,451	-	203,149	-	-
24	句容融悅東方	Jurong Bliss Oriental	47%	Residential	45,781	-	-	118,978	-

	Project	Location	Interest attributable to the Group	Type of property product	Total site area	Completed and salable/rentable GFA	Planned GFA under development	HELD FOR FUTURE DEVELOPMENT	
								Planned GFA	GFA without land use rights certificates
25	句容悦居花园	Zhenjiang	23%	Residential	38,731	-	-	94,524	-
26	長興融悅東方	Huzhou	32%	Residential	52,918	145,992	-	-	-
27	安吉融信悅江府	Huzhou	23%	Residential	53,254	113,955	-	-	-
28	湖州融悅四季	Huzhou	43%	Residential, commercial	35,461	-	113,459	-	-
29	常熟雙景華庭	Suzhou	25%	Residential	17,361	48,853	-	-	-
30	邗峽大發融悅和府	Chengdu	91%	Residential, commercial	23,519	99,354	-	-	-
31	大發熙悅書山境	Chongqing	91%	Residential	37,142	117,031	-	-	-
32	英德龍悅四季苑	Qingyuan	92%	Residential	14,014	-	84,366	-	-
33	徐州大發通銀融悅府	Xuzhou	51%	Residential	24,441	66,906	-	-	-
34	合肥公園天著	Hefei	31%	Residential	49,546	144,904	-	-	-
35	合肥融悅四季	Hefei	43%	Residential	25,168	73,059	-	-	-
36	宜興融悅東方	Wuxi	46%	Residential	17,959	40,336	-	-	-
37	台州學府壹號	Taizhou	41%	Residential	17,008	45,165	-	-	-
38	慈溪譽林府	Ningbo	50%	Residential	46,508	-	115,522	-	-
39	溫州裡安瑞祥壹號	Wenzhou	45%	Residential	28,868	113,805	-	-	-
40	杭州良渚沁瀾	Hangzhou	28%	Residential	18,703	-	62,192	-	-
41	常州禮嘉龍悅府	Changzhou	42%	Residential	27,590	-	66,448	-	-
42	常州鄭陸天寧融悅府	Changzhou	27%	Residential	53,936	-	160,842	-	-
43	南昌西江悅	Nanchang	49%	Residential	11,551	-	37,487	-	-
44	泰安集美嘉悅	Taian	31%	Residential	35,154	-	143,165	-	-
45	江門國越府	Jiangmen	31%	Residential	30,240	-	101,751	-	-

	Project	Location	Interest attributable to the Group	Type of property product	Total site area	COMPLETED DEVELOPMENT		UNDER DEVELOPMENT		HELD FOR FUTURE DEVELOPMENT	
						Completed and salable/rentable GFA	Planned GFA under development	Planned GFA	Planned GFA without land use rights certificates		
46	溫州永嘉清水灣	Wenzhou Yongjia Clearwater Bay	24%	Residential	69,851	-	249,952	-	-	-	
47	鄭州融悅四季	Zhengzhou Bliss Four Seasons	90%	Residential	25,510	-	69,662	-	-	-	
48	溫州龍霞路麓湖灣	Wenzhou Longxia Road Luhuhu Bay	44%	Residential	12,310	-	57,313	-	-	-	
49	金華永康融悅灣	Jinhua Yongkang Bliss Bay	45%	Residential	18,389	-	53,100	-	-	-	
50	溫州熙悅裡	Wenzhou Xi Yue Li	30%	Residential	24,251	-	100,575	-	-	-	
51	溫州宸央裡	Wenzhou Chen Yang Li	40%	Residential	10,274	-	28,088	-	-	-	
52	烏鎮熙悅花苑	Wuzhen Xi Yue Hua Yuan	34%	Residential	61,250	-	165,700	-	-	-	
53	徐州申旺天辰	Xuzhou Shen Wang Tian Chen	30%	Residential	15,985	-	53,080	-	-	-	
54	合肥君禦天下	Hefei Jun Yu Tian Xia	14%	Residential	83,478	-	167,742	-	-	-	
55	合肥悅湖新著	Hefei Yue Hu Xin Zhu	14%	Residential	67,834	-	180,742	-	-	-	
56	常州雲禧	Changzhou Yun Xi	4%	Residential	36,712	-	98,208	-	-	-	
57	金華雲築	Jinhua Yun Zhu	6%	Residential	26,892	-	70,057	-	-	-	
58	西寧大發·熙悅	Xining Dafa Xiyue	52%	Residential	150,269	-	212,383	-	-	-	
59	無錫璞悅濱湖望	Wuxi Puyue Binhu Wang	45%	Residential	52,696	-	181,654	-	-	-	
60	寧南國璟府	Ningnan Guojing Mansion	44%	Residential	42,747	-	137,121	-	-	-	
61	太倉熙悅瀾庭	Taicang Xiyue Lanting	88%	Residential	20,787	-	53,567	-	-	-	
62	溫州江境1265	Wenzhou Riverside 1265	15%	Residential	32,388	-	109,679	-	-	-	
63	成都璞悅龍山	Chengdu Puyue Longshan	98%	Residential	42,380	-	85,914	-	-	-	
64	蘇州悅四季華庭	Suzhou Yuesiji Huating	42%	Residential	38,724	-	101,070	-	-	-	
65	蔚藍雲圖	Weilan Cloud Atlas	8%	Residential	77,638	-	189,305	-	-	-	
66	溫州鹿城之光	The Light of Wenzhou Lucheng	19%	Residential	71,506	-	236,716	-	-	-	
67	龍騰龍悅府	Longteng Longyue Mansion	41%	Residential	10,359	-	22,379	-	-	-	
68	半山雲邸	Banshan Cloud Mansion	25%	Residential	34,852	-	100,306	-	-	-	
69	熙悅·濱湖灣	Xiyue Binhu Bay	12%	Residential	52,777	-	114,146	-	-	-	
70	瀾庭序	Lanting Xu	25%	Residential	49,298	-	96,110	-	-	-	
71	湖光里院	Huguang Liyuan	16%	Residential	64,522	-	162,054	-	-	-	

Project	Location	Interest attributable to the Group	Type of property product	Total site area	COMPLETED DEVELOPMENT		UNDER DEVELOPMENT		HELD FOR FUTURE DEVELOPMENT	
					Completed and saleable/rentable GFA	Planned GFA under development	Planned GFA	GFA without land use rights certificates		
72 成都熙悅公元	Chengdu	48%	Residential	64,643	-	176,694	-	-	-	
73 重慶西永-印未來	Chongqing	48%	Residential	53,445	-	114,032	-	-	-	
	Weila									
74 璟潤里	Wenzhou	34%	Residential	11,101	-	50,110	-	-	-	
75 雲悅里	Wenzhou	34%	Residential	12,609	-	35,915	-	-	-	
76 大發上坤銘悅四季	Wuhu	33%	Residential	80,973	-	184,512	-	-	-	
77 銘悅軒	Wenzhou	14%	Residential	34,109	-	119,654	-	-	-	
78 璞悅縵宸	Changzhou	31%	Residential	49,911	-	132,228	-	-	-	
79 余姚子陵路項目	Ningbo	14%	Residential	55,584	-	172,932	-	-	-	
80 御璟雲璽	Chengdu	30%	Residential	21,493	-	77,420	-	-	-	
81 興園路項目	Yangzhou	60%	Residential	77,399	-	-	-	201,197	-	
82 景悅星辰	Yangzhou	30%	Residential	74,093	-	-	-	189,389	-	
83 江嶼灣	Mianyang	40%	Residential	28,116	-	-	-	-	114,144	
<b>合計</b>				<b>3,503,367</b>	<b>3,882,989</b>	<b>5,403,832</b>	<b>402,891</b>	<b>315,341</b>	<b>630,682</b>	
				<b>7,006,734</b>	<b>7,765,978</b>	<b>10,807,664</b>	<b>805,782</b>	<b>805,782</b>	<b>630,682</b>	

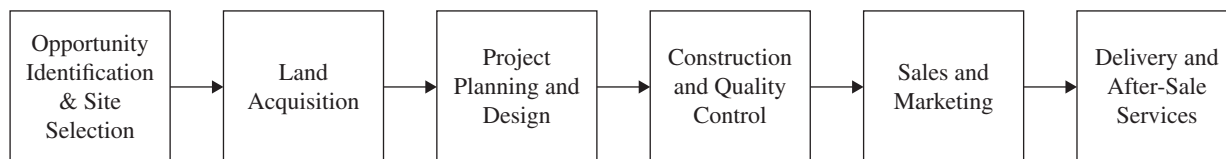
*Notes:*

- (1) The total site area of Shanghai Kai Run Jin Cheng includes the site area of Shanghai Kai Hong Plaza.
- (2) Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant completion certificates or inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction work planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA.
- (3) "Actual/estimated commencement date for construction" refers to the date on which construction of the first building of the project commenced or is estimated to commence based on Group's internal records.
- (4) The total site area of Nanjing Kai Run Jin Cheng includes the site area of Nanjing IST Mall.
- (5) The total site area of Nanjing Kaihong Junfu includes the site area of Affiliated Commercial Property of Nanjing Kaihong Junfu.
- (6) The total site area of Dafa Yi Jing Cheng Phase I and Dafa Yi Jing Cheng Phase II is 207,422 sq.m.



## PROPERTY DEVELOPMENT AND SALES PROCESS

We have a well-established project development process, which typically includes the major steps illustrated in the diagram below:



Depending on the project scale and complexity, it generally takes 24 to 36 months for us to complete a project after acquiring the relevant land use rights.

We focus on improving our operation and management efficiency through standardized project management model and maintaining a high turnover rate. We have various control measures in place to ensure the smooth implementation of business performance targets. The aspects covered include efficiency, quality, effectiveness and profitability, which are related to decision making process, work stream integration and cash flow in various ways.

In particular, we pay attention to the cash flow breakeven points and constantly optimize the timing between land acquisition and sales launch. We closely monitor various key process timing, from land acquisition to obtaining work permit, opening of sales office, obtaining construction permit and obtaining pre-sale certificate. The holistic system enhances our financial flexibility and helps us monitor risks throughout the process.

Under this approach, we have been successfully able to launch the sales of our projects efficiently. Certain high turnover benchmark projects in 2019 include Changzhou Lijia Longyue Mansion, Wenzhou Yongjia Clearwater Bay and Wenzhou Ruian Ruixiang No. 1, the sales of which were launched within 6 months after land acquisitions.

### Opportunity Identification and Site Selection

We place great emphasis on the site selection process because it is key to the success of our project development operation. In conjunction with our ongoing in-depth demographic and market research with respect to the Yangtze River Delta Region and other major cities nationwide, we continuously identify and assess potential development opportunities for new projects.

Based on our overall strategies and development plans, our investment committee coordinates the site selection process with various business departments, such as the design center, cost center, sales and marketing center and finance center. We conduct feasibility study of the site through on-site investigation and market research. The feasibility analysis report contains detailed analysis about the site's existing and potential commercial values, potential land acquisition costs, construction budget, expected return and risk control feasibility. Our investment committee, which is headed by our CEO and comprises representatives from various business departments, reviews and makes decision on the site selection.

We take into consideration factors including the following when conducting opportunity identification and site selection analyses:

- general economic conditions, demographics, population density, composition of industry sectors and economic vitality of the region;
- the turnover rate, inventories and pricing of the real properties in the regional market;
- potential profit, profit margin and cash flows in relation to the site;
- urbanization growth rate, disposable income and purchasing power of consumers;

- policy trends of the local government and urban planning and development plans of the local government;
- core values of the city and the surrounding areas;
- competitive landscape of the local property development market;
- suitability for property development and development prospects;
- convenience of the site's location, transportation network, infrastructure and ancillary facilities;
- existing plot ratio and potential development scale; and
- complexity of land ownership structure in the region and complexity of property rights relating to the land parcel.

## **Land Acquisition**

We acquire land for our projects mainly through public tender, auction or listing-for-sale. In addition, we acquire equity interests or invest in companies that possess or have the rights to possess land use rights for certain lands.

### ***Public Tender, Auction or Listing-for-sale***

We acquire land for our projects through public tender, auction or listing-for-sale process organized by government authorities.

- In a public tender, an evaluation committee consisting of no fewer than five members (typically including one representative of the grantor and other experts) evaluates the tenders submitted by bidders. In selecting the tender, the evaluation committee considers various factors including each bidder's bidding price, real estate development experience and track record, credit history, qualification and development proposal.
- In an auction, local land bureaus hold the auction process and grant the land use rights to the bidder with the highest bidding price.
- In a listing-for-sale process, local land bureaus specify conditions for granting the land use rights before bids are submitted. The land use rights are granted to the bidders with the highest bidding price at the end of the listing-for-sale period.

### ***Acquisition of Equity Interests or Investments in Companies***

In addition to land acquisition through public tender, auction or listing-for-sale process, we acquire equity interests or invest in companies that possess or have the rights to possess land use rights for certain lands. 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.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, the counterparties and the ultimate beneficial owners of the counterparty are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of the shareholders as a whole.

The general nature of all these acquisitions is land acquisition, and the principal business carried out by all of the counterparties (excluding individuals) of these acquisitions is property development and sales or management consultancy. We conducted such acquisitions for the purpose of achieving continued growth of land reserve at competitive costs. The financing source of such acquisitions are all internal funds and the basis for determining the consideration of these acquisitions are through arm's length negotiations between the parties and on normal commercial terms with reference to the cost of the land.

## ***Land Reserves***

We hold land parcels acquired and held for future development as land reserves. We have not received any notice from any PRC government authority identifying any idle land or requiring us to pay idle land fees as of December 31, 2020.

## **Project Planning and Design**

We aim at developing the concept of situational real estate (情景地產) in our project planning and design. The concept of situational real estate consists of two core elements of emotion, i.e. the interpersonal bonding that increases one's sense of happiness, and occasion, i.e. the tangible and accessible physical space that provides a platform for human emotions to develop. Instead of thinking from the perspective of a developer, we put ourselves into the shoes of customers to empathize on what our customers expect from life. Having realized the importance of "emotion" and how "occasion" intensifies "emotion," we make use of details in physical space leading it to a specific living scene that brings warmth, comfort and inspiration to our customers. For example, we build the kids' activities center, label the "health tracks" for sports lovers to jog and run, separate the roads for pedestrians from those for vehicles and incorporate other design elements that promote healthiness and happiness. We also aim at utilizing the interior space to its maximum and making sure our customers enjoy enough space for goods-storing, socializing and privacy in a unit. Real properties are houses, but situational properties are homes. We believe that satisfying the emotional needs of our customers and provide them with vivid living experiences will continue to be our greatest advantage. We classified the living experience of our customers into the following four scenarios under 24 Blissful Living Community (24悅愛社區), which features quality community that provides our customers with family-like experiences, community-focused amenities that facilitate social activities, fitness amenities that facilitate healthy and well-balanced lifestyle and smart systems that provide a healthy, safe, convenient and comfortable living environment for our customers;

We outsource our project planning and design work to Independent Third Parties. We engage specialized design firms for different types of design work of a project, such as architectural design, landscape design, interior design and ancillary facility design. Through a tender-by-invitation process, our design bidding evaluation team carefully selects design firms based on their strengths, pricing and suitability for our specific requirements. We have an internal protocol for selecting and managing the design firms. To enhance the value and marketability of our projects, we engage reputable domestic and international design firms to perform detailed design work for our projects. We worked with top-tier domestic and international design companies, such as Allied Architects International (Canada) Inc., United Architecture Design Group Inc. (Shanghai), Shanghai Johnson Architectural & Engineering Designing Consultants Ltd., Shanghai PT Architecture Design & Engineering Consultant Co., Ltd. and Shanghai Tontsen Architectural Design Co., Ltd.

Our design center is responsible for coordinating the overall planning and design of our projects throughout the land selection, pre-construction and construction phases. Our design center communicates closely with personnel from our operation center, cost management center, sales and marketing center, city companies and project companies throughout the planning and design process to obtain a comprehensive view on aspects such as budget and cost, procurement and sales and marketing. The final design is submitted to relevant PRC government authorities for approval and becomes the blueprint for the construction of a project.

## **Construction and Quality Control**

### ***Appointment of Construction Companies***

We outsource the construction work of our projects to external Independent Third Party construction companies. Outsourcing construction work allows us to better focus on our business as a property developer, and to leverage the expertise of the construction companies and minimize certain risks, such as risks from fluctuations in the cost of raw materials.

We select construction companies for our projects through a tender process in accordance with the Law on Tender and Bidding of the PRC (《中華人民共和國招標投標法》) and the Rules on the Tender Scope and Criteria for Construction Projects (《工程建設項目招標範圍和規模標準規定》). The tender process may be conducted via open tender or tender by invitation. We prefer construction companies with which we have long-term working relationships to ensure the quality of our products, and have an internal list of construction companies that meet our criteria and which we may invite to tender for new projects. Our cost management center also publishes bidding information on our website and through an online platform for exchange of information between real estate developers and third party suppliers.

To ensure the quality and workmanship of its properties, we apply stringent criteria in the selection of our construction companies. When assessing construction companies, we take into consideration factors such as professional qualifications, reputation, credentials, financial condition, experience, price quote, track record and quality of construction work, proposed construction schedule and plan and technical capabilities.

The construction contracts we enter into with the selected construction companies contain warranties provided by the construction companies with respect to construction schedules, quality and safety standards. The construction companies are required to pay fines in the event of delays and are responsible for the costs incurred in rectifying construction defects, pre-and post-completion and delivery. In addition, we may terminate a construction contract if the construction company causes any material delay to the development schedule or irreparable damage to the project development. For the years ended December 31, 2018, 2019 and 2020, we did not experience or been subject to any material construction delay, penalty, claim or loss as a result of unsatisfactory work performed by the construction companies we engaged.

We make payments to construction companies through our cost management center in installments in accordance with the terms and conditions stipulated in the construction contracts and the percentage required at each stage varies from case to case. In general, we pay the construction companies 80% of the full contract price when the construction work is completed, and pay 95% to 97% of the total contract price within a month upon project settlement. We retain the remaining 3% to 5% as quality deposit for one to five years. The quality deposit is used to cover any contingent expenses incurred as a result of construction defects.

### ***Procurement***

A significant portion of our raw materials, fixtures and equipment were procured in China. The construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, used in the construction process. Such raw material costs are included in the pre-agreed contract prices with the construction companies. We conduct inspection on and label the raw materials upon their entry into the construction site. Our operation center also conducts monthly and quarterly examination of the materials and communicates timely with the on-site project supervisors. For materials which materially affect the designs of our products, such as steel, cement, plastic pipes and water-proof materials, we may require the construction companies to procure materials of specific brands at prices we pre-negotiate with suppliers.

We timely monitor the price trend of materials based on industry information. For concrete and steel, our contractors bear the risk or enjoy the benefit of fluctuation within 3% of the contract price and we bear the risk or enjoy the benefit of fluctuation exceeding 3% of the contract price. Our contractors also bear the risk of price fluctuation for all other materials that they are responsible for. We can, to a certain extent, pass any increases in raw material costs to our customers by increasing the prices of our products. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

To maximize our economies of scale and bargaining power, we centrally procure certain equipment and fixtures, such as floors and bricks, cupboards, bathroom ware, kitchen ware, water heaters, air conditioners and doors, through tender process. The procurement contracts normally do not allow for price adjustments and we are not subject to any minimum purchase commitments.

To obtain favorable commercial terms and ensure stable supply of certain materials, we entered into strategic cooperation agreements with suppliers from time to time.

We enter into contracts with an average term of two years with the strategic suppliers. In general, we pay 85-90% of the contract price to our strategic suppliers upon the delivery of goods and settle the remaining amount after the products have passed our quality control inspection processes and those of the construction supervision companies. We do not maintain any inventory of construction materials. As we maintain a central supplier database for the equipment which we are responsible for purchasing, we have sufficient options and alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. We did not experience any shortages or delays in the supply of raw materials which had a material impact on our operations for the years ended December 31, 2018, 2019 and 2020.

## *Construction Supervision and Quality Control*

We place significant emphasis on quality control with regard to the construction and management of our projects. We believe that quality control is essential in establishing and strengthening the reputation of our brand, and providing high-quality comfortable living space has been our long-term goal. To ensure quality of properties and compliance with relevant laws and regulations, we have established a system of quality control policies and procedures to govern each aspect of the development process.

Our operation center is responsible for overseeing the overall construction process for each of our projects. The operation center regularly reviews our projects under construction and conducts quarterly on-site inspections of all projects and monthly on-site inspections of selected projects. If there are any instances of non-compliance, the city companies report them to our CEO office and we require the non-compliant entity to rectify the issue within a specified timeframe.

In compliance with relevant PRC laws and regulations, we engage independent certified site-based construction supervision companies to monitor the entire construction process of our projects. The construction supervision companies conduct quality inspections on construction materials, underground engineering safety special assessment, property delivery special assessment, and on-site workmanship checks to ensure that they meet our prescribed specifications and applicable regulatory requirements. In addition, all properties under development are inspected regularly by Independent Third Party professionals and prior to and upon delivery.

At each project level, the project department of the city company and the construction supervision company are responsible for supervising the quality control process of our projects. The supervising engineers and engineers from the project department are based on site to closely monitor the quality and progress of construction work and selection of construction materials to ensure all construction work is completed according to relevant timetables and in compliance with our quality standards and applicable national requirements. The construction company will be responsible for administrative management, material management and sample management in the quality control process of our projects. The construction company will also be notified to rectify any wrongdoing, inappropriate conduct or defect in procedures.

Our inspection process includes the following: (i) all materials and equipment are inspected when entering the site and samples are sent to qualified inspection units for approval. Materials and equipment with unsatisfactory inspection results cannot be used; (ii) all sub-divided work steps are inspected on-site by construction supervision companies and engineers from the project department. Only when the inspection results of a work step is satisfactory and signed off by the engineers when the next work step may be carried out; and (iii) the construction work of a project must be inspected and confirmed by the design unit, surveying unit, construction company, construction supervision company and us. The quality control standard set by the local government is the minimum threshold and we are establishing a higher standard for our internal quality control purpose.

Our operation center coordinates with other departments through meetings, “Office Automation” online approval system and all-department inspections.

The construction companies engaged by us are not allowed to subcontract or transfer their contractual agreements with us to third parties without our prior consent. When subcontracting construction works to third parties under our consent, the construction companies are obliged to supervise and ensure the subcontractors’ construction works are in strict compliance with our specifications and requirements, and to provide progress reports to us on a regular basis for us to closely monitor the construction progresses. We usually designate subcontractors for units that require stringent quality control, e.g. fire and waterproofing work, doors and windows and exterior design.

For the years ended December 31, 2018, 2019 and 2020, we had no disputes with respect to quality with the construction companies that we engaged which had a material adverse impact on our business or financial condition. In addition, during the same periods, there was no material delay or failure to complete the construction work of any of our projects according to our planned specifications.

## **Sales and Marketing**

### ***Pricing***

Our ability to price our products at desired levels has been, and will continue to be, important to our results of operations. We have a clear pricing protocol for each project. We conduct market analysis of the proposed land and research on comparable properties and inventory within the area where our projects locate, and produce and submit a positioning report to the design center after the land acquisition. We also calculate costs, expected profits and cash flow of the project. Before the sales process, we produce a pricing report taking into account market conditions of the time being and submit it to our CEO for final approval. Generally, we determine the prices of our for-sale properties based on a variety of factors, including market conditions, the overall supply and demand dynamics, competitive landscape and prices of comparable properties in the market, target profits, cost of construction and governmental restriction policy on real property price. We expect a mixed trend in the pricing of our projects, depending on their location and development level, with a magnitude subject to governmental policies.

### ***Pre-sales***

We commence pre-sale activities for all of our properties prior to their completion, usually within eight to ten months after the acquisition of the relevant land parcels. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for a property under development. These conditions include full payment of the land grant premium and acquisition of all relevant land use rights certificates, construction-related permits and pre-sale permits.

Further, in some cities where we operate, such as Shanghai, the use of pre-sale proceeds is restricted. Under the applicable rules and regulations of these local governments, the use of pre-sale proceeds is restricted to be primarily for the construction and development of the relevant projects.

### ***Sales, Marketing and Promotion***

Our properties for sale mainly target the mass market and are located in the Yangtze River Delta Region. Most of our customers are local first-time home buyer or middle-class population seeking to improve their housing experience.

Our sales and marketing center is responsible for formulating sales and marketing strategies and managing the overall sales and marketing process. The sales and marketing center is closely involved in each property development process, including project positioning, preliminary marketing, obtaining pre-sale permits, organizing sales activities of signing, down payment, mortgage application and final settlement of payment, as well as delivering the properties.

Our sales and marketing strategies include online and outdoor advertisements. Volumes of advertisements depend on the specific sales phase of a project. At the pre-sale stage, we invest in major media to increase online exposure and organize large-scale activities and introduction meetings to build momentum of our projects before the pre-sale phase. At later stages, we move to small-scale yet well-targeted outdoor activities near our project location to bolster the final sales. Advertisements greatly facilitate our sales activities in making the project better known in a wider range of potential customers.

We also engage reputable third-party real estate sales agents to facilitate the sales and marketing of our projects, depending on our familiarity with the area and our sales goal. The standard service agreements we enter into with sales agents include key terms such as the scope of retention, duration of services, scope of authorization, fees and payment method. The standard service agreements also stipulate that the sales agents must not conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and that the sales agents must carry out truthful advertising and comply with all applicable regulatory requirements. We have an internal guidance that regulates sales and marketing activities conducted by both our employees and agents. Our engagement of the sales agents is generally not exclusive.

For the three years ended December 31, 2020, we incurred commissions costs in relation to external sales agents amounting to RMB20.8 million, RMB37.6 million and RMB53.2 (US\$8.2 million), respectively. The sales agents do not receive any sales payments on behalf of us. Payments are made by the customers directly to company accounts designated by us.

### ***Payment Arrangements***

Customers may purchase our properties by one lump-sum payment or payment by installments. For customers who opt to pay by installments, they may fund their purchases by personal funds or mortgage loans provided by commercial banks.

We typically require our customers to pay a deposit upon entering into a sale and purchase agreement. Such deposits are non-refundable and are forfeited if the customers default on the purchases. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant sale and purchase agreements. Customers who pay by installments are required to make payments in accordance with the agreed payment schedules. Outstanding balances must be fully settled prior to property delivery. Depending on the locality of the properties, first-time home purchasers who purchase properties with mortgage loans are required to pay a down payment of no less than 30-35% of the total purchase price (the percentage being 40-70% for second-home purchasers) upon entering into a sale and purchase agreement. The outstanding amounts are settled by the mortgagee banks within the prescribed period pursuant to the respective bank financing agreements. The minimum percentage of down payment is subject to changing government policies.

In line with industry practice in the PRC, we provide guarantees to mortgagee banks for the mortgage loans offered to our customers. These guarantees are typically released upon the issuance of the relevant property ownership certificates for the properties and the registration of the mortgage in favor of the mortgagee bank. If a purchaser defaults on a mortgage loan during the guarantee period, we are required to repay the outstanding balances owed to the mortgagee bank. We are assigned the title to the mortgage loan, with rights to the property, upon settling such outstanding balances. In line with industry practice, we rely on the credit checks conducted by the mortgagee banks, rather than conducting independent credit checks on our customers. As of December 31, 2020, outstanding guarantees provided by us in respect of mortgage loans of our customers amounted to RMB4,497.5 million (US\$689.3 million). For the years ended December 31, 2018, 2019 and 2020, we did not encounter any material incidents of default by our customers.

### **Delivery and After-sale Services**

#### ***Delivery of Properties***

Delivering quality properties and providing satisfying purchasing experiences to customers are fundamental to the success of our business. We commence delivering properties upon issuance of the delivery permit by notifying our customers of the delivery plan, inspecting the properties on-site with our customers and signing the title transfer certificates upon their satisfaction. Our customers are responsible for undergoing the title registration process with materials provided by us.

The timeframes for delivery are set out in the relevant sale and purchase agreements. Under a typical sale and purchase agreement, we are liable to pay a monetary penalty of 0.01% of the purchase price on a daily basis until delivery of the property if we failed to deliver the property on the delivery day stipulated in the agreement. We must also return the full payment, together with the daily penalty, within 90 days after receiving the notice of repudiation from the customer. For the years ended December 31, 2018, 2019 and 2020, we did not experience any delays in the delivery of properties which had any material adverse impact on our business, financial condition and results of operations.

## ***After-sale Services***

We are committed to customer satisfaction and offer our customers comprehensive after-sale services, including, among others, client reception service and property management. Our client reception deals with feedbacks and complaints about our products and services. It is our policy to attend to any customer feedbacks or complaints in a timely manner. Third party property management companies provide maintenance, security and cleaning services for our customers after they move in the properties. We believe that our customers have considerable recognition of our after-sale services.

To maintain long-term relationships with our customers, establish customer loyalty and foster brand awareness, we have established the Dafa Club, a membership program in which purchasers of our properties are automatically enrolled. Members of the program receive sales information regarding our latest projects prior to public sales, enjoy special discounts when purchasing other projects of ours and are invited to attend activities organized by us from time to time. Customers referred by Dafa Club members also enjoy discounts in their purchase of properties of our projects.

## ***Warranties and Returns***

We 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》). In addition, in accordance with the published national standards, we provide quality warranties for ground foundations, main structures, waterproofing work, water and electricity work, decorative work and sanitary wares. The warranty durations vary depending on the covered items and are usually for a period of six months to five years. The warranty durations for ground foundations and main structures are the relevantly reasonable lifespans stated in the design documents.

Our construction companies are responsible for rectifying quality defects in the properties, whether such defects are discovered pre-or post-completion and delivery. We may repair quality defects only if the construction companies cannot repair the defect in a timely manner. We generally retain a quality deposit of 3% to 5% of the total contract price for approximately one to five years to cover any contingent expenses that may be incurred as a result of any quality defects.

## **COMMERCIAL PROPERTY INVESTMENT AND OPERATIONS**

In line with our business strategy, we own and operate a substantial portion of our commercial properties we developed for long-term investment purposes. These commercial properties include our Nanjing IST Mall, Nanjing Kai Hong Plaza, Shanghai Kai Hong Plaza and Harbor Ring Plaza and other retail spaces. We hold these commercial properties for capital appreciation and lease them to generate rental income. For the three years ended December 31, 2020, the revenue generated from commercial property investment and operations amounted RMB65.2 million, RMB54.4 million and RMB49.6 million (US\$7.6 million), respectively, representing 1.9%, 1.0% and 0.5% of our total revenue in the respective periods.

## **Operational Management**

We operate and manage our commercial properties through our commercial and branding center, which is responsible for project planning, project management, invitation for tender, tenant management, lease management, finance and marketing of our commercial properties. Currently, our commercial and branding center consists of five employees, all of whom have obtained a bachelor's or more advanced degree and have at least five years of work experience in advertising, real estate, strategy and management or creativity industries. Our operational management team strives to provide our customers with high quality services and ensure that the operation of our commercial properties adapt to regional market demand, so as to enhance the competitiveness of our commercial properties. The quality and efficiency of our operational management are also tied to the operating and financial results of our commercial properties.



## **Marketing and Promotion**

We carry out marketing activities for our commercial properties in line with the sales cycle throughout the year to maintain abundant visitor flows. We also conduct a variety of special promotional events based on the needs of our tenants and shoppers. These marketing events enhance our visitors' shopping experience and help us achieve satisfactory operating results.

We tailor the marketing activities with different features of our commercial properties. For example, in our Nanjing IST Mall, we carry out the i-Box Music Fair, Basketball Carnival, Trendy Sunset Party, Christmas Street Sports Party and Graffiti & Music Festival that target young population and emphasize key elements of popular culture, such as, among others, skateboarding, electronic music, band, etc.

Our commercial and branding center also carries out various marketing and promotions through channels such as WeChat, Weibo and outdoor LED advertisements in addition to mainstream news and advertising media to attract shoppers.

## **Site Selection**

When seeking suitable sites for our commercial properties, we particularly focus on areas with great potential by virtue of their locations and catchment sizes. Specifically, we take into account the population density, governmental planning, business environment and transport infrastructure in the surrounding areas. All of our commercial properties across the Yangtze River Delta Region are planned and developed to supplement our residential properties development, and are located in areas where we believe have abundant business resources.

## **Design**

We design commercial properties based on our understanding of the needs of our shoppers and tenants. Depending on the overall layout and positioning of our commercial properties, we engage third party design firms to work out detailed design plans. See “— Property Development and Sales Process — Project Planning and Design.”

We carefully plan the layout of our commercial properties to heighten the overall shopping experience of the visitors. In particular, to enhance the shoppers' ease of navigation as well as to ensure optimal location of businesses and compatibility of tenants, we clearly divide each of our commercial properties into different zones and group tenants based on their industry sectors.

## **Tenant Selection**

As of December 31, 2020, our commercial centers served a large and diverse tenant base consisting of approximately 110 individual leases in total. They are the home to many domestically and internationally renowned retailers and fast-food chains, which we believe help enhance the positioning and retail offering, attract higher visitor traffic and improve the overall rental potential of our commercial properties.

To maintain the competitiveness and profitability of our commercial properties, we strategically select a balanced mix of tenants based on a project's overall positioning and the needs of the surrounding communities, including our adjacent residential properties. We take into consideration the reputation and general brand recognition of the potential tenants, the industry sectors and nature of goods and services offered by such tenants, as well as their track records and past relationships with us.

## **Lease**

In general, we enter into lease agreements for our commercial properties with terms that range from three to 15 years. Long-term lease agreements are normally entered into with well-known international brands, chain stores and flagship stores. We believe that the long-term leases with such tenants provide stable rental revenue to us and may help enhance the positioning of our commercial properties. We usually enter into short-term lease agreements with new or less renowned brands for a term of three years, such that we may adjust our tenant choices based on prevailing market conditions from time to time.

## **Rental**

Depending on the tenants' relationships with us and the scale, reputation and nature of business of the tenants, we typically 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 ("rent based on fixed amount with adjustments"); (ii) rental fees calculated based on a predetermined percentage of the monthly retail revenue of a tenant ("rent based on performance"); and (iii) rental fees calculated using the rental pricing method set out in (i) above or the rental pricing method set out in (ii) above, whichever is higher ("rent based on combined method").

## **PROPERTY MANAGEMENT**

We collect a management fee based on the tenants' relative location, usage and usable GFA. Our property management service income and management fee was RMB1.5 million, RMB49.7 million and RMB 53.7 million (US\$8.2 million), respectively, accounting for 0.1%, 0.7% and 0.6%, respectively, of our total revenue for the three years ended December 31, 2020.

## **PROPERTIES USED BY US**

Properties used by us mainly include offices. As of December 31, 2020, the buildings owned and used by us accounted for an aggregate GFA of approximately 8,157 sq.m., with a carrying amount of RMB94.0 million (US\$14.4 million).

## **COMPETITION**

We are an established and well known commercial and residential property developer headquartered in Shanghai. During the past years, we have been growing dramatically and receiving awards. Please refer to "Business — Competitive Strengths" for additional details.

We believe that the PRC residential property market and the regional residential property markets in the Yangtze River Delta Region are highly fragmented and competitive. We compete primarily with national, regional and local real estate developers that possess fine brand recognition and reputation in the cities where we and our subsidiaries have operation or intend to enter. We compete with those developers mainly over brand recognition, financial resources, sizes and locations of land reserves, pricing, etc.

Despite the high level of competition, we believe that we have demonstrated resilience to market changes and competition with our substantial experience and reputation in property development, creative design, timely execution of project planning and high quality property products and services. Our main business of residential property development grows rapidly during the past years. In the cities where we had entered for a long period, such as Anqing, Nanjing and Wenzhou, we maintain our advantage even compared with nationally renowned real estate developers through qualified residential products and high customer loyalty. While further concentrating on the existed familiar markets, we expand our operation scale by increasing land reserves in cities we consider promising, such as Shanghai, Ningbo, Zhoushan and Wuhu, where the purchasing power of residential properties is buttressed by the stable economic development. We are making efforts to earn more market shares and build up brand reputation by creative residential products and appropriate pricing.

## **INTELLECTUAL PROPERTY**

We place significant emphasis on developing our brand image and pay great attention to the protection of our intellectual property rights. As of the date of this offering memorandum, we have registered 19 trademarks in the PRC and two trademarks in Hong Kong, and we have 25 trademark applications in the PRC. As of the date of this offering memorandum, we have had two domain names for which our subsidiary was the registered proprietor.

Our business is not materially dependent on any intellectual property rights. As of the date of this offering memorandum, we are not aware of any infringement of our intellectual property rights by third parties or any infringement by us of intellectual property rights owned by third parties.

## EMPLOYEES

As of December 31, 2020, we had a total of 1,029 employees.

The following table sets forth a breakdown of our employees by function as of December 31, 2020.

<b>Job Nature</b>	<b>Number of employees</b>
Senior management .....	38
Engineering and cost control.....	254
Sales and marketing .....	450
Administration and human resources .....	74
Finance and accounting .....	108
Design.....	52
Project research and development.....	43
Internal control .....	4
IT .....	6
<b>Total</b> .....	<b>1,029</b>

We mainly recruit employees from the labor market, universities and through headhunting. We enter into individual employment contracts with our employees which cover wages, employee benefits and other matters required by applicable PRC laws and regulations. We deeply care about the well-being of our employees and offer them salaries and benefits with prevailing market standards. We also contribute to basic medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and pay relevant insurance premiums according to applicable PRC laws and regulations. We are committed to training and retaining skilled employees at all levels. We provide on-going and systematic training programs for our employees based on their positions and expertise to enhance their understanding and knowledge of the property industry and related areas. For instance, training programs for our sales and marketing personnel focus on improving their sales capabilities, whereas trainings designed to improve management and leadership skills are offered to mid-to senior-level management personnel. In addition to providing internal trainings, we also engage external experts to conduct training sessions for our employees from time to time.

To induce our employees' sense of achievement, we have designed incentive plans of Collective Endeavor (共創) and Collective Triumph (共贏).

The Collective Endeavor plan allows our employees to invest in our project companies through their limited liability partnerships. All of our full time employees are eligible to participate and senior management at vice director or above levels are required to participate in the plan. Since March 2018, employees who are connected persons are no longer eligible to further invest in our project companies pursuant to the plan of Collective Endeavor. The Collective Endeavor plan was implemented in October 2015 and the relevant project companies under the plan began to declare dividends in 2017. We did not declare dividend to employees who participated in the plan for the year ended December 31, 2020.

The Collective Triumph plan is a reward mechanism distributing bonus to employees according to their positions and performance. The bonus under the Collective Triumph plan is available upon satisfaction of conditions at both the regional company level and the project level.

The regional company needs to fulfill at least 90% of the annual operational target set by the Group. The relevant project needs to record positive cash flow within 12 months and meet the capital return target set by the Group. The plan was launched in April 2018.

We believe that our incentive plans of Collective Endeavor and Collective Triumph may mobilize the morale and entrepreneur spirit of our employees, and tie our employees' personal growth to the development of our Group.

We are dedicated to maintaining good working relationships with our employees. As of the date of this offering memorandum, we did not experience any significant labor disputes which adversely affected in a material manner on our business operations. Our employees are represented by the employee union, which is responsible for facilitating communication between us and our employees. The employee union handles complaints from employees, liaises between the employees and our management and ensures that the legal rights of the employees are protected. For the years ended December 31, 2018, 2019 and 2020, there were no material disputes arising from our employee union.

## **INSURANCE**

We maintain insurance, including social insurance, for our employees as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. Under applicable PRC laws and regulations, construction companies as employers are required to purchase insurance for their construction workers. In line with industry practice, we do not currently maintain additional insurance in this respect.

As required by banks with respect to properties that have been pledged as collateral to secure bank loans, we have obtained property damage and third-party liability insurance for such properties in accordance with the relevant loan documents.

## **ENVIRONMENTAL MATTERS**

We are subject to a number of environmental laws and regulations including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Environmental Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》).

Pursuant to applicable laws and regulations, each of our development projects must undergo an environmental assessment before the commencement of construction. We must fulfill environmental impact assessment procedures with the relevant environmental protection authorities. The procedures may contain certain standards, which must be incorporated into the design, construction and operation of the project. We require our construction companies to comply with these standards during the construction process. We also encourage our construction companies to use environmentally friendly equipment and technologies. Upon the completion and before the delivery of the property, the relevant environmental protection authorities inspect the project to ensure compliance with all applicable environmental laws and regulations.

Assuming no material changes in applicable environmental laws and regulations, we expect that we will continue to incur environmental compliance costs at a similar level going forward. As of December 31, 2020, we had not encountered any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of our properties. None of our properties received any material fines or penalties associated with the breach of any environmental laws and regulations as of December 31, 2020.

## **HEALTH AND SAFETY MATTERS**

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular trainings to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under applicable PRC laws and regulations, construction companies are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction companies to purchase accident insurance in accordance with applicable laws and regulation, adopt effective occupational safety control measures and offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require our employees to follow and conduct regular inspections upon. We have established a two-tier emergency working group (突發事件應急處理小組), which is led by a senior vice president at the headquarters level and a general manager at the city company level, to deal with on-site health and safety-related incidents. Upon the occurrence of an emergency, the project department of the city company should report immediately to the general manager's office. The general manager should report to the operation center and the CEO's office within two hours after the incident and submit a written report within six hours after the incident. The project department of the city company will procure remedies to be taken by the construction companies, and the operation center will coordinate between the Group and the city company and mobilize relevant centers and departments to provide professional support. All emergencies are required to be resolved within three days. Debriefing sessions and trainings will be held afterwards to prevent future incidents of the alike.

As of December 31, 2020, we did not encounter any incidents which resulted in material injuries or fatalities of construction workers or had a material adverse effect on our operations.

## **LEGAL PROCEEDINGS**

As a property developer in the PRC, we may face arbitration, litigation or administrative proceedings or disputes in our ordinary course of business. As of December 31, 2020, we had not been involved in any actual or threatened arbitration, litigation or administrative proceedings which had or could be expected to have a material adverse effect on our reputation, business, results of operations and financial condition.

## REGULATION

### THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives, local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the full NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul the conflicting administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations, and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the "Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws" (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on June 10, 1981, the Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

### THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level court supervise the basic and intermediate courts. The People's Procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the level immediately superior. Second judgments or orders given at the same level and at the level immediately superior are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法), which was adopted on April 9, 1991 and amended on October 28, 2007 and August 31, 2012 and June 27, 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. A time limit of two years is imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

## **ESTABLISHMENT OF A PROPERTY DEVELOPMENT ENTERPRISE**

According to the "Law of the People's Republic of China on 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 by the Standing Committee of the NPC on July 5, 1994, effective on January 1, 1995 and as amended latest on August 26, 2019, a property developer is defined as an enterprise which engages in the development and sale of property for the purpose of making profit. Under the "Regulations on Administration of Development of Urban Real Estate" (城市房地產開發經營管理條例) (the "Development Regulations") promulgated and implemented by the State Council in July 1998 and as amended in January 2011, March 24, 2019 and March 27, 2020, an enterprise which is to engage in property development shall satisfy the following requirements: (i) its registered capital shall be RMB1 million or more; and (ii) have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

In May 2009, the State Council issued a "Notice on Adjusting the Ratio of Capital Fund for Investment Projects in Fixed Assets" (關於調整固定資產投資項目資本金比例的通知) setting the portion of capital fund of property projects at 20% for affordable housing projects and ordinary commodity housing projects and 30% for other property projects.

In September 2015, the State Council issued a “Notice to Adjust and Promote the System of Capital Fund for Investment Projects in Fixed Assets” (關於調整和完善固定資產投資項目資本金制度的通知), under which the minimum capital ratio remains 20% for affordable housing projects and ordinary commodity residential projects, and is decreased to 25% for other property projects.

To establish a property development enterprise, the developer should apply for registration with the administration for industry and commerce. The property developer must also report its establishment to the property development registration authority in its respective locality, within 30 days of the receipt of its Business License. Where a foreign-invested enterprise is to be established to engage in the development and sale of property, the relevant requirements of the laws and administrative regulations regarding foreign-invested enterprises must also be observed, the relevant examinations conducted and the relevant approvals obtained.

On June 28, MOFCOM and the NDRC jointly issued the revised Guidance Catalog effective from July 28, 2017, according to which, foreign investment is permitted in the real estate development industry. On June 26, 2018, MOFCOM and NDRC jointly issued the “Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version)” (外商投資准入特別管理措施(負面清單)(2018年版)) effective from July 28, 2018, which was replaced by the “Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version)” (外商投資准入特別管理措施(負面清單)(2019年版)) effective from July 30, 2019. MOFCOM and NDRC promulgated the Special Management 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)》) on June 23, 2020 and became effective since July 23, 2020, which superseded the Catalogue (Edition 2017), the Negative List (Edition 2018) and the Negative List (Edition 2019), while the policy for the real estate development remains the same.

In July 2006, the Ministry of Construction, MOFCOM, the NDRC, the PBOC, the SAIC and SAFE promulgated the “Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market” (關於規範房地產市場外資准入和管理的意見) (the “171 Opinion”), which stipulates requirements in terms of admittance and administration of foreign capital in the property market.

On May 23, 2007, MOFCOM and SAFE jointly issued the “Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC” (關於進一步加強、規範外商直接投資房地產審批和監管的通知) which was amended in October 2015, stipulates the requirements for the approval and supervision of foreign investment in real estate.

On September 27, 2007, the PBOC and the CBRC jointly issued a “Circular on Strengthening Commercial Real Estate Loan Administration” (關於加強商業性房地產信貸管理的通知) This circular reaffirmed some of the restrictions applicable to the sale of residential and commercial units imposed by prior regulations as well as introduced new rules that prohibit, among other things, the provision of working capital financing by commercial banks to property developers (other than property development loans, which may only be used on local property development projects and not on projects in other regions without prior approvals from governmental authorities).

On December 5, 2007, the PBOC and the CBRC further jointly issued the Supplementary Notice of the People’s Bank of China and China Banking Regulatory Commission on Strengthening the Administration of Commercial Real Estate Loans (關於加強商業性房地產信貸管理的補充通知). The notice provided that the number of loans to a borrower shall be determined on the basis of loans to the borrower’s family (including the borrower, his/her spouse and his/her under-aged children), and for a family which has purchased the first house for its own dwelling purpose with a bank loan or which has purchased a house with a loan from the public accumulation fund for housing construction, if its per capital dwelling space is smaller than the local average level and it applies to a commercial bank for another housing loan, such application shall be handled by referring to the policies governing loans for purchasing the first house, while circumstances other than the aforesaid one shall be handled in accordance with policies and provisions governing loans for purchasing a second house.

On April 6, 2010, the State Council issued the “Opinions on Further Enhancing the Utilization of Foreign Investment” (關於進一步做好利用外資工作的若干意見), which provides that, projects with total investment (including capital increase) of less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Guidance Catalog may be approved by local governments, except for those required to be approved by relevant departments of the State Council under the “Catalog of Investment Projects Approved by the Government” (政府核准的投資項目目錄).



On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Notice on Adjusting the Admittance and Administration of Foreign Capital 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). This Notice amended the registered capital requirement in the 171 Opinion and stipulates that when a foreign investor establishes a property development enterprise in China in which (i) the total investment amount is more than US\$10.0 million and less than US\$30.0 million, such enterprise's registered capital must not be less than 40% of its total investment amount; (ii) the total investment amount is less than US\$12.5 million, such enterprise's registered capital must not be less than US\$5.0 million; (iii) the total investment amount is US\$30.0 million or more, such enterprise's registered capital must not be less than 33.3% of its total investment amount; and (iv) the total investment amount is less than US\$36.0 million, such enterprise's registered capital must not be less than US\$12.0 million.

On September 3, 2016, the National People's Congress Standing Committee (NPCSC) adopted a decision on amending the law of foreign invested companies which became effective from October 1, 2016. Upon the effectiveness of the decision, the establishment of the foreign invested enterprise and its subsequent changes will be required to be filed with the relevant authorities instead of obtaining approvals from relevant commerce authorities as required by the existing PRC laws, except for the foreign invested enterprises which are subject to the special administrative measures regarding foreign investment entry. On September 30, 2016, the State Administration for Industry & Commerce issued a circular on relevant issues of the registration of foreign invested enterprises to implement the decision of NPCSC. On October 8, 2016, NDRC and MOFCOM jointly issued a notice according to which the industries falling within the categories in which foreign investment is prohibited or restricted and those falling within the encouraged category subject to relevant requirements of equity or senior management under the Guidance Catalog, will be subject to the special administrative measures for foreign investment entry. On the same day, MOFCOM promulgated the "Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises" (外商投資企業設立及變更備案管理暫行辦法) which was amended on July 30, 2017 and June 29, 2018. 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* (《外商投資信息告辦法》), which came into effect on January 1, 2020 and replaced the "Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises" (外商投資企業設立及變更備案管理暫行辦法). 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.

On March 15, 2019, the National People's Congress of the PRC adopted the "Foreign Investment Law of the PRC" or the Foreign Investment Law (中華人民共和國外商投資法) with a view toward unifying and streamlining the foreign investment framework into China which came into effect on January 1, 2020. The Foreign Investment Law replaced the PRC Law on Sino-foreign Equity Joint Ventures, the PRC Law on Wholly Foreign-owned Enterprise and the PRC Law on Sino-foreign Cooperative Joint Ventures. Under the Foreign Investment Law, the types of foreign investment into China include:

- establishment of a foreign invested enterprise in China, independently or jointly with any other investor
- acquisition of shares, equities, property or any other similar rights and interests of an enterprise in China
- investment in a new project in China, independently or jointly with any other investor
- investment in any other way as may be stipulated by laws, administrative regulations or provisions of the State Council

The Foreign Investment Law establishes a nationwide "pre-establishment national treatment and negative list" management system. The system is intended to create an environment where all foreign investment will be treated the same as domestic investments, other than foreign investments into industries that are listed in the "Special Administrative Measures (Negative List) for Foreign Investment Access." According to the Foreign Investment Law, all foreign invested enterprises are required to follow the corporate governance rules under the PRC Company Law. However, for foreign invested enterprises formed prior to the adoption of the Foreign Investment Law, the Foreign Investment Law allows for a five-year transition period to bring the corporate governance of such foreign invested enterprises in line with the PRC Company Law.

## QUALIFICATIONS OF A PROPERTY DEVELOPER

Under the “Provisions on Administration of Qualifications of Property Developers” (房地產開發企業資質管理規定) (the “Provisions on Administration of Qualifications”) promulgated by the Ministry of Construction in March 2000 and amended in May 2015 and December 2018, a property developer shall apply for registration of its qualifications in accordance with the Provisions on Administration of Qualifications. An enterprise may not engage in development and sale of property without a qualification classification certificate for property development. The construction authority under the State Council oversees the qualifications of property developers throughout the country, and the property development authority under a local government on or above the county level shall oversee the qualifications of local property developers.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into four classes. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to preliminary examination by the construction authority of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government. A developer who fulfills the qualification requirements will be issued a qualification certificate of the relevant class by the qualification examination authority.

Under the Development Regulations, the property development authorities shall examine applications for registration of qualifications of a property developer when it reports its establishment, by considering its assets, professional personnel and business results. A property developer shall only undertake property development projects in compliance with the approved qualification registration.

After a newly established property developer reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days after accepting the report application. The term of validity of Provisional Qualification Certificate is one year, while the property development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is restricted to another classification. A class 1 property developer is not restricted as to the scale of property project to be developed and may undertake a property development project anywhere in the country. A class 2 property developer or lower may undertake a project with a gross floor area of less than 250,000 sq.m. and the specific scope of business shall be restricted to those agreed by the construction authority of the relevant province, autonomous region or municipality. Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property developer’s qualification. Procedures for annual qualification inspection with developers of class 2 or lower shall be formulated by the construction authority of the relevant province, autonomous region or municipality.

## DEVELOPMENT OF A PROPERTY PROJECT

Under the “Interim Regulations of the People’s Republic of China on Grant and Transfer of the Use Right of State-owned Urban Land” (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (“Interim Regulations on Grant and Transfer”) promulgated by the State Council in May 1990 and amended on November 29, 2020, a system of grant and transfer of the right to use state-owned land is adopted. A land user shall pay an land premium to the government as consideration for the grant of the right to use a land site within a specified term, and the land user may transfer, lease, mortgage or otherwise commercially use the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the grant of land use right. The land user shall pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user shall register with the land administration authority and obtain a land use right certificate evidencing the acquisition of land use rights. The Urban Real Estate Law and the Development Regulations provide that land use right for a site intended for property development shall be obtained through government grant except for land use right which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council.

Under the “Rules Regarding the Grant of State-owned Land Use Rights for construction by Way of Tender, Auction and Listing-for-sale” (招標拍賣掛牌出讓國有建設用地使用權規定) promulgated by the Ministry of Land and Resources on September 28, 2007, state-owned land use rights for the purposes of industrial use, commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction and listing-for-sale. The procedures are as follows:

- The land authority under the people’s government of the city and county (the “assignor”) shall make an announcement at least 20 days prior to the date of the proposed competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars such as the size of the land parcel, the qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit for the bid.
- The assignor shall conduct a qualification verification of the bidding applicants and auction applicants, inform the applicants who satisfy the requirements set out in the announcement and invite them to attend the competitive bidding, public auction or listing-for-sale.
- After determining the winning tender or the winning bidder by either competitive bidding, public auction or listing-for-sale, the assignor and the winning tender or winning bidder shall then enter into a confirmation. The assignor should return the bidding or tender deposits to the unsuccessful bidding or auction applicants.
- The assignor and the winning tender or winning bidder shall enter into a contract for the grant of state-owned land use right according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the land.
- The winning tender or winning bidder should apply for the land registration after paying off the land grant premium in accordance with the state-owned land use right grant contract. The people’s government above the city and county level should issue the “Land Use Permit for State-Owned Land.”

When carrying out a feasibility study for a construction project, a construction company shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the “Measures for Administration of Examination and Approval for Construction Sites” (建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources in March 1999 and as amended in November 2010 and November 2016 and the “Measures for Administration of Preliminary Examination of Construction Project Sites” (建設項目用地預審管理辦法) promulgated by the Ministry of Land and Resources in July 2001 and as amended in October 2004 and November 2008 and November 2016, respectively. After receiving the preliminary application, the land administration authority shall carry out a preliminary process for the approval of various matters relating to the construction

project in compliance with the overall zoning plans and land supply policy of the government, and shall issue a preliminary approval report in respect of the project site. The land administration authority of the relevant city or county shall sign a land grant contract with the land user and issue an approval for construction site to the construction company.

According to the Urban Real Estate Law, a land user who obtains land use right under the grant system must develop the land in accordance with the purposes for which the land is acquired and must commence the development within the time frame agreed to under the land grant contract. If the land user fails to commence development and construction within one year of the construction commencement date stipulated in the land grant contract, then the local land administration authority may impose a fine on the land user an “idle land fee” of up to 20% of the land premium agreed. If the land user fails to commence development of the relevant land after two years from the deadline set forth in land grant contract, the land user’s land use right may be forfeited. However, the foresaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions.

On January 3, 2008, the State Council reiterated the abovementioned policies in the “Notice on Enhancing the Economical and Intensive Use of Land” (關於促進節約集約用地的通知). This notice states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained idle for more than two years shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) the prohibition of land supply for villa projects shall continue; (iv) the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy on land appreciation value on idle land; (v) in relation to the supply of residential land, planning conditions such as plot ratio limits and the number and type of flats that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grant for residential development will consist of low rental housing, economy housing, limited pricing housing and units of less than 90 sq.m. in size; and (vi) financial institutions are required to exercise caution when approving financing for any property developer who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of their project or provide at least 25% of the total investment in the project.

On June 1, 2012, the Ministry of Land and Resources revised and promulgated the “Measure for the Disposal of Idle Land” (閒置土地處置辦法), which clarified the scope and definition of idle land, as well as the corresponding punishment measures. Pursuant to the Measures for the Disposal of Idle Land, under the following circumstances, a parcel of land shall be defined as “idle land”:

- any State-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of State-owned land for construction use, or the decision on allocation of State-owned land for construction use; and
- any State-owned land for construction uses of which the construction and development have been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development or the amount invested is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year.

If a parcel of land is deemed as idle land by competent department of land and resources, unless otherwise prescribed by the new Measures for the Disposal of Idle Land, the land shall be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people’s government at the same level, issue a Decision on Collecting Charges for Idle Land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land assignment or allocation fee; and the said charges for idle land shall not be included in the production cost by the holder of the land use right; and

- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a Decision on Recovering the Right to Use the State-owned Land for Construction Use to the holder of the land use right and recover the right to use the State-owned construction land without compensation.

On September 12, 2014, the Ministry of Land and Resources issued the “Guidelines on Improving Economical and Intensive Use of Land” (關於推進土地節約集約利用的指導意見), which implements the rules regarding idle land and specifies the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

Under the “Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land” (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended on November 26, 2011, the grantee to an land grant contract (i.e., a property developer) shall apply for a Permit for Construction Site Planning from the municipal planning authority with the land grant contract.

After obtaining a construction site planning permit, a property developer shall organize the necessary planning and design work in respect of the planning and design requirements. For the planning and design proposal in respect of a property development project, the relevant reporting and approval procedures required by the “PRC City and Rural Planning Law” (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of the NPC in October 2007 and as amended in April 2015 and April 2019 as well as local statutes on municipal planning must be followed and a construction works planning permit must be obtained from the municipal planning authority.

On January 21, 2011, the State Council promulgated the “Regulation on Expropriation and Compensation Related to Buildings on State-owned Land” (國有土地上房屋徵收與補償條例) (the “Expropriation and Compensation Regulation”). The Expropriation and Compensation Regulation provides that, among other things:

- (i) buildings can be expropriated under certain circumstances for public interests, and governmental authorities are responsible for resettlement activities; real estate developers are prohibited from engaging in demolition and relocation operations;
- (ii) compensation shall be paid before the resettlement;
- (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties shall be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property may apply to the real estate appraisal institution for re-appraisal, and
- (iv) neither violence nor coercion may be used to force home owners to leave sites, nor may certain measures, such as illegal suspension of water and power supplies, be used in relocation operations.

In addition to paying the demolition and removal compensation, the property developer undertaking the demolition and removal shall pay a removal allowance to the residents of the buildings to be demolished.

After obtaining the Permit for Construction Work Planning and prior to construction, a property developer is required to apply for a Construction Permit from the construction authority above the county level according to the “Measure for the Administration of Construction Permits for Construction Projects” (建築工程施工許可管理辦法) enacted by the Ministry of Housing and Urban Rural Development on June 25, 2014 and effective from October 25, 2014 and as amend on September 19, 2018.

A property project developed by a property developer shall comply with the relevant laws and statutes, requirements on construction quality, safety standards and technical guidelines on survey, design and construction work, as well as provisions of the relevant construction contract. After completion of works for a project, the property developer shall organize an acceptance examination according to the “Regulations on the Administration of Quality of Construction Works” (建設工程質量管理條例) promulgated and implemented by

State Council on January 30, 2000 and as amended on October 7, 2017 and April 23, 2019, 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 by the Ministry of Housing and Urban-Rural Development in December 2013, and shall also report details of the acceptance examination according to the “Administrative Measures for Reporting Details 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 in April 2000 and as amended in October 2009. Possession of a property development project may only be delivered after passing the necessary acceptance examination, and may not be delivered before the necessary acceptance examination is completed or without passing such an acceptance examination. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and, where such a project is developed in phases, an acceptance examination may be carried out for each completed phase.

## **LAND FOR PROPERTY DEVELOPMENT**

The provisions of the “Regulations on the Development, Operation and Management of Property” provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land for property development shall initially be obtained by government grant. Under the “Rules regarding the Grant of State-Owned Land Use Rights for construction by way of Tender, Auction and Listing-for-Sale” (招標拍賣掛牌出讓國有建設用地使用權規定) promulgated by the Ministry of Land and Resources on September 28, 2007 and effective on November 1, 2007, land for industrial use, commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or listing-for-sale and, in the event that a land parcel for uses other than industry, commerce, tourism, entertainment and commodity housing development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforementioned regulations, the assignor shall prepare the public tender and competitive bidding documents and shall make an announcement 20 days prior to the day of public auction to announce the basic particulars of the land parcel and the time and venue of the public auction. The assignor shall conduct a vetting process of the bidding applicants and auction applicants, accept an open public tender to determine the winning tender; or hold an auction to ascertain a winning bidder. The assignor and the winning tender or winning bidder shall then enter into a confirmation and, then, into a land grant contract. The relevant land use rights certificates will not be issued prior to the full payment of the land premium.

On September 24, 2003, the Ministry of Land and Resources issued the “Notice of the Ministry of Land and Resources on Strengthening the Administration of Land Supply and Promoting the Sustainable Sound Development of Real Estate Market” (關於加強土地供應管理促進房地產市場持續健康發展的通知) designed to strictly control land supply for high-end luxury property development.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the “Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant” (關於進一步加強土地出讓收支管理的通知). The notice raises the minimum down payment level on land premiums to 50% of the total premium and requires the land premium to be paid in full within one year after the signing of a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources promulgated the “Circular on Strengthening Real Estate Land Supply and Supervision” (關於加強房地產用地供應和監管有關問題的通知). Under the circular, the minimum land premium shall not be less than 70% of the benchmark market price in the locality of the parcel of land granted, and the bidding deposit shall not be less than 20% of the minimum land premium. The circular makes further strict provisions on land grant contract administration. The land grant contract shall be entered into within 10 working days after the land grant deal is concluded. The down payment of 50% of the land premium shall be paid within one month of the date of land grant contract. The remaining balance shall be paid in accordance with provisions of the land grant contract within one year.

In September 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the “Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development” (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty town and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders are prohibited from participating in land auctions before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers’ own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1 : 1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the “Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets” (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that; (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of 2010; (ii) land and resource authorities in local cities and counties shall report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for affordable housing which is used for property development against relevant policies or involved illegal dealing will be confiscated and the relevant land use rights will be withdrawn. Moreover, amending the plot ratio without approval is strictly prohibited.

On January 26, 2011, the State Council circulated the “Notice on Further Regulating the Real Estate Market” (關於進一步做好房地產市場調控工作有關問題的通知), which provides for more stringent management of housing land supply, among other things, that participants or individuals bidding on any land unit shall show proof of funding sources.

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)” (關於印發《限制用地項目目錄》(2012年本)和《禁止用地項目目錄》(2012年本)) promulgated by the Ministry of Land and Resources in May 2012, the transferred area of residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, and (iii) 20 hectares for large cities, and plot ratio must be more than 1.0.

On February 26, 2013, the General Office of the State Council issued the “Notice on Continuing to improve the Regulation and Control of Real Estate Market” (國務院辦公廳關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures, expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

From September 30, 2016 to date, Beijing, Tianjin, Suzhou, Chengdu and other cities have issued new property market control policies, including restoring the restriction on purchases of residential properties and tightening credit policy. To promote the stable and healthy development of the real estate market in Beijing, among other measures, a new policy was adopted. This new policy requires the government to set a ceiling price for land granting and when bidders all bid at the ceiling price, the bidder with the lowest proposed property selling price would win the land. On October 12, 2016, the MOHURD required investigation and punishment of persons or entities that spread rumors, deliberately hype or disrupt the market to protect the rights and interests of housing buyers.

On February 13, 2017, the Asset Management Association of China issued the “No. 4 Administrative Rules for the Filing of Private Equity and Asset Management Plans Issued by Securities and Futures Institutions” (證券期貨經營機構私募資產管理計劃備案管理規範第4號) which suspends filings by securities and futures institutions for private equity and asset management plans investing in the ordinary residential real estate projects located in 16 cities in China, including Beijing, Shanghai, Guangzhou, Hefei, Suzhou, Hangzhou, Tianjin, Wuhan and Chengdu. It also prevents private equity and asset management plans from funding real estate development enterprises to make payment for land premiums or providing real estate development enterprises with working capitals by means of, among others, entering into entrusted loans and trust plans and transferring beneficial rights of assets.

The MOHURD and the Ministry of Land and Resources jointly issued the “Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply” (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) dated April 1, 2017 which provides, among others, that cities and counties that have more than one million inhabitants should make three-year (2017-2019) and a five-year (2017-2021) plans for housing land supply, and make the plans public by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course based on the period of depleting commodity residential housing inventory. For example, if the above period is longer than 36 months, no more land is to be supplied; if the said period is over 18 months but shorter than 36 months, land supply shall be reduced in size; if the said period is longer than six months but shorter than 12 months, more land shall be provided; however, if the current inventory could be sold in less than six months, land supply shall increase significantly within a short amount of time. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to insure that the property developers use internal funds to acquire lands and that, if the land bid capital originate from a questionable source, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

On May 19, 2018, the MOHURD issued the Notice on Further Regulating and Controlling the Real Estate Market (關於進一步做好房地產市場調控工作有關問題的通知), which provided that local authorities shall targetedly enhance the effective supply of housing and land, increase the proportion of medium-and-low-priced and medium-and-small-sized ordinary commercial housing in the newly-built commercial housing, and improve the methods of supplying the land of commercial housing. Particularly, Hot Cities shall increase the proportion of residential land, and the proportion of residential land to urban construction land is suggested not to be lower than 25%. The supply of rental housing land and joint-property housing land shall be enhanced and the supply of public rental housing land shall be guaranteed. The proportion of public rental housing land, rental housing land and joint-property housing land in the new residential land is targeted to reach or exceed 50% in 3-5 years. In addition, Hot Cities shall promote the diversification of land supply entities. The state-owned land whose use right is obtained by non-real-estate enterprises legally may be used as rental housing land if its ownership remains unchanged and its use is in line with the overall land use planning and the urban and rural planning.

## **SALE OF COMMODITY PROPERTIES**

Under the “Measures for Administration of Sale of Commodity Properties” (商品房銷售管理辦法) promulgated by the Ministry of Construction in April 2001, sale of commodity properties can include both post-completion sales and pre-sales.

Any pre-sale of commodity properties shall 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) (the “Pre-sale Measures”) promulgated by the Ministry of Construction in November 1994 and as amended in August 2001 and July 2004, respectively, and the Development Regulations. The Pre-sale Measures provide that pre-sale of commodity properties is subject to certain procedures. According to the Development Regulations and the Pre-sale Measures, a permit shall be obtained before a commodity property may be put up for pre-sale. A developer intending to sell a commodity property before its completion shall make the necessary pre-sale registration with the property development authority of the relevant city or county to obtain a pre-sale permit of commodity properties. A commodity property may only be sold before completion if the following conditions have been met:

- the land premium has been paid in full for the grant of the land use right involved and a land use right certificate has been obtained;
- a construction works planning permit and a construction works commencement permit have been obtained;



- the funds invested in the development of the commodity properties put up for pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and
- the pre-sale has been registered and a pre-sale permit has been obtained.

According to the Pre-sale Measures, the proceeds obtained by a real estate developer from the advance sale of commercial housing must be used for the construction of the relevant projects. The specific measures for the supervision on proceeds from the advance sale of commodity properties shall be formulated by the real estate administrative departments.

According to the “Measures of Property Transactions in Shanghai Municipality” (上海市房地產轉讓辦法) promulgated on April 30, 1997, as amended on September 20, 2000 and June 24, 2004 and December 10, 2010, a property developer must comply with the following requirements in order to obtain a “Commodity Property Pre-Sale Permit”:

- the land premium has been fully paid;
- the real estate ownership have been registered with the relevant authority and real estate ownership certificate have been obtained;
- the developer holds a construction works planning permit;
- the developer holds a permit for the commencement of construction work;
- the completed areas of the properties have reached the required standard;
- the completion time of the properties and the plan for constructing related infrastructure have been confirmed;

In accordance with the above regulation, a property developer must apply to the Housing, Land and Resources Administration Bureau or country housing and land administration authorities of Shanghai Municipality, together with the abovementioned documentations, the floor plans. The review of the application shall be completed within 10 working days and the result of the application will be notified in writing. If the abovementioned requirements are met, the Commodity Property Pre-Sale Permit will be granted.

Under the “Circular of the General Office of the State Council on Forwarding the Opinion of Such Departments as the Ministry of Construction on Good Handling of Stabilizing House Prices” (國務院辦公廳轉發建設等部門關於做好穩定住房價格工作意見的通知) promulgated by General Office of the State Council in May 2005, the purchaser of a pre-sold commodity property is prohibited from transferring such pre-sold property before the completion of its construction. Property developers are required to register pre-sales and sales of properties electronically with the local authorities on a real name and real time basis.

On April 13, 2010, the MOHURD issued the “Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses” (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). Pursuant to the notice, without the pre-sale approval, the commodity houses are not allowed to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

On March 16, 2011, NDRC promulgated the “Regulation on Price of Commodity Property” (商品房銷售明碼標價規定), which took effect on May 1, 2011. According to this regulation, property developers are required to make public the sale price of each apartment of the commodity properties for sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to specify factors that would affect housing prices and relative charges before the property sale, such as commission fee and property management fee. No additional charge beyond what is specified in the price tag or made public by the property developers is permitted.

## REAL ESTATE REGISTRATION

On November 24, 2014, the State Council promulgated the “Interim Regulations on Real Estate Registration” (不動產登記暫行條例), which became effective on March 1, 2015 and was amended on March 24, 2019, and provides for the following, among others:

- the competent department of land and resources under the State Council shall be responsible for guiding and supervising the real estate registration of the State. The local government at or above the county level shall designate a department as the real estate registration authority within its administrative region, and such department shall be subject to the guide and supervision by the competent real estate registration authority at the higher level;
- the real estate authority shall establish a uniform real estate registration book to record the items including, without limitation, the natural condition, ownership conditions of the real estate and restriction of rights;
- the competent department of land and resources under the State Council shall, in coordination with other related departments, establish a uniform basic management database for real estate registration information. The information registered by the real estate registration authorities at all levels shall be incorporated into the uniform basic database to ensure the real-time sharing of registration information at the national, provincial, municipal and county level; and
- any right holder or interested party may apply for inquiring about or copying the real estate registration materials, and the registration authority shall not refuse to provide such information. Units and individuals inquiring about the real estate registration information shall not use such registration information for any other purpose, and no such information may be disclosed to the public or others without the consent of the right holder.

The “Implementing Rules of the Interim Regulations on Real Estate Registration” (不動產登記暫行條例實施細則), effective from January 1, 2016 and as amended on July 24, 2019, authorizes the real estate registration authority to perform a site inspection following an acceptance of the application for real estate registration and sets out regulations regarding real estate registration information management.

## TRANSFER OF REAL ESTATE

According to the Urban Real Estate Law and the “Regulations on Administration of Transfer of Urban Real Estate” (城市房地產轉讓管理規定) promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a property owner may sell, bequeath or otherwise legally transfer the property to another person or legal entity. When a property is transferred, the ownership of the property and the land use rights attached to property are transferred. The parties to a transfer shall enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by government grant, the property may only be transferred on the condition that: (i) the land premium has been paid in full and a land use right certificate has been obtained; (ii) development has been carried out according to the land grant contract; and in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed, or in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been installed, and the site has been leveled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by government grant, the term of the land use rights after transfer of the property shall be the remaining life of the original term provided by the land grant contract. In the event that the transferee intends to change the use of the land provided in the original land grant contract, consent shall first be obtained from the original assignor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land grant contract or a new land grant contract shall be signed in order to adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, transfer of the property shall be subject to the approval of the government vested with the necessary approval authority as required by the State Council. After such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

## **LEASES OF PROPERTIES**

On December 1, 2010, the MOHURD issued the “Administrative Measures for Commodity Housing Tenancy” (商品房屋租賃管理辦法), according to which parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent governmental construction (real estate) departments of the county, city, or directly-controlled municipality where the housing is located within 30 days of signing the housing tenancy contract. The relevant construction (real estate) departments are authorized to impose a fine of up to RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other legal entities which are not natural persons and which fail to comply with the regulations within the specified time limit.

On September 14, 2017, the MOHURD issued a notice and officially announce its support for the pilot program on houses with joint property ownership rights in Beijing and Shanghai. On March 16, 2016, Shanghai Municipal People’s Government promulgated the “Measures for the Administration on Houses with Joint Property Rights” (上海市共有產權保障住房管理辦法), which was implemented on May 1, 2016. On September 20, 2017, Beijing Municipal Housing and Urban-Rural Development Commission, Beijing Municipal Planning and Land Resources Management Committee, Beijing Municipal Development and Reform Commission and Beijing Municipal Bureau of Finance released the “Interim Measures for the Administration of Houses with Joint Property Rights” (北京市共有產權住房管理暫行辦法), which was implemented on September 30, 2017. According to the aforementioned measures, the houses with joint property ownership rights refers to the housing that the property ownership rights are jointly owned by the government and the purchasers, and the sales price is lower than the market price and the ownership of the housing is restricted. The land for joint property ownership rights will be included in the annual plan of land supply of the local government, listed separately and supplied with priority.

## **MORTGAGES OF REAL ESTATE**

Under the “Urban Real Estate Law” promulgated in July 1994, as amended in August 2007, the civil Code of the People’s Republic of China (《中華人民共和國民法典》), which was promulgated by NPC on May 28, 2020 and came into effect on January 1, 2021, the “Measures for Administration of Mortgages of Urban Real Estate” (城市房地產抵押管理辦法) promulgated in May 1997, as amended in August 2001, when a mortgage is created on a building, a mortgage shall be simultaneously created on the land use right of the land on which the property is situated. The mortgager and the mortgagee shall sign a mortgage contract. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the property is situated. A real estate mortgage contract shall come into effect on the date of registration of the mortgage. If a mortgage is created on the property 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 then issue a certificate of third-party rights on the property to the mortgagee. If a mortgage is created on the commodity property put up for pre-sale or on property in development, the registration authority shall record the details on the mortgage contract. If construction of a property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the property after issuance of the certificates evidencing the rights and ownership to the property.

## REAL ESTATE FINANCING

The PBOC issued the “Circular on Further Strengthening the Management of Loans for Property Business” (關於進一步加強房地產信貸業務管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

- Property development loans should be granted to property developers that are qualified for property development, with high credit ratings and have no overdue payment for construction. For property developers with a high vacancy rate of commodity properties and high debt ratio, banks shall apply more stringent approval procedures for new property development loans and closely monitor their activities.
- Commercial banks shall not grant loans to property developers to finance the payment of land premium.
- Commercial banks may not provide loans in any form for a property development project without a land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit.

The State Council issued the “Circular on Facilitating the Continuously Healthy Development of Property Market” (關於促進房地產市場持續健康發展的通知) issued by the State Council in August 2003, which contains a series of measures to control the property market. They include, but are not limited to, strengthening the construction and management of economical houses, increasing the supply of ordinary commodity properties and controlling the construction of high-end commodity properties. The PRC government also adopted a series of measures in respect of property development loans, which include placing greater effort on provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring procedures over property loans. It is expected that the circular should have a long-term positive effect on the development of the PRC property market by facilitating the healthy growth of the PRC property market.

Pursuant to the “Guidance on Risk Management of Property Loans Granted by Commercial Banks” (商業銀行房地產貸款風險管理指引) issued by the CBRC in August 2004, any property developer applying for property development loans must have at least 35% of the total capital required for the development and a commercial bank should maintain a strict loan system for considering applications for property development loans.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Bureau of Statistics, the State Administration of Taxation and the CBRC jointly issued “Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices” (關於調整住房供應結構穩定住房價格的意見). These opinions stipulate that a commercial bank shall not lend funds to property developers with an internal capital ratio of less than 35%, or grant revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, or take commodity properties which have been vacant for more than three years as security for mortgage loans.

On September 27, 2007, the PBOC and the CBRC issued the “Circular on Strengthening the Credit Management for Commercial Real Property” (關於加強商業性房地產信貸管理的通知), with a supplement issued in December 2007. The circular aims to tighten the control over property loans from commercial banks to prevent excessive credit granting.

In addition, commercial banks are also prohibited from providing loans to projects that have less than 35% of capital funds (proprietary interests), or where there is failure to obtain land use rights certificates, construction land planning permits, construction works planning permits and construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral. In principle, property development loans provided by commercial banks should only be used for projects in areas where the commercial bank is located. Commercial banks may not provide loans to property developers to finance the payment of land use rights grant fees.

## INSURANCE

There is no mandatory provision in under PRC laws and regulations requiring a property developer to obtain insurance policies for its property developments. According to the common practice of the real estate industry in Guangdong, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies are required to pay for the insurance premium at their own costs and obtain insurance to cover their liabilities, such as third-party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all the aforementioned risks ceases immediately after the completion and acceptance upon inspection of construction.

## MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

### Income Tax

According to the EIT Law which was promulgated by the National People's Congress on March 16, 2007 and became effective on January 1, 2008 and as amended on February 24, 2017 and December 29, 2018, respectively, a uniform income tax rate of 25% is applied towards foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises.

Furthermore, the EIT Law and its implementation rule provide that a withholding tax rate of 10% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted.

### Business Tax and Value Added Tax

Pursuant to the "Notice on the Full Implementation of Pilot Program for Transition from Business Tax to Value-Added Tax" (關於全面推開營業稅改徵增值稅試點的通知). On May 1, 2016, the "transitioning from business tax to value-added tax" scheme became effective. The sale of self-developed old real estate projects (refers to real estate projects launched time before April 30, 2016 stating on the construction works commencement permit) by common taxpayer among real estate developers shall be subject to a simple tax rate of 5%. Real estate developers selling real estate project by advance payment will be subject to an appreciation tax of 3% when receiving the advance payment.

Pursuant to the "Interim Measures on the Management of Value Added Tax of Self-developed Real Estate Project by the Sale of Real Estate Developers" (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) issued on March 31, 2016 and implemented on May 1, 2016 and as amended on June 15, 2018 by SAT, "self-development" means infrastructure facilities and buildings erected on the land with land use rights which are developed by a real estate development company ("taxpayer"). These measures are also applicable to a development completed by a taxpayer after such project is taken over.

VAT is payable by taxpayers in the calendar month immediately following receipt of the presale proceeds of real estate self-development in accordance with the following formula:

$$\text{Prepaid VAT} = \text{Presale proceeds} \div (1 + \text{applicable rate or simplified rate}) \times 3\%$$

The applicable rate is 11%. Nevertheless, for taxpayers conducting old real estate projects and have chosen simplified tax method, the simplified rate of 5% will be applied in calculating the Prepaid VAT. Once simplified tax method is chosen, it will be applicable for 36 months.

Old real estate projects refer to (1) real estate projects with commencement dates of construction stated in the Construction Permits prior to April 30, 2016, and (2) construction projects which commencement dates of construction are not stated in the Construction Permits, or construction projects with commencement dates of construction stated in the construction contracts prior to April 30, 2016 but has yet to receive Construction Permits.

On November 19, 2017, the Interim Regulations of the People’s Republic of China on Business Tax was abolished and the Interim Regulations of the People’s Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the People’s Republic of China on Value added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax. According to a notice jointly issued by MOF and SAT in April 2018, starting from May 1, 2018, the VAT rate has been lowered from 17 percent to 16 percent for manufacturing and some other industries, and from 11 percent to 10 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce. Starting from April 1, 2019, the VAT rate for real estate industry has been lowered from 10% to 9%.

## LAT

According to the requirements of 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) (the “Provisional Regulations”) promulgated on December 13, 1993 and effective on January 1, 1994, as amended on January 8, 2011, 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) (the “Detailed Implementation Rules”) promulgated and effective on January 27, 1995, any appreciation amount gained from taxpayer’s transfer of property shall be subject to LAT. LAT is levied according to four progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% for the appreciation amount exceeding 200% of the sum of deductible items. The related deductible items aforesaid include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for land development;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for transfer of property;
- other deductible items as specified by the Ministry of Finance.

According to the requirements of the “Provisional Regulations, the Detailed Implementation Rules” LAT shall be exempted under any one of the following circumstances:

- Taxpayers constructing ordinary standard residences for sale (i.e., the residences built in accordance with the local standard for general use residential properties; deluxe apartments, villas, resorts, for example, are not categorized as ordinary standard residences) in which the appreciation amount does not exceed 20% of the sum of deductible items;
- Property taken over and repossessed according to the law due to the construction requirements of the government;
- Due to redeployment of work or improvement of living standard, individuals transfer originally self-used residential property, of which they have been living there for 5 years or more, and after obtaining tax authorities’ approval;

After the enactment of the Provisional Regulations and the Detailed Implementation Rules, due to the longer period for the property development and transfer, many local tax authorities in the course of implementing the regulations and rules did not force the property developers to declare and pay the LAT. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau had separately and jointly issued several notices to restate the requirement that after the assignment contracts are signed, the taxpayers should

declare the tax to the local tax authorities with jurisdiction over the underlying property, and pay LAT in accordance with the amount calculated by the tax authority and the time as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority shall not process the relevant title change and shall not issue the property ownership certificate.

The State Administration of Taxation also issued the “Notice issued by State Administration of Taxation in respect of the Serious Handling of Administration Work in relation to the Collection of Land Appreciation Tax” (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to request local tax authorities to modify the management system of LAT collection and operation details, to build up sound taxpaying declaration system for LAT, to modify the methods of pre-levying for the pre-sale of property. Such notice also pointed out that either for the property assignment contracts which were signed before January 1, 1994 or where the project proposal has been approved and capital was injected for development, the privilege policy for LAT exemption for the properties that are transferred within 5 years after January 1, 1994 for the first time is expired, and such tax shall be levied again.

On August 2, 2004, the State Administration of Taxation issued the “Notice of the State Administration of Taxation in Respect of Enhancing the Administration of Land Appreciation Tax” (關於加強土地增值稅管理工作的通知) in order to further clarify the taxpayers’ duties in relation to filing of periodic tax returns, and the Notice was amended on June 15, 2018. On August 5, 2004, the State Administration of Taxation issued the “Notice of the State Administration of Taxation in Respect of Further Enhancing the Administration on Collection of Urban Land Use Tax and Land Appreciation Tax” (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) to further enhance the administrative efforts relating to the collection of LAT. It is stipulated in this notice that the waiver of LAT on any land grant contracts executed prior to January 1, 1994 has expired, and that appreciation in land value shall be subject to LAT irrespective of the time of assignment.

On March 2, 2006, the State Administration of Taxation and the Ministry of Finance issued the “Circular of the Ministry of Finance and the State Administration of Taxation on Land Appreciation Tax,” which was amended on January 1, 2015 (關於土地增值稅若干問題的通知). The Circular stipulated the following:

- Taxpayers constructing both ordinary residential properties and other commodity houses should calculate the LAT separately, and declare the tax to the local tax authorities where the properties are located.
- Local authorities shall determine, and adjust as appropriate, the provisional LAT rates considering the relevant real property market, the type of building constructed and any other applicable factors.
- A taxpayer who fails to prepay the LAT within the stipulated time frame may be liable to a penalty under the “Administrative Law of the People’s Republic of China on the Levying and Collection of Taxes.”
- In relation to completed property projects, if 85% or more of the saleable GFA has been assigned or transferred, then the local tax authority may require the taxpayer to pay tax on the income from the assigned or transferred property.

On December 28, 2006, the State Administration of Taxation issued the “Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises” (關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on February 1, 2007 and was amended on July 7, 2016 and June 15, 2018.

Pursuant to the notice, a property developer shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT tax rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (1) the property development project has been completed and fully sold; (2) the property developer transfers the whole uncompleted development project; or (3) the land-use rights with respect to the project is transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if any of the following criteria is met: (1) for completed property development projects, the transferred GFA represents more than 85% of total salable GFA, or the proportion represented is less than 85%, but the remaining salable GFA has been leased out or used by the developer; (2)

the project has not been sold out for more than three years after obtaining the sale or pre-sale permit; (3) the developer applies for cancelation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

The notice also indicated that if a property developer satisfies any of the following circumstances, the tax authorities shall levy and collect LAT as per the levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (i) failure to maintain account book required by law or administrative regulation; (ii) destroying the account book without authorization or refusing to provide taxation information; (iii) the accounts are in a state of mess or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or amount of deductible items; (iv) failure to go through LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; (v) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situation.

To further strengthen LAT enforcement, in May 2009, the State Administration of Taxation released the “Rules on the Administration of the Settlement of Land Appreciation Tax” (土地增值稅清算管理規程), which became effective on June 1, 2009 and was amended on July 7, 2016.

On May 19, 2010, the State Administration of Taxation has issued the “Circular on Issues Concerning Settlement of Land Appreciation Tax” (關於土地增值稅清算有關問題的通知) which clarifies revenue recognition in the settlement of LAT and other relevant issues. According to the said circular, in the settlement of LAT, if the sales invoices of commodity properties are issued in full, the revenue shall be recognized based on the amount indicated in the invoices; if the sales invoices of commodity properties are not issued or are issued in part, the revenue shall be recognized based on the purchase price indicated in the sales contract as well as other proceeds. If the area of a commodity property specified in a sales contract is inconsistent with the result obtained by the relevant authorities after on-site survey, and if purchase price for the property is made up or refunded before the settlement of LAT, adjustments shall be made accordingly in the calculation of LAT. The said circular also provides that the deed tax paid by a real estate development enterprise for land use rights shall be treated as the “relevant fees paid in accordance with the uniform regulations of the state” and be deducted from the “amount paid for land use rights.”

On May 25, 2010, the State Administration of Taxation published the “Circular on Strengthening the Collection and Administration of Land Appreciation Tax” (關於加強土地增值稅徵管工作的通知) to require all local governments to scientifically formulate the tax rate and strengthen provisional LAT taxation. According to this circular, all local governments shall make adjustments to the current provisional LAT rate. In addition to safeguarding housing, the provisional LAT rate of provinces in the eastern region shall not be lower than 2%, while the provinces in middle and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%. The local governments shall determine the provisional LAT rate applicable to different types of real estate.

### **Deed Tax**

Pursuant to the “Interim Regulations of the People’s Republic of China on Deed Tax” (中華人民共和國契稅暫行條例) promulgated by the State Council in July 1997 and as amended on March 2, 2019, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be responsible for the payment of deed tax. The rate of deed tax is 3%-5% of the purchase price. The governments of provinces, autonomous regions and municipalities may, within the foresaid range, determine and report their effective tax rates to the Ministry of Finance and the State Administration of Taxation for the record. Pursuant to the “Implementation Provisions on Deed Tax in Guangdong Province” promulgated by the People’s Government of Guangdong in May 1998, the rate of deed tax in Guangdong is 3%.

### **Urban Land Use Tax**

Pursuant to the “Interim Regulations of the People’s Republic of China on Land Use Tax in respect of Urban Land” (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council in September 1988 as amended in December 2006, December 2013 and March 2019, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on every square meter of urban land shall be between



RMB0.6 and RMB30. Any foreign investment enterprise using urban land is required to pay the tax on urban land use accordingly from January 1, 2007. According to the “Notice on Land Use Tax Exemption of Foreign-Invested Enterprises and Institutions of Foreign Enterprises in China” promulgated by the Ministry of Finance on November 2, 1988 and the “Approval on Land Use Tax Exemption of Foreign-Invested Enterprises” issued by State Administration of Taxation on March 27, 1997, land use fees should be collected instead of land use tax in a foreign-invested enterprise. However, the Interim Regulations of the People’s Republic of China on Land Use Tax in respect of Urban Land were revised by the State Council on December 31, 2006. As of January 1, 2007, land use tax shall be collected from foreign-invested enterprises. The annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

### **Property Tax**

Under the “Interim Regulations of the People’s Republic of China on Property Tax” (中華人民共和國房產稅暫行條例) enacted by the State Council on September 15, 1986 and enforced on October 1, 1986 and as amended on January 8, 2011, the property tax rate is 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

### **Stamp Duty**

Under the “Interim regulations of the People’s Republic of China on Stamp Duty” (中華人民共和國印花稅暫行條例) promulgated by the State Council in August 1988 and amended on January 8, 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

### **Municipal Maintenance Tax**

Under the “Interim Regulations of the People’s Republic of China on Municipal Maintenance Tax” (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council in 1985 and amended on January 8, 2011, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

In October 2010, the State Council issued the “Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals” (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), pursuant to which, from December 1, 2010, municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals. Pursuant to the “Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-Invested Enterprises” (關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知) promulgated by the Ministry of Finance and the State Administration of Taxation in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

### **Education Surcharge**

Under the “Interim Provisions on Imposition of Education Surcharge” (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990, August 20, 2005 and January 8, 2011, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the “Notice of the State Council on Raising Funds for Schools in Rural Areas” (國務院關於籌措農村學校辦學經費的通知). Under the “Supplementary Notice Concerning Imposition of Education Surcharge” (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the “Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises” and the “Reply on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises” issued by the

State Administration of Taxation on February 25, 1994 and on September 14, 2005, respectively, whether foreign-invested enterprises are subject to the education surcharge will be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

Pursuant to the aforesaid “Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知)”, from December 1, 2010, an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the aforesaid “Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises”, foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

## **MEASURES ON STABILIZING HOUSING PRICES**

The General Office of the State Council promulgated the “Circular on Stabilizing Housing Prices” (關於切實穩定住房價格的通知) in March 2005 requiring measures to be taken to keep housing prices from increasing too fast and to promote the healthy development of the property market. The “Opinions on Work of Stabilizing Housing Price,” jointly issued by the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Administration of Taxation and the CBRC in April 2005 provides that:

- Where housing prices grow too fast at a time when the supply of medium-or low-priced ordinary commodity houses and affordable housing is insufficient, construction of new names should mainly focus on projects of medium-or low-priced ordinary commodity houses and affordable housing. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or low-priced ordinary commodity houses, before land supplying, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the property authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be established as preconditions of land grant to ensure adequate supply of medium-or low-priced houses and houses with medium or small area. Local governments are asked to strengthen the supervision of planning permit for property development projects. Housing projects that have not been commenced within two years must be examined again, and those not in compliance with the planning permits shall have their permits revoked.
- Where the price of land for residential use and residential house grows too fast, the proportion of land for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses with medium or low price and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.
- Idle land fee shall be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use right of land that has not been developed for two years shall be forfeited without compensation.
- Starting from June 1, 2005, business tax on the transfer of a residential house by an individual within two years from date of purchase shall be levied on the basis of the full amount of the income therefrom. For an individual having transferred an ordinary residential house for two years or more from date of purchase, the business tax will be exempted. For an individual having transferred a residential property other than ordinary residential house for two years or more from date of purchase, the business tax will be levied on the basis of the difference between the income from selling the house and the purchase price.

- Low-to medium-cost ordinary residential houses with medium or small area may enjoy such preferential policies as planning permit, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio of the residential development is above 1.0, the floor area of a single unit is less than 120 sq.m., and the actual transfer price is lower than 1.2 time of the average transfer price of houses located on the land of the same level. The local government of a province, autonomous region or municipality may, based on actual circumstances, set up the specific standard for ordinary residential houses enjoying the preferential policies. Under the “Circular on Setting up the Standard for Ordinary Residential House in Guangdong Province” issued by Guangdong Provincial Construction Bureau in June 2005, ordinary houses in Guangdong Province enjoying preferential policies must also satisfy the following conditions: the plot ratio of the residential district is above 1.0, the gross floor area of one single unit is less than 120 sq.m. or the internal gross floor area of a single unit is less than 144 sq.m., and the actual transfer price is lower than 1.44 time of the average transfer price of houses located on the land of the same level.
- The transfer of uncompleted commodity properties by any pre-sale purchaser shall be prohibited. A system shall be adopted to require purchasers to buy properties in their real names. Any commodity property pre-sale contract shall be filed through the Internet immediately after its execution.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Bureau of Statistics, the State Administration of Taxation and the CBRC jointly issued the “Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices” (關於調整住房供應結構穩定住房價格的意見). Such opinions reiterated the existing measures and introduced new measures intended to further curtail the rapid increase in property prices in large cities and to promote healthy development of the PRC property market. These measures, among others, include the following:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low-to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a GFA less than 90 sq.m. per unit and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying residential property if the underlying property has a GFA of 90 sq.m. or more, as effective from June 1, 2006;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the project, of less than 35%; restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties; and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for mortgage loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a residential property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

To carry out “Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices,” the Ministry of Construction promulgated “Opinions on Carrying Out Structure Proportion of Newly-Built Housing” (關於落實新建住房結構比例要求的若干意見) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

- from June 1, 2006, in any city (including county), the floor area of the housing which is less than 90 sq.m. should total at least 70% of the total floor area of commercial commodities newly approved or constructed in a given year;
- according to the above requirements, the governments should guarantee the conditions of planning and design of newly built commodity buildings and that such buildings conform to the structure proportion requirements. Any digression from the above-mentioned requirements without authorization is forbidden. Construction works planning permits should not be issued by the municipal planning authority if there is any noncompliance with the planning permits; certifications should not be issued by the authority charged with censoring construction documents; construction works permits should not be issued by the construction authority; permits for pre-sale of commodity buildings should not be issued by the property development authority; and
- for projects which were approved before June 1, 2006 but that have not obtained construction permits, the city governments should adjust specific projects to conform to the structure proportion requirements in that year.

On July 11, 2006, the Ministry of Construction, MOFCOM, the NDRC, the PBOC, SAIC and SAFE jointly promulgated the “Opinions on Regulating the Admittance and Administration of Foreign Capital 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 provided as follows:

- an overseas entity or individual investing in real estate in China other than for self-use shall apply for the establishment of a foreign-invested real estate enterprise in accordance with applicable PRC laws and shall only conduct operations within the authorized business scope after obtaining the relevant approvals from and registering with the relevant governmental authorities;
- the registered capital of a foreign-invested real estate enterprise with a total investment of US\$10 million or more shall not be less than 50% of its total investment amount, whereas for a foreign-invested real estate enterprise with a total investment of less than US\$10 million, the current rules on registered capital shall apply;
- a newly established foreign-invested real estate enterprise can only obtain an interim approval certificate and business license which are valid for one year. The formal approval certificate and business license can be obtained by submitting the land use rights certificate to the relevant government departments after the land grant premium for the land has been paid;
- an equity transfer of a foreign-invested real estate enterprise or the transfer of its projects, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the relevant commerce administration authorities. The investor shall submit a letter to the relevant commerce authorities confirming that it will abide with the land grant contract, the construction land planning permit and the construction works planning permit. In addition, the investor shall also submit the land use rights certificate, the registration of change of investor and evidence from the tax authorities confirming that tax relating to the transfer has been fully paid;
- foreign investors acquiring a domestic real estate enterprise through an equity transfer, acquiring the Chinese investors’ equity interest in an equity joint venture or through any other methods shall pay the purchase price from its own capital and shall ensure that the enterprise’s employees and bank loans are properly handled with in accordance with applicable PRC laws;
- if the registered capital of a foreign-invested real estate enterprise is not yet fully paid, its land use rights certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the foreign-invested real estate enterprise is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans;

- the investors in a foreign-invested real estate enterprise shall not in any manner stipulate a fixed return clause or equivalent clause in their joint venture contract or in any other documents; and
- a branch or representative office established by a foreign investor in China (other than a foreign-invested real estate enterprise), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties of a stipulated floor area based on their living requirements in the PRC for self-residence purposes.

On September 1, 2006, SAFE and the Ministry of Construction jointly issued “Notice in respect of Standardization of Issues Relating to Management of Foreign Exchange of Real Estate Market” (關於規範房地產市場外匯管理有關問題的通知), which was amended on May 4, 2015. This notice provides, among other things, the specific procedures for purchasing houses by branches and representative offices established in the PRC by foreign institutions, foreign individuals who work or study in the PRC for more than one year, and residents of Hong Kong, Macau and Taiwan as well as foreigners of Chinese origin.

On May 23, 2007, MOFCOM and SAFE promulgated the “Circular on Further Reinforce and Standardize the Examination and Supervision on Foreign Direct Investment in 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) (Shang Zi Han No. 50, 2007) which was amended in October 2015. The circular provides stricter controlling measures including, among others:

- Where the application is filed for establishment of the real estate company, the land use rights, the ownership of the real property should be obtained first, or the pre-assignment/purchase agreement has already been concluded with the land administration authority, land developer/owner of the real property. If the above requirements have not been satisfied, the approval authority shall not approve the application.
- Acquisition of or investment in domestic real estate enterprises by way of return investment (including the same actual controlling person) shall be strictly controlled.

Overseas investors may not avoid approval for foreign investment in real estate by way of changing the actual controlling person of the domestic real estate enterprise. Once the foreign exchange authority has found the foreign-invested real estate enterprise established by way of deliberately avoiding and false representation, it shall take action against the enterprise’s conduct of remittance of capital and interest accrued without approval, and the enterprise shall bear the liability for cheated purchase and evasion of foreign exchange.

- Agreement as to any fixed return or of the same effect for either party of a foreign-invested real property enterprises is prohibited.
- The local SAFE administrative authority and designated foreign exchange banks shall not conduct foreign exchange purchase and settlement process for any foreign-invested real property enterprises who fail to satisfy the Ministry of Construction’s filing requirement.

On October 10, 2007, the Ministry of Land and Resources issued a regulation, which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and/or commence development on the land, effective November 1, 2007.

Pursuant to the notice on “Enlarging the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans,” (擴大商業性個人住房貸款利率下浮幅度等問題的通知) the PRC government lowered the minimum interest rate for individual mortgage loans to 70% of the corresponding PBOC benchmark bank lending rates. Further, the minimum down payment ratio of residential properties was lowered to 20%. On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the “Notice on the Adjustments to Taxation on Real Property Transactions” (關於調整房地產交易環節稅收政策的通知) which was amended on October 1, 2010, pursuant to which, from November 1, 2008, the rate of deed tax has been reduced to 1% for a first time home buyer of an ordinary residence with a unit floor area less than 90 sq.m., individuals who are to sell or purchase residential properties are temporarily exempted from stamp duty and individuals who are to sell residential properties are temporarily exempted from LAT.

On December 20, 2008, the General Office of the State Council issued the “Several Opinions on Facilitating the Healthy Development of the Real Estate Market” (關於促進房地產市場健康發展的若干意見), which aims to, among other things, encourage the consumption of ordinary residential units and support property developers in changing market conditions. Pursuant to the opinion, in order to encourage the consumption of ordinary residential units, from January 1, 2009 to December 31, 2009, (i) business tax will be imposed on the full amount of the sale price, upon the transfer of a non-ordinary residential unit by an individual within two years from the purchase date; (ii) for the transfer of a non-ordinary residential unit which has been held by the purchaser for more than two years from the purchase date and an ordinary residential unit which has been held by the purchaser for two years or less from the purchase date, the business tax is to be levied on the difference between the sale price and the purchase price; (iii) and in the case of an ordinary residential unit, business tax is fully exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residential unit that is smaller than the average size for their locality may buy a second ordinary residential unit under favorable loan terms similar to first time buyers. In addition, support for property developers to deal with the changing market is to be provided by increasing credit financing services to “low-to medium-level price” or “small-to medium-sized” ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to property developers with good credit standing for merger and acquisition activities.

On January 26, 2011, the State Council issued the “Notice on Further Strengthening Regulation and Control of Real Property Markets” (關於進一步做好房地產市場調控工作有關問題的通知), under which the transfer of all residential properties purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued a “Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties” (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner’s purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner’s purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner’s purchase. This notice became effective on January 28, 2011 and was replaced by a notice of the same name on March 30, 2015, which stipulated that business tax is imposed on (i) the full amount of transfer price upon the transfer of any residential property by an individual owner within two years from such individual owner’s purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than two years from such individual owner’s purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after two years from the date of the individual owner’s purchase.

On February 20, 2013, the executive meeting of the State Council chaired by Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On February 26, 2013, the General Office of the State Council announced the “Notice on Continuing to Improve the Regulation and Control of the Real Estate Market” (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which among others, provides the following requirements: (i) limitations on the purchase of commodity properties must be strictly implemented, and the scope of such limitations must cover all newly constructed commodity properties and second-hand properties located within the entire administrative area of the city; (ii) for those cities with excessive increase in housing prices, the local counterparts of the PBOC may further increase down payment ratios and interest rates for loans to purchase second properties; and (iii) the gains generated from the sale of a self-owned property shall be subject to individual income tax at a rate of 20%, if the original value of such property can be verified through historical information such as tax filings and property registration. On November 15, 2013, the general office of the People’s Government of Guangzhou issued the “Opinions concerning Further Strengthening of the Macroeconomic Control of the Real Property Market” (《廣州市人民政府辦公廳關於進一步做好房地產市場調控工作的意見》), which requires: (1) the speeding up of low-cost commodity housing supply and controlling of high-end commodity housing supply. The low-density

commodity housing projects under construction will be approved for sale only after the completion of the initial registration of the real estate; (2) non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for three consecutive years are permitted to purchase only one house (including newly built houses and second-hand houses); and (3) the Guangzhou Branch of PBOC should further increase minimum down payment for loans to purchase second properties in accordance with the price control targets of Guangzhou.

On September 29, 2014, the PBOC and CBRC jointly issued the “Notice on Further Improving Financial Services for Real Estate Sector” (關於進一步做好住房金融服務工作的通知), which provides that where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve its living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a household that owns two or more residential properties and has paid off all of its existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions as required by relevant policies.

In March 2015, the PBOC, CBRC and MOHURD jointly issued the “Notice on Relevant Issues Concerning the Individual Housing Loan Policy” (關於個人住房貸款政策有關問題的通知), which provides that where households that own a residential property and have not paid off their existing mortgage loan applies for a new mortgage loan to buy another residential property to improve their living conditions, the minimum down payment will be 40% of the property price, with the specific terms of such loan to be decided by the banking financial institution that provides the loan based on the risk profile of the borrower.

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

On October 10, 2016, the MOHURD issued the “Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Real Estate Market Order” (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), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

## **FOREIGN EXCHANGE**

With effect from January 1, 1994, the PRC government abolished its two-tier exchange rate system and replaced it with a unified floating exchange rate system based largely on supply and demand. Financial institutions authorized to deal in foreign currency may enter into foreign exchange transactions at exchange rates within an authorized range above or below the exchange rate published by the PBOC according to market condition. However, despite such developments, RMB is still not a freely-convertible currency.

Pursuant to the Foreign Exchange Control Regulations of the PRC issued by the State Council which came into effect on April 1, 1996 and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment of the PRC, which came into effect on July 1, 1996, foreign investment enterprises are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange from their foreign exchange bank accounts in the PRC.

If foreign investment enterprises require foreign exchange services for transactions relating to current account items, they may, without approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof. If such enterprises need foreign exchange services for the distribution of dividends to their shareholders, they may, on the strength of a board of directors resolution authorizing the distribution of dividends and any other relevant documents, effect payment from their foreign exchange accounts and make such payments at the designated foreign exchange bank.

However, convertibility of foreign exchange in respect of capital account items, like direct investment and capital contributions, is still subject to restriction, and prior approval from SAFE or its relevant branches must be sought.

On April 28, 2013, SAFE issued the “Notice regarding Promulgation of Administrative Measures on Foreign Debt Registration” (國家外匯管理局關於發佈<外債登記管理辦法>的通知), which became effective on May 13, 2013, as amended on May 4, 2015, including three appendices: (i) Administrative Measures on Foreign Debt Registration, (ii) Operating Guidelines for Foreign Debt Registration Administration, and (iii) List of Repealed Regulations. The measures stipulate the general provisions on foreign debt registration, administrative provisions on foreign debt account management, use and settlement of foreign debt funds, foreign guarantee for domestic loans, foreign exchange managements for outbound transfer of non-performing assets, as well as relevant penalty provisions. The Operating Guidelines for Foreign Debt Registration Administration (外債登記管理操作指引) provide specific operational rules in relation to foreign debts administration, which contain 15 items. Among these 15 items, foreign debt registration of foreign invested real estate enterprises is regulated as follows: (i) foreign invested real estate enterprises established before June 1, 2007, which have increased the registered capital on and after June 1, 2007, may raise foreign debt financing limited to the balance of the difference between its total investment and registered capital. Provided that such difference between its total investment and registered capital after increasing its capital is smaller than that of before increasing its capital, the smaller one shall prevail, (ii) that SAFE will no longer process foreign debt registration or foreign exchange settlement for foreign debt for foreign invested real estate enterprises that obtained approval certificates from and filed with MOFCOM on or after June 1, 2007, and (iii) foreign invested real estate enterprises of which the land use rights certificate has not been obtained, or the project capital is less than 35% of the total investment of the project, are prohibited from raising foreign debt financing, and SAFE will not process foreign debt registration for such enterprises.

On September 14, 2015, the NDRC issued the Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) to remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system.

On May 11, 2013, SAFE issued the “Notice on Printing and Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and its Ancillary Documents” (國家外匯管理局關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知), which includes three appendices as follows: (i) the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China, (ii) the List of Repealed Regulations on Foreign Exchange Administration over Direct Investment in China, and (iii) the Business Operating Guidelines for Domestic Direct Investment.

The “Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China” (外國投資者境內直接投資外匯管理規定), effective on May 13, 2013, set out the general principles for foreign exchange control in direct investments by foreign investors, and specific provisions on the foreign exchange registration, foreign exchange account management, foreign exchange settlement and sales, as well as supervision and administration of banks engaging in the foreign exchange business related to direct investments by foreign investors. The provisions apply to foreign investors setting up foreign invested enterprises, foreign invested projects and foreign invested financial institutions in China through methods of new establishment, mergers or acquisitions, and obtaining the ownership right, control right and business management right of domestic enterprises.



On January 10, 2014, SAFE issued the “Notice of the State Administration of Foreign Exchange on the Further Improvement and Adjustment of the Foreign Exchange Control Policy for Capital Projects” (國家外匯管理局關於進一步改進和調整資本項目外匯管理政策的通知), effective on February 10, 2014, which provides for, among others: (i) loosening of certain administrative procedures for the initial expenses outlay for overseas direct investments by domestic enterprises; (ii) loosening of certain restrictions on overseas lending by domestic enterprises; (iii) simplifying the procedures for remitting profits offshore by domestic enterprises.

In March 30, 2015, the SAFE issued “Notice on the Reform of Foreign Investment Enterprises of Foreign Exchange Capital Settlement Management” (關於改革外商投資企業外匯資本金結匯管理方式的通知) which will be effective since June 1, 2015. The notice provides that a voluntary foreign exchange settlement system will be established. On June 9, 2016, SAFE issued the “Notice to Reform and Regulate the Administration Policies of Foreign Exchange Capital Settlement” (關於改革和規範資本項目結匯管理政策的通知) to further reform foreign exchange capital settlement nationwide.

On August 19, 2015, the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Notice on Adjusting the Admittance and Administration of Foreign Capital 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). According to this Notice, the foreign invested real estate enterprises can directly conduct foreign exchange registration concerning foreign direct investment in bank according to foreign exchange regulations.

According to Circular of the State Administration of Foreign Exchange on Further Advancing Foreign Exchange Administration Reform to Enhance Authenticity and Compliance Reviews (國家外匯管理局關於進一步推進外匯管理改革真實合規性審核的通知) issued by the SAFE on January 26, 2017, funds for overseas loans under domestic guarantees are allowed to be repatriated into the PRC for domestic use. Debtors can repatriate, directly or indirectly, the funds under guarantees for domestic use through issuing loans to or equity participation in domestic institutions.

## **Environment Protection in the Development of Real Estate**

The laws and regulations governing the environmental requirements for real estate developments in the PRC include the Environmental Protection Law (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Development Projects (2017 revision) (建設項目環境保護管理條例 (2017修訂)). Pursuant to those laws and regulations, the developer shall, in the phase of construction project feasibility study, submit the construction project environmental impact report, environmental impact statement or environmental impact registration form to the relevant government authorities for approval before commencement of construction. When there is a material change in respect of the construction site, or in the scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. Simultaneous design, simultaneous construction and simultaneous going into operation with the main body project must be realized for matching environmental protection facilities construction which is required for the construction project. In addition, the developer shall, during the trial production of a construction project, monitor the operations of the environmental protection facilities and the environmental impact of the construction project. On completion of construction, the developer shall 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. The developer shall make the acceptance report publicly available in accordance with the law unless it is required to keep confidential according to national provisions. Acceptance checks for completion of construction of environmental protection facilities shall be conducted simultaneously with the acceptance checks for of the main body project.

The Ministry of Environmental Protection issued the Rules on the Examination and Approval of Environmental Impact Assessment Documents of Construction Projects by Authorities at Various Levels (建設項目環境影響評價文件分級審批規定) on January 16, 2009, effective from March 1, 2009. According to the Rules, the power endowed to the authorities at various levels in charge of the examination and approval of environmental impact assessment documents of construction projects shall, in principle, be determined in accordance with the power to examine, approve, verify and file the construction project concerned as well as the nature and degree of the environmental impact brought by the construction project concerned. The Ministry of Environmental Protection may entrust the local environmental protection department at provincial level at the place of the project to exercise part of its statutory power of examination and approval, in which case, public announcement thereof shall be made.

## 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 periods indicated:

Transactions	For the year ended December 31,			
	2018	2019	2020	
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(US\$ in thousands) (unaudited)
Advances to related companies:				
joint ventures and associates .....	1,441,697	6,231,397	2,406,901	368,874
companies controlled by the ultimate controlling shareholders .....	506,696	547,950	-	-
Repayment of advances to related companies:				
joint ventures and associates .....	871,301	4,814,992	2,203,875	337,759
companies controlled by the ultimate controlling shareholders .....	1,307,778	547,950	-	-
Repayment of advances to a shareholder .....	600	-	-	-
Advances from related companies:				
joint ventures and associates .....	68,478	1,152,957	1,422,931	218,074
companies controlled by the ultimate controlling shareholders .....	-	1,698	316,462	48,500
Repayment of advances from related companies:				
joint ventures and associates .....	38,107	608,951	1,219,020	186,823
companies controlled by the ultimate controlling shareholders .....	-	15,838	316,462	48,500
Purchase equipment from a company controlled by the ultimate controlling shareholders .....	-	15,315	34,917	5,351
Management consulting services to associates .....	-	42,035	44,689	6,849
Rental services from company controlled by the ultimate controlling shareholders .....	1,739	1,744	1,744	267
Rental services to associates .....	249	-	2,892	443

*Note:*

(1) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

During the year ended December 31, 2018, 2019 and 2020, certain of our controlling shareholders provided joint guarantees to the banks and trust company to secure bank and other borrowings of RMB2,035,569,000, RMB2,324,807,000 and RMB833,926,000 (US\$127,804,751) in aggregate, respectively.

On March 15, 2019, Shanghai Dafa, a wholly-owned subsidiary of the Company, and Dafa Group, a limited liability company established in the PRC and is owned by Mr. Ge Hekai, Mr. Ge Yiyang and Shanghai Hehong Investment Management Co., Ltd. (上海和鴻投資管理有限公司), a limited liability company established in the PRC and is owned by Mr. Ge Hekai and Mr. Ge Yiyang, entered into a framework agreement, pursuant to which Shanghai Dafa agreed to purchase, and Dafa Group agreed to supply, elevator equipment and the relevant after-sale services for a term from March 15, 2019 to December 31, 2021.

## PRINCIPAL SHAREHOLDERS

As of December 31, 2020, so far as the directors are aware, the following persons or institutions had an interest of 5% or more in the Share or underlying Shares of the Company which would fall to be disclosed to the Company under section 336 of the SFO:

Name of shareholders	Nature of interest/Capacity	Number of Shares or underlying Shares interested	Approximate percentage of the issued share capital of the Company
He Hong Limited .....	Beneficial interest Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Splendid Sun Limited .....	Beneficial interest Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Mr. Ge Hekai .....	Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Ms. Zhu Lan .....	Interest of spouse <sup>(2)</sup>	600,000,000 (L)	72.47%
Glorious Villa Limited .....	Beneficial interest Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Mr. Ge Yiyang .....	Interest of concert parties <sup>(1)</sup> Founder of a discretionary trust who can influence how the trustee exercises his discretion <sup>(5)</sup>	600,000,000 (L)	72.47%
Ms. Yang Yaqi .....	Interest of spouse <sup>(3)</sup>	600,000,000 (L)	72.47%
Shade (BVI) Limited .....	Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Ms. Jin Linyin .....	Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Sound Limited .....	Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Mr. Ge Heming .....	Interest of controlled corporation Interest of concert parties <sup>(1)</sup>	600,000,000 (L)	72.47%
Ms. Wu Xiaolin .....	Interest of spouse <sup>(4)</sup>	600,000,000 (L)	72.47%
Grandeur Home Limited .....	Interest of controlled corporation <sup>(5)</sup>	120,000,000 (L)	14.49%
TMF (Cayman) Ltd. ....	Trustee <sup>(5)</sup>	120,000,000 (L)	14.49%

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*Notes:*

- (1) Pursuant to the Deed of Act-in-concert, each of the Ultimate Controlling Shareholders had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions in the same way since 1 January 2015 or the date when they became interested in any member of our Group, whichever is earlier.

As such, Glorious Villa Limited, together with Splendid Sun Limited, Sound Limited, Shade (BVI) Limited and He Hong Limited controlled 72.47% of the voting power at general meetings of the Company as at 31 December 2020 and therefore Glorious Villa Limited, Splendid Sun Limited, Sound Limited, Shade (BVI) Limited and He Hong Limited are associated corporations of the Company.

- (2) Ms. Zhu Lan, the spouse of Mr. Ge Hekai, is deemed to be interested in Mr. Ge Hekai's interest in our Company by virtue of the SFO.
- (3) Ms. Yang Yaqi, the spouse of Mr. Ge Yiyang, is deemed to be interested in Mr. Ge Yiyang's interest in our Company by virtue of the SFO.
- (4) Ms. Wu Xiaolin, the spouse of Mr. Ge Heming, is deemed to be interested in Mr. Ge Heming's interest in our Company by virtue of the SFO.
- (5) Mr. Ge Yiyang transferred the entire issued share capital of Glorious Villa Limited to Grandeur Home Limited on 26 August 2020. Grandeur Home Limited is wholly owned by a trust established in Cayman Islands by Mr. Ge Yiyang for the benefit of his family members. TMF (Cayman) Ltd. indirectly held 120,000,000 Shares in the capacity of trustee of such trust. Therefore, Mr. Ge Yiyang is deemed to have interest in such Shares held in trust for the purpose of Part XV of the SFO.

Except as disclosed above, as of the date of the offering memorandum, no other shareholder, other than directors or chief executives, of the Company has any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## DIRECTORS AND SENIOR MANAGEMENT

Information set forth below regarding our Directors and senior management is as of December 31, 2020.

### GENERAL

The following table sets forth certain information concerning our Directors and senior management personnel:

#### Directors

Name	Age	Position
<b>Directors</b>		
Mr. Ge Yiyang (葛一陽)	37	Executive Director and Chairman of the Board
Mr. Liao Lujiang (廖魯江)	49	Executive Director and Chief Executive Officer
Mr. Chi Jingyong (池淨勇)	43	Executive Director
Mr. Yang Yongwu (楊永武)	54	Executive Director
Mr. Gu Jiong (顧炯)	48	Independent non-executive Director
Mr. Sun Bing (孫冰)	46	Independent non-executive Director
Mr. Fok Ho Yin Thomas (霍浩然)	49	Independent non-executive Director

#### Senior Management

Name	Age	Position
Mr. Luo Jun (羅俊)	48	Group Chief Financial Officer and Senior Vice President
Mr. Leng Junfeng (冷俊峰)	48	Chief Operating Officer and Senior Vice President of the Operation Management Centre
Mr. Wong Chin Hung (黃展鴻)	42	Listed Company Chief Financial Officer and Vice President
Mr. Ge Lv (葛律)	37	Vice President
Mr. Wang Xiaogang (王曉剛)	39	General Manager of the project companies in Shanghai area
Mr. Kong Xinguo (孔新國)	44	General Manager of the project companies in Hangyong
Mr. Wang Zhi (王智)	35	General Manager of the project companies in western China

#### Joint Company Secretaries

Name	Age	Position
Mr. Wong Chin Hung (黃展鴻)	42	Joint Company Secretary, Listed Company Chief Financial Officer and Vice President
Ms. So Shuk Yi Betty (蘇淑儀)		Joint Company Secretary

### BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of seven Directors including four executive Directors and three independent non-executive Directors.

#### Executive Directors

**Mr. Ge Yiyang (葛一陽)**, aged 37, was appointed as the executive Director of the Company on March 23, 2018. Mr. Ge is responsible for the overall strategic planning of the Group. He has over 14 years of experience in the PRC real estate industry. In addition, Mr. Ge currently holds directorship in some subsidiaries of the Group.

Mr. Ge obtained his bachelor's degree in business administration and computer science from Aston University in the U.K., in July 2006. He also obtained an executive master business administration degree from Cheung Kong Graduate School of Business (長江商學院) in Beijing, the PRC in September 2013. Mr. Ge also enrolled in the DBA program (企業家學者項目) offered by Cheung Kong Graduate School of Business in October 2016.

**Mr. Liao Lujiang (廖魯江)**, aged 49, has been our executive Director since March 23, 2018. He was appointed as our chief executive officer on April 4, 2018 and is responsible for business operations and daily management of our Group. Mr. Liao is in charge of the marketing centre, investment development centre and comprehensive management centre of the Group. He also takes charge of the operation management centre, product management centre, cost and procurement centre and financial centre of the Group. Mr. Liao has over 15 years of experience in the PRC real estate industry. He joined our Group in February 2018 and has been the chief executive officer of Shanghai Dafa. From October 2006 to January 2011, Mr. Liao was with Longfor Properties Co., Ltd. (龍湖地產有限公司), a company listed on the Stock Exchange (stock code: 960), where he successively served as a deputy manager of the department of human resources and a personnel director of human resources. From January 2011 to January 2018, Mr. Liao served as an executive director and chief operating officer of Shimao Property Holdings Limited (世茂房地產控股有限公司), a company listed on the Stock Exchange (stock code: 813), where he was responsible for operation, information technology and property. Since September 2015, Mr. Liao has been a director of Beijing Bozhicheng Management Consulting Co., Ltd. (北京博志成在線科技股份有限公司), a technology company, whose shares are quoted on the National Equities Exchange and Quotations System (Stock code: 872526).

Mr. Liao obtained a master's degree in public administration from Tsinghua University (清華大學) in Beijing, the PRC in July 2004. He also obtained an executive master of business administration degree from The Hong Kong University of Science and Technology in Hong Kong in November 2016.

**Mr. Chi Jingyong (池淨勇)**, aged 43, has been our executive Director since March 23, 2018 and is primarily responsible for cost control and procurement of our Group. Mr. Chi has over 20 years of experience in the PRC real estate industry. He joined our Group in September 2000 and has been the vice president of Shanghai Dafa. He is also currently the chairman of the board of directors of Wenzhou Kaize Real Estate.

Mr. Chi obtained his bachelor's degree in architectural engineering from Tongji University (同濟大學) in Shanghai, the PRC in January 2006 through online education. He also obtained a master's degree in international real estate from The Hong Kong Polytechnic University in Hong Kong in October 2012. Mr. Chi was granted the qualification as a constructor by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the Ministry of Construction of the PRC (中華人民共和國建設部) in March 2007. He also obtained the qualification as a cost engineer granted by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) in January 2012. Since March 2014, Mr. Chi has also been a senior engineer authorized by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳).

**Mr. Yang Yongwu (楊永武)**, aged 54, has been our executive Director since March 23, 2018 and is primarily responsible for corporate governance of our Group. Mr. Yang has over 17 years of experience in financial management. In addition, Mr. Yang currently holds directorship in some subsidiaries of the Group.

Mr. Yang obtained his bachelor's degree in financial accounting from Zhejiang Open University (浙江廣播電視大學) in Zhejiang Province, the PRC in September 1990. He acquired his accounting license in May 1996 from the Ministry of Finance of the People's Republic of China. Mr. Yang obtained the qualification as an accountant in May 1996 as certified by the Ministry of Finance of the PRC (中華人民共和國財政部).

## Independent Non-executive Directors

**Mr. Gu Jiong (顧炯)**, aged 48, was appointed as our independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1995 to April 2004, Mr. Gu was with Ernst & Young Shanghai office and was the senior manager of audit department when he left the firm. From April 2004 to December 2009, he successively worked in UTStarcom Telecom Co., Ltd. and its holding company, UTStarcom Inc., a company listed on Nasdaq (stock code: UTSI) and a global telecom infrastructure provider specialized in the provision of packet optical transport and broadband access products to network operators, where he was responsible for accounting and financial matters of this company. He was the financial controller when he left UTStarcom Inc. in December 2009. From January 2010 to August 2013, Mr. Gu served as the chief financial officer of BesTV New Media Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600637) (currently known as Oriental Pearly Media Co., Ltd. (東方明珠新媒體股份有限公司)) and principally engaged in the provision of technical services, content services and marketing services for television terminals, computer terminals and mobile terminals through media source platforms, where he was responsible for the financial matters of this company. Since September 2013 and October 2015, Mr. Gu has been the chief financial officer of CMC Capital Partners (華人文化產業投資基金), an investment fund specializing in media and entertainment investments in the PRC and globally, and CMC Holdings Limited (華人文化有限責任公司), an investment platform focused on media and entertainment investments, respectively, where he has been responsible for corporate strategy and overall financial management in the operation of these companies. From June 2015 to November 2020, Mr. Gu was an independent non-executive director of Chen Xing Development Holdings Limited (the shares of which were listed on the Stock Exchange, stock code: 2286). From June 2019 to November 2020, Mr. Gu was an independent non-executive director of Tu Yi Holding Company Limited (the shares of which were listed on the Stock Exchange, stock code: 1701). Mr. Gu has been appointed as an independent director of Amlogic (Shanghai) Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock code: 688099). Mr. Gu has also been an independent non-executive director of Asclepis Pharma Inc. (stock code: 1672) since April 2018, Xinming China Holdings Limited (stock code: 2699) since June 2015 and Mulsanne Group Holding Limited (Stock code: 1817) since May 2019, all of which are listed on the Stock Exchange.

Mr. Gu obtained a bachelor's degree in financial management from Fudan University (復旦大學) in Shanghai, the PRC in July 1995. He has been a non-practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since April 2004.

**Mr. Sun Bing (孫冰)**, aged 46, was appointed as our independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Sun has over 20 years of experience in auditing matters. Since September 2000, Mr. Sun has been the partner of BDO China SHU LUN PAN Certified Public Account LLP (立信會計師事務所(特殊普通合夥)), and has been primarily responsible for coordinating and organizing the implementation of corporate audit matters and audit reports. From March 2017 to June 2018, Mr. Sun has been an independent director of Shanghai Jingwei (Group) Co., Ltd. (上海經緯(集團)有限公司), a company primarily engaged in asset management, investment management and corporate consulting services, where he was responsible for providing independent advice to this company. Since July 2020, Mr. Sun has been the partner of Shanghai Rightway Capital LLP (上海振維投資管理中心(有限合夥)).

Mr. Sun obtained a bachelor's degree from the University of Shanghai for Science and Technology (上海理工大學) in Shanghai, the PRC with a major in accounting and a minor in computer application in July 1997. He also obtained a master of professional accountancy from The Chinese University of Hong Kong in Hong Kong in December 2011. Mr. Sun registered as a certified public accountant with the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 1999.

**Mr. Fok Ho Yin Thomas (霍浩然)**, aged 49, was appointed as the independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Fok has worked in the listing division of the Stock Exchange and has extensive experience in the field of corporate finance specializing in equity financing and financial restructuring. From September 2007 to July 2016, Mr. Fok was an executive director of Jian ePayment Systems Limited (華普智通系統有限公司), a company listed on the Stock Exchange (stock code 8165). From June 2010 to June 2019, Mr. Fok was an independent non-executive director of Landing International Development Limited (the shares of which were listed on the Stock Exchange, stock code: 582). From August 2007 to June 2020, Mr. Fok was an independent non-executive director of China Smarter Energy Group Holdings Limited (the shares of which are listed on the main board of the Stock Exchange, stock code: 1004). Currently, Mr. Fok is an independent non-executive director of SFund International Holdings Limited (the shares of which are listed on the main board of the Stock Exchange, stock code: 1367).

Mr. Fok obtained his bachelor's degree in accountancy and management studies from University of Wollongong in Wollongong, Australia in May 1995. He has been a certified practicing accountant of CPA Australia since July 1998 and an associate of the Hong Kong Institute of Certified Public Accountants since May 1999, respectively. He has also been a chartered financial analyst conferred by the Chartered Financial Analyst Institute since September 2001.

## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

For details of **Mr. Liao Lujiang (廖魯江)**, please see “— Board of Directors — Executive Directors” in this section.

**Mr. Luo Jun (羅俊)**, aged 48, has been appointed as the chief financial officer and senior vice president of the Group since May 2019 and is responsible for the Group's corporate finance and accounts management.

Prior to joining the Group, Mr. Luo Jun served as deputy general manager at Zhongnan Group (中南集團) from June 2018 to April 2019, where he was responsible for corporate finance. From January 2018 to May 2018, Mr. Luo served as the chief financial officer of Zhongliang Real Estate Group (中梁控股集團有限公司). From September 2016 to January 2018, he served as the vice president and chief financial officer of Tahoe Group Co., Ltd. (泰禾集團), a company listed on the Shenzhen Stock Exchange (stock code: 000732). From 2003 to September 2016, he served as vice president of Beijing Capital Land (首創置業), a company listed on the Stock Exchange (stock code: 2868). Since then, Mr. Luo has more than 17 years of experience in corporate management.

Mr. Luo holds a bachelor's degree in economics from Beijing Jiaotong University (北京交通大學).

**Mr. Leng Junfeng (冷俊峰)**, aged 48, has been appointed as chief operating officer and senior vice president of the Group in March 2020 and he joined the Group as the senior vice president of the product operation centre of the Group in March 2018. Mr. Leng is in charge of the operation and management center and also takes charge of the cost and procurement center and customer relations center of the Group.

Prior to joining the Group, Mr. Leng Junfeng served as general manager of the planning operations department/marketing department of Tahoe Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000732) from February 2017 to February 2018, where he was responsible for operations management and marketing management of the group.

Mr. Leng Junfeng served as the vice president for Northern China of Shima Group from February 2015 to January 2017; and he served as general manager of Shenyang Branch of China Overseas Property from October 2013 to February 2015; and from July 1997 to January 2013, he served as general manager of Wuhan Branch of China State Construction Land. Since then, he has more than 20 years of experience in corporate management.

Mr. Leng Junfeng holds a bachelor's degree in heating and ventilating discipline from Jilin Jianzhu University and a master's degree in management from French National University of Science and Technology (法國國立科學技術大學).



**Mr. Wong Chin Hung (黃展鴻)**, aged 42, was appointed as chief financial officer of the Company and vice president in July 2019 and is responsible for strategic planning, corporate finance, financial reporting and investor relations of our Company. Mr. Wong has over 20 years of experience in corporate governance, corporate finance, auditing and financial reporting. From January 2018 to July 2019, Mr. Wong served as chief financial officer and company secretary for Yuzhou Properties Company Limited, a company listed on the Stock Exchange (stock code: 1628), where he was responsible for corporate bond issuance, mergers and acquisitions, accounting, financial reporting and investor relations matters. Mr. Wong graduated with a bachelor's degree of Business Administration in Accounting from City University of Hong Kong. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

**Mr. Ge Lv (葛律)**, aged 37, was appointed as our vice president on April 4, 2016 and was appointed as chairman of the board of directors of our regional company in Nanjing on December 3, 2019. He is a cousin of Mr. Ge Yiyang, who is our executive Director and Chairman of the Board, the son of Mr. Ge Heming and a nephew of Mr. Ge Hekai. Mr. Ge Hekai and Mr. Ge Heming are our Controlling Shareholders. Mr. Ge Lv is primarily responsible for the commercial center, strategic investment department of the office of the board and the regional company in Jiangsu and Anhui area of the Group. He joined our Group as the assistant to the general manager of Shanghai Dafa in March 2007. From September 2009 to March 2015, Mr. Ge was the general manager of Nanjing Wisdom Warden. From February 2014 to March 2015, Mr. Ge was the director of the commercial center of the Group. From April 2015 to March 2016, Mr. Ge was the assistant president of the Group. Since April 2016, Mr. Ge has been the vice president of the Group. Mr. Ge has over 13 years of experience in the PRC real estate industry. In addition, Mr. Ge currently holds directorship or senior management position in certain subsidiaries of our Company.

Mr. Ge obtained his bachelor's degree in business management and computer science from Aston University in the U.K., in July 2006. He also obtained his executive master business administration degree from Cheung Kong Graduate School of Business in September 2017.

**Mr. Wang Xiaogang (王曉剛)**, aged 39, joined the Group in July 2018 as a project director, and was promoted to the general manager of our regional company in Shanghai area in March 2021. Prior to joining the Group, Mr. Wang served as a project general manager of Shimao Group from April 2013 to July 2018, and was responsible for the daily operation and management of a property development project.

Mr. Wang served as the head of engineering department of Zhangjiakou Xuanhua Jiayuan Real Estate Development Co., Ltd. (張家口宣化嘉源房地產開發有限公司) from November 2009 to April 2013, and he has accumulated over 10 years' experience in project management since then.

Mr. Wang graduated from Suzhou University of Science and Technology in 2002, majoring in construction engineering.

**Mr. Kong Xinguo (孔新國)**, aged 44, was appointed as the chairman of the board of directors of our regional company in Hangyong on January 9, 2020 and was re-designated as the chairman of the board of directors of our regional company in Zhejiang area on 16 November 2020. Prior to joining the Group, Mr. Kong served as the chairman of southern regional company of Zhongliang Real Estate (中梁地產) from January 2017 to April 2018, and was responsible for the daily operation and management of the region.

Mr. Kong served as the deputy general manager of China Fortune Land Development Co., Ltd. from May 2014 to January 2017 and the chief engineer head of Wanda Group from April 2012 to April 2014, and he has accumulated over ten years' experience in corporate operation and management since then.

Mr. Kong holds a doctorate degree in civil engineering from The University of Akron in the United States as well as a bachelor's and master's degree in civil engineering from Southeast University.

**Mr. Wang Zhi (王智)**, aged 35, joined the Group in April 2019 and was appointed as the general manager of our regional company in Western China area and are responsible for the daily operation and management of Western China region. Prior to joining the Group, Mr. Wang served as the regional operation director and project director of Beijing region of China SCE Group Holdings Limited (a company listed on the Stock Exchange, stock code: 1966.HK) from March 2017 to March 2019, and was responsible for the daily operation and management of Beijing region. Mr. Wang has accumulated over ten years' experience in corporate operation and management since then.

Mr. Wang holds a master's degree in municipal engineering from Shenyang Jianzhu University as well as a bachelor's degree in engineering from Jilin University.

## COMPANY SECRETARY

For details of **Mr. Wong Chin Hung (黃展鴻)**, please see “Senior Management” in this section.

**Ms. So Shuk Yi Betty (蘇淑儀)**, is one of our joint company secretaries. Ms. So currently serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over 23 years of experience in the corporate secretarial field.

Ms. So obtained a Master of Laws degree in Chinese and Comparative Law from the City University of Hong Kong in November 2004 and a Master of Business Administration degree from the University of Leicester in the United Kingdom in July 1999. Ms. So has been an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries since October 1997.

## AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Mr. Fok Ho Yin Thomas, Mr. Sun Bing and Mr. Gu Jiong. The chairman of the audit committee is Mr. Fok Ho Yin Thomas, who is the independent non-executive Director with the appropriate accounting and related financial management expertise.

## REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and make recommendations to our Directors 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, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives.

The remuneration committee consists of five members, namely Mr. Sun Bing, Mr. Fok Ho Yin Thomas, Mr. Gu Jiong, Mr. Liao Lujiang and Mr. Yang Yongwu. The chairman of the remuneration committee is Mr. Sun Bing.

## NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of five members, namely Mr. Ge Yiyang, Mr. Yang Yongwu, Mr. Fok Ho Yin Thomas, Mr. Sun Bing and Mr. Gu Jiong. The chairman of the nomination committee is Mr. Ge Yiyang.

## SHARE OPTION SCHEMES

We adopted a new share option scheme on September 10, 2018, pursuant to which selected participants may be granted options to subscribe for shares as incentives or rewards for their service rendered to our Group. As of December 31, 2020, no option was granted or agreed to be granted under such share option scheme.

## DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and enterprises. As of December 31, 2020, our indebtedness (including current and non-current interest-bearing bank and other borrowings, and senior notes) amounted to RMB12,649.2 million (US\$1,938.6 million). Subsequent to December 31, 2020, we also incurred additional indebtedness. Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

### PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks and financial institutions, including but not limited to CITIC Bank, Bank of China, China Merchants Bank, Minsheng Bank, Xiamen International Bank, Huaxia Bank, Jiaying Bank, Everbright Trust, China Huarong Asset Management Co., Ltd. These loans include project loans to finance the construction of our projects and loans to finance our working capital requirements. They have terms ranging from one year to 16 years, which generally correspond to the construction periods of the particular projects. As of December 31, 2020, the aggregate outstanding amount under these loans totaled approximately RMB6,879.6 million (US\$1,054.3 million), of which RMB1,680.9 million (US\$257.6 million) was due within one year and RMB5,198.7 million (US\$796.7 million) was due over one year. Our PRC loans are typically secured by pledges of property, plant and equipment, investment properties, properties under development and completed properties held for sale as well as guaranteed by our controlling shareholders.

### Interest

The principal amounts outstanding under the PRC loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. 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 PRC loans was 7.6% per annum.

### Covenants

Under these PRC loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- prepaying the loans;
- selling or disposing of assets; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

## **Events of Default**

The PRC loan agreements contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval, and material breach of the terms of the loan agreement. The banks 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**

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC banks and financial institutions in connection with some of the PRC loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Certain of our PRC loans are guaranteed by our controlling shareholders. Further, as of December 31, 2020, RMB6,811.6 million (US\$1,043.9 million) of the PRC loans were secured by property, plant and equipment, investment properties, properties under development and completed properties held for sale by the subsidiary borrowers and/or our other PRC subsidiaries.

## **Dividend Restrictions**

Pursuant to the loan agreements with certain PRC banks, several of our PRC subsidiaries also agreed not to distribute any dividend until the borrower fully repays the principal and interest of the loan. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries."

## **JULY 2019 NOTES**

On July 11, 2019, we entered into an indenture (as amended or supplemented from time to time, the "July 2019 Indenture") pursuant to which we issued US\$300,000,000 in aggregate principal amount of the July 2019 Notes. As of the date of this offering memorandum, US\$280,000,000 of the July 2019 Notes remains outstanding.

## **Guarantee**

The obligations pursuant to the July 2019 Notes are guaranteed by the Subsidiary Guarantors. Under certain circumstances and subject to certain conditions, a guarantee by a Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary Guarantee in the July 2019 Indenture. Each of the Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the July 2019 Notes.

## **Interest**

The July 2019 Notes bear an interest rate of 12.875% per annum, payable in arrears on January 11 and July 11 of each year, commencing January 11, 2020.

## **Covenants**

Subject to certain conditions and exceptions, the July 2019 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the certain restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;

- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

### **Events of Default**

The July 2019 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the July 2019 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the July 2019 Indenture. If an event of default occurs and is continuing, the trustee under the July 2019 Indenture or the holders of at least 25% of the outstanding July 2019 Notes may declare the principal of the July 2019 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

### **Change of Control**

Upon the occurrence of any certain event of change of control, we are obligated to make an offer to repurchase all outstanding July 2019 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

### **Maturity and Redemption**

The maturity date of the July 2019 Notes is July 11, 2021.

At any time prior to July 11, 2021, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price set forth in the terms and conditions of the July 2019 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to July 11, 2021, the Company may redeem up to 35% of the aggregate principal amount of the July 2019 Notes at a redemption price of 112.875% of the principal amount of the July 2019 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.

### **JULY 2020 NOTES**

On July 30, 2020, we entered into an indenture (as amended or supplemented from time to time, the "July 2020 Indenture") pursuant to which we issued on July 30, 2020, October 21, 2020 and December 17, 2020, respectively, US\$360,000,000 in aggregate principal amount of the July 2020 Notes. As of the date of this offering memorandum, the entire principal amount of the July 2020 Notes remains outstanding.

### **Guarantee**

The obligations pursuant to the July 2020 Notes are guaranteed by the Subsidiary Guarantors. Under certain circumstances and subject to certain conditions, a guarantee by a Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary Guarantee in the July 2020 Indenture. Each of the Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the July 2020 Notes.

## **Interest**

The July 2020 Notes bear an interest rate of 12.375% per annum, payable semi-annually in arrears on January 30 and July 30 of each year, commencing January 30, 2021.

## **Covenants**

Subject to certain conditions and exceptions, the 2022 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the certain restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

## **Events of Default**

The July 2020 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the July 2020 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the July 2020 Indenture. If an event of default occurs and is continuing, the trustee under the July 2020 Indenture or the holders of at least 25% of the outstanding July 2020 Notes may declare the principal of the July 2020 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

## **Change of Control**

Upon the occurrence of any certain event of change of control, we are obligated to make an offer to repurchase all outstanding July 2020 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

## ***Maturity and Redemption***

The maturity date of the July 2020 Notes is July 30, 2022.

At any time prior to July 30, 2022, the Company may at its option redeem the July 2020 Notes, in whole but not in part, at a redemption price 100% of the principal amount of the July 2020 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to July 30, 2022, the Company may redeem up to 35% of the aggregate principal amount of the July 2020 Notes at a redemption price of 112.375% of the principal amount of the July 2020 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.

## **ORIGINAL NOTES**

On January 19, 2021, we issued US\$180,000,000 in aggregate principal amount of the Original Notes. For description of the Original Notes, see “Description of the Notes.”

## **MARGIN FACILITIES**

We, as borrower, have entered into margin facilities agreements and term sheets with offshore financial institutions, including, without limitation, CCB International Securities Limited, Yue Xiu Securities Company Limited, CMB International Capital Corporation Limited, Zhongtai International Securities Limited and China Tonghai Securities Ltd. These facility agreements and term sheets generally have customary covenants and bear interest at fixed interest rate or floating rates by reference to HSBC Prime Rate or Hong Kong Interbank Offered Rate. As of the date of this offering memorandum, the aggregate outstanding principal amount under these offshore facility agreements and term sheets is approximately HK\$225.6 million.

## DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to DaFa Properties Group Limited (大發地產集團有限公司), 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 issued pursuant to this offering memorandum (the “New Notes”) are to be issued under an indenture (the “Indenture”), dated January 19, 2021, among the Company, the Subsidiary Guarantors, as guarantors, and China Construction Bank (Asia) Corporation Limited, as trustee (the “Trustee”). The New Notes constitute Additional Notes under the Indenture and are identical in all respects to the Original Notes except for the issue date and issue price. The New Notes and the Original Notes will be consolidated and form a single class and vote together for all purposes as one class on all matters with respect to the Notes. Unless the context requires otherwise, references in this section to “Notes” means the New Notes and the Original Notes. The total principal amount of the New Notes to be issued is US\$100,000,000. Upon the issue of the New Notes, the aggregate principal amount of outstanding Notes will be US\$280,000,000.

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 are available upon prior written request and proof of holding to the satisfaction of the Trustee, during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than a public holiday)) at the corporate trust office of the Trustee at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong or sent by the Trustee to the Holders by email.

### 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 Subsidiary Guarantees and the 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 January 18, 2022, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes (including the New 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 (including the New Notes) that are actually issued. The Notes bear interest at 9.95% 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 July 19, 2021 and January 18, 2022 (each an “Interest Payment Date”).



Interest on the Notes will be paid to Holders of record at the close of business on July 4, 2021 and January 3, 2022 immediately preceding an Interest Payment Date (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 Trustee, 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 New 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 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 in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which currently is an office of the Paying and Transfer Agent, currently located at c/o 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, 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). 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 executed the Indenture on the Original Issue Date consist of all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC (the “PRC Non-Guarantor Subsidiaries”) and the Initial Other Non-Guarantor Subsidiaries (as defined below). The Subsidiary Guarantors are holding companies that do not have significant operations.

The initial Subsidiary Guarantors are Dafa Blooms Limited and YinYi Holdings (Hong Kong) Limited (垠壹香港有限公司).

Other than the initial Subsidiary Guarantors, none of the Company’s other Restricted Subsidiaries organized outside the PRC as of the Original Issue Date (collectively, the “Initial Other Non-Guarantor Subsidiaries”) or 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 such Listed Subsidiary 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 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 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) 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 (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 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 RMB12,649.2 million (US\$1,938.5 million), of which approximately RMB7,017.7 million (US\$1,075.5 million) was secured.

As of December 31, 2020, the Non-Guarantor Subsidiaries had total indebtedness of approximately RMB6,879.6 million (US\$1,054.3 million) and the Non-Guarantor Subsidiaries had capital commitments of approximately RMB4,346.9 million (US\$666.2 million) and contingent liabilities of approximately RMB6,356.0 million (US\$974.1 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
- 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,” together with the Initial Other 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 20.0% 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 Guarantee 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) jointly and severally guarantees 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 have (1) agreed 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) waived 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 is 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 Subsidiary Guarantees and the 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 20.0% 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 Officer's 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 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 this offering memorandum, all of the Company’s Subsidiaries are “Restricted Subsidiaries.” However, under the circumstances described under “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company are permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries are generally not subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries do 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 January 18, 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 January 18, 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 109.95% 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. 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 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 or by applicable stock exchange or clearing system requirements.

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 — 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 or any other person 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), 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 accept such certificate and opinion 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 certificate and opinion, and is not obligated to investigate or verify any information in such certificate and opinion.

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 clauses (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 30.0% 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\$30.0 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 all 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 30.0% 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 30.0% 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 all such Indebtedness and after giving effect thereto, the sum of (1) 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 30.0% 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\$20.0 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 all 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) and (q) 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 30.0% 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 all 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) 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 30.0% 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 all 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), (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 30.0% 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), (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 30.0% 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 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, 2018 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\$10.0 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 for any fiscal year shall not exceed US\$2.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (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) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (A) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (B) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, 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 2019 with respect to the fiscal year ended December 31, 2018 or, with respect to any fiscal year ending after the Original Issue Date, in an aggregate amount not to exceed 20.0% of profit for year for any fiscal year ending after the Original Issue Date;
- (13) payments, including distributions, made under or in connection with any Perpetual Securities Obligation pursuant to the terms thereof; or
- (14) the distribution or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture,

*provided* that, in the case of clause (2), (3) or (4) of the preceding 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 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.

#### **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 favourable 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 clauses (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;
- (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; and
- (7) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (6) or (7) (to the extent such Restricted Payment would constitute Affiliate Transaction) of the second paragraph of the covenant entitled “— Limitation on Restricted Payments.”

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 and (iv) any Affiliate Transaction that is conducted in accordance with the relevant rules and regulations 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; *provided* that in the case of 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).

### **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 Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased 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 issued on the Original Issue Date, 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, under “Use of Proceeds” in the offering memorandum relating to the Original Notes or this offering memorandum, as applicable (or in the case of Additional Notes (other than the New Notes), the offering document relating to the sale 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; (3) 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”; (4) 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 (5) 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.

### **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 or other 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, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

## EVENTS OF DEFAULT

The following events are 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 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\$10.0 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\$10.0 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 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 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 shall, upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security), 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 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 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 reasonably 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 reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with written such 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; 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 defaults 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 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 such event 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 rely on any Opinion of Counsel or Officers' Certificate regarding whether 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 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 or the Notes 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 or the Notes 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 provides 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 provides 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 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 will remain liable for such payments.

## **AMENDMENTS AND WAIVER**

### **Amendments Without Consent of Holders**

The Indenture or the Notes may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes; *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 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 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 — Limitations 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 has been appointed as Trustee under the Indenture, as 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 a 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 such Holder shall have offered to the Trustee security and/or indemnity satisfactory to it against loss, liability or expense. It may not be possible for the Trustee to take certain actions whether in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take such actions, notwithstanding the provision of an indemnity to it, and it will be for Holders to take such actions directly.

The Trustee and the Agents will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from the exercise or non-exercise of their discretion. Whenever in the Indenture, the Notes or by law, the Trustee shall have discretion or permissive power, it may decline to exercise the same in the absence of approval by the Holders. In exercising their respective duties, the Trustee and the Agents shall not be responsible for the verification of the accuracy or completeness of any certification or legal opinion submitted to them by the Company and are entitled to rely exclusively on the certification and the opinion, and take action based on the information contained in, the certification or the legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company and the Subsidiary Guarantors in the fulfilment of its obligations under the Indenture, the Notes and the Subsidiary Guarantees. The Trustee and the Agents shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee and the Agents shall not be deemed to have knowledge of any event unless it has been actually notified in writing of such default or event of default.

The Trustee and the Agents shall not be responsible for the performance by any other person appointed by the Company in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Trustee in accordance with the instructions of the Holders pursuant to the terms of the Indenture.

The Trustee and the Agents are entitled to rely on all instructions, notices, declarations and certifications received pursuant to the Indenture without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Company or any other persons unless otherwise specified in the Indenture.

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 shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Company, any Subsidiary Guarantor and any JV Subsidiary Guarantor, and neither the Trustee nor the Agents shall at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

## **BOOK-ENTRY; DELIVERY AND FORM**

The New Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Note”). On the issue date of the New Notes, the Global Note representing the New Notes will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream. Under the Indenture, the Trustee and the Agents are entitled to be indemnified and/or secured and relieved from liability or responsibility in certain circumstances and will be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Holders.

## **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 depository 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 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 principal 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. The Company 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 and the Trustee 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 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 depositary 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 depositary, 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. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

## **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 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 depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed by the Company 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 a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depository or a Holder, as the case may be, the Company will use its best efforts to make arrangements with the common depository 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 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, of (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. 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) have irrevocably (1) submitted 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) designated and appointed 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 is or will be, as applicable, 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 January 18, 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 January 18, 2022, plus all required remaining scheduled interest payments due on such Note through January 18, 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 (ii) 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) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (5) 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
- (6) 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 January 18, 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 January 18, 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 received by the Trustee) 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 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 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); 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 S.A./N.V.

“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) any Perpetual Securities Obligation; *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 S&P or any of its successors or assigns, a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody’s or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Moody’s or both of them, as the case may be.

“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.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“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 Paying and Transfer 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 Paying and Transfer 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 Paying and Transfer 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 Paying and Transfer 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 January 19, 2021, the date on which the Original Notes were 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 Ge Hekai and Mr Ge Yiyang;
- (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 primarily engaged in a Permitted Business (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 25.0% 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;
- (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 or a Restricted Subsidiary or by reason of being a Restricted Subsidiary, a Minority Joint Venture or Unrestricted Subsidiary), such Investment shall comply with the requirements of 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(a), (b), (d), (f) and (g) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 20.0% 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 Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (lastly amended on November 4, 2017 and superseded by the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995 (lastly amended on November 17, 2017 and superseded by the Regulation for Implementing the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020), as such laws 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).

“Qualified IPO” means an initial public offering, and a listing, of ordinary shares of a company on a Qualified Exchange; *provided that* in the case that such listing is on 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), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

“Rating Agencies” means (1) S&P, (2) Moody’s and (3) if S&P or Moody’s or both of them shall not make a rating of the Company publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody’s or both of them, as the case may be.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the Company has decreased by one or more gradations, gradations within Rating Categories (“+” or “-” for S&P and “1,” “2” or “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation; with respect to Moody’s, a decline in a rating from “Ba1” to “Ba2,” as well as from “Ba3” to “B1,” 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 “— 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 Company is under publicly announced consideration for possible downgrade by either of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under “— Consolidation, Merger and Sale of Assets,” the notification by either of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (A) in the event the Company is rated by both of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Company by either Rating Agency shall be below Investment Grade;
- (B) in the event the Company is rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Company by such Rating Agency shall be below Investment Grade; or
- (C) in the event the Company is rated by two or fewer than the two Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Company by any such 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, 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 advisors 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 on certain Cayman Islands income 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 circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest and principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest and 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 Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Act. In accordance with the provision of section 6 of The Tax Concessions Act, the Governor in Cabinet undertakes with the Company:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act.

These concessions shall be for a period of 20 years from February 19, 2018.

### 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) or 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 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 or transfer (for so long as the register of holders of the Notes is maintained outside Hong Kong) of a Note.

## **PRC TAXATION**

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 advisors 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.* PRC income tax at the rate of 10% (or lower treaty rate, if any) is 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, to the extent such interest is derived from sources within the PRC. Any gain realized on the transfer of the Notes by such investors is subject to a 10% (or lower treaty rate, if any) PRC income tax if such gain is regarded as income of a “non-resident enterprise” derived from sources within the PRC. As advised by Jingtian & Gongcheng, our PRC legal counsel, there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC tax (which in the case of interest may be withheld at source) at the rate of 10% where the holder is an enterprise pursuant to the EIT Law, or at the rate of 20% where the holder is an individual pursuant to PRC individual income tax laws. See “Risk Factors — Risks Relating to Conducting Business in the PRC — We may be deemed as a PRC resident under the EIT Law and be subject to PRC taxation on our worldwide income” and “— Risks Relating to the Notes — Interest payable by us to our foreign investors and gain on sale of our Notes may be subject to withholding taxes under PRC tax laws.”

*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 Guotai Junan Securities (Hong Kong) Limited and China Galaxy International Securities (Hong Kong) Co., Ltd. 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 New Notes set forth opposite their respective names below.

<b>Initial Purchasers</b>	<b>Principal Amount of the New Notes</b>
Guotai Junan Securities (Hong Kong) Limited .....	US\$70,000,000
China Galaxy International Securities (Hong Kong) Co., Ltd. ....	US\$30,000,000
<b>Total</b> .....	<b>US\$100,000,000</b>

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the New 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 New 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 New 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 New 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 New 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 of 10 days from the date on which the New Notes are issued, 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 New Notes or any debt securities issued in the PRC).

The New Notes will constitute a new issue of securities with no established trading market. The Original Notes are listed on the Hong Kong Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the New 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 New 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 New Notes, that you will be able to sell your New 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 New Notes. However, the Initial Purchasers are not obligated to do so and they may discontinue any market-making activities with respect to the New Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the New Notes.

We expect to deliver the New Notes against payment for the New 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 New 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 New Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the New Notes initially will settle in T+4, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the New Notes who wish to trade the New 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 New Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the New Notes, the Initial Purchasers and/or their respective affiliate(s) may act as an investor for its own account and may take up New 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 New Notes. Accordingly, references herein to the New Notes being offered should be read as including any offering of the New 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.

## **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 New 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 New 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 New 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 New 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.”

### **EEA**

#### ***Prohibition of sales to EEA retail investors***

The New Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of 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

### *Prohibition of sales to UK Retail Investors*

The New Notes are not intended to be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (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; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes.

### *Other regulatory restrictions*

Each Initial Purchaser has represented and agreed that:

- (a) in relation to any New Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any New Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the New Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any New Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Parent Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any New 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 New Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (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 New 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 New 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 New 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 New Notes. Accordingly, the New 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 New Notes may not be circulated or distributed, nor may the New 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 New 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 New 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 New 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 New Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, and the New 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 New 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 New 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 New 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 New 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 New 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 New Notes.

The New 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 New 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 New 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 New Notes in an offshore transaction in accordance with Regulation S;
2. represented that it is purchasing the New 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 New 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 New 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 New Notes of any restrictions on the transfer of such New 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 New 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 New Notes. You agreed that you have had access to such financial and other information concerning us and the New Notes as you have deemed necessary in connection with your decision to purchase the New Notes including an opportunity to ask questions of and request information from us;
6. represented that you are purchasing the New 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 New Notes in violation of the U.S. Securities Act;
7. acknowledged that the New 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 TRUSTEE'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 New 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 New 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**

We have been assigned a long-term corporate credit rating of B2 with a stable outlook by Moody's Investors Service. As of the date of this offering memorandum, there has not been any downgrading on our long-term issuer rating by other rating agencies. The ratings 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.

## **LEGAL MATTERS**

Certain legal matters with respect to the New Notes will be passed upon for us by Sidley Austin as to matters of United States federal and New York law and Hong Kong law, Jingtian & Gongcheng as to matters of PRC law and Conyers Dill & Pearman as to matters of Cayman Islands law and as to matters of British Virgin Islands law. Certain legal matters will be passed upon the Initial Purchasers by Shearman & Sterling as to matters of United States federal and New York law and JunHe LLP as to matters of PRC law.

## **INDEPENDENT ACCOUNTANTS**

The consolidated financial statements as of and for the three years ended December 31, 2018, 2019 and 2020, included in this offering memorandum, have been 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 British Virgin Islands and Hong Kong in connection with the issue and performance of the New Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the New Notes have been authorized by a resolution of our board of directors dated June 3, 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 New Notes.

### NO MATERIAL ADVERSE CHANGE

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 New Notes.

### LISTING

The Original Notes are listed on the Hong Kong Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the New Notes by way of debt issues to Professional Investors only as described in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange 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 New Notes to the official list of the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the New Notes or us.

### DOCUMENTS AVAILABLE

For so long as any of the Notes is outstanding, copies of the Indenture will be available upon prior written request and proof of holding to the satisfaction of the Trustee, during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than a public holiday)) 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 or sent by the Trustee to the Holders by email.

For so long as any of the Notes is outstanding, copies of the accountants' reports and/or our published financial statements, if any, including the accountants' report set out in the section entitled "Index to Consolidated Financial Statements" in this offering memorandum, may be obtained during normal business hours on any weekday (except public holidays) at the principal registered office of the Company.

### 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:

	<u>ISIN</u>	<u>Common Code</u>
The Notes.....	XS2286017640	228601764

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

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*Notes:*

- (1) The audited consolidated statements set out herein have been reproduced from the Company's annual report for the year ended December 31, 2020 and page references are to pages set forth in such report.
- (2) The audited consolidated financial statements set out herein have been reproduced from the Company's annual report for the year ended December 31, 2019 and page references are to pages set forth in such report.



# INDEPENDENT AUDITOR'S REPORT

## 獨立審計師報告



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**To the shareholders of DaFa Properties Group Limited**  
(Incorporated in the Cayman Islands with limited liability)

**致大发地产集团有限公司股東**  
(於開曼群島註冊成立的有限公司)

### OPINION

We have audited the consolidated financial statements of DaFa Properties Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 135 to 330, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of 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.

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 (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the 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.

### 意見

吾等已審計第135至330頁所載大发地产集团有限公司(「**貴公司**」)及其子公司(「**貴集團**」)之綜合財務報表，此等綜合財務報表包括於2020年12月31日之綜合財務狀況表與截至該日止年度之綜合損益表及綜合全面收入表、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。

吾等認為，綜合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**」)頒佈之國際財務報告準則(「**國際財務報告準則**」)真實公平地反映 貴集團於2020年12月31日之綜合財務狀況以及截至該日止年度之綜合財務表現及綜合現金流量，並已按照香港公司條例之披露規定妥為編製。

### 意見的基礎

吾等根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審計準則(「**香港審計準則**」)進行審計。吾等在該等準則下承擔的責任已在報告審計師就審計綜合財務報表須承擔的責任一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師職業道德守則(「**守則**」)，吾等獨立於 貴集團，並已根據守則履行其他職業道德責任。吾等相信，吾等所獲得的審計憑證能充足及適當地為吾等的意見提供基礎。

# INDEPENDENT AUDITOR'S REPORT *(Continued)*

## 獨立審計師報告 (續)

### 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.

### 關鍵審計事項

關鍵審計事項是指根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在吾等審計整體綜合財務報表及出具意見時進行處理的，且吾等不會對該等事項提供單獨的意見。有關吾等的審計如何處理下述各項事項的描述乃以此為背景。

吾等已履行報告審計師就審計綜合財務報表須承擔的責任一節中所述責任，包括有關該等事項的責任。因此，吾等的審計包括執行為應對綜合財務報表重大錯報風險的評估而設的程序。審計程序（包括下文處理事項進行之程序）之結果為隨附之綜合財務報表的審計意見提供基礎。

# INDEPENDENT AUDITOR'S REPORT (Continued)

## 獨立審計師報告 (續)

### KEY AUDIT MATTERS (CONTINUED)

### 關鍵審計事項 (續)

#### Key audit matter

#### 關鍵審計事項

#### Valuation of investment properties 投資物業之估值

The Group owns investment properties in Mainland China which are measured at fair value and the aggregate carrying amount was approximately RMB2,723,700,000 as at 31 December 2020, representing 7.8% and 31.0% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2020.

貴集團在中國內地擁有多項按公允價值計量的投資物業，該等物業於2020年12月31日的總賬面值約為人民幣2,723,700,000元，分別佔 貴集團總資產及淨資產的7.8%及31.0%。貴集團已聘請外部估值師於2020年12月31日對該等物業進行估值。

Significant judgement is required to determine the fair values of the investment properties, which reflect market conditions as at the end of the year. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values. Accordingly, the valuation of investment properties was identified as a key audit matter.

在釐定投資物業的公允價值時需要作出重大判斷，該等公允價值反映年末的市況。採用不同的估值技術及假設可能導致公允價值估計出現重大差異。因此，投資物業的估值被確定為關鍵審計事項。

The accounting policies and disclosures of the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

有關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14。

#### How our audit addressed the key audit matter

#### 吾等的審計如何處理關鍵審計事項

We performed the following procedures to address the valuation of investment properties:

吾等已執行以下程序以對投資物業進行評估：

- evaluating the competency, independence and objectivity of the external valuer, and assessing the valuation approach used by the external valuer;
- 評估外部估值師的能力、獨立性及客觀性，並評估外部估值師所使用的估值方法；
- with the assistance of our internal valuation experts, assessing the reasonableness of the assumptions such as the capitalisation rate, vacancy rate and sale prices used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors;
- 經考慮兼容性及市場因素後，透過將其與可用行業數據進行對比，在內部估值專家的協助下，評估估值所用假設（如資本化率、空置率及售價等）的合理性；
- testing the accuracy of the property related data used as inputs for the valuations; and
- 測試用作估值輸入數據的物業相關數據的正確性；及
- evaluating the disclosures of the valuation of the investment properties.
- 評估對投資物業估值所作的披露。

# INDEPENDENT AUDITOR'S REPORT (Continued)

## 獨立審計師報告(續)

### KEY AUDIT MATTERS (CONTINUED)

### 關鍵審計事項(續)

#### Key audit matter

#### 關鍵審計事項

#### Provision for land appreciation tax 土地增值稅撥備

The Group is a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China is 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. At the end of each reporting period, the management of the Group estimates the provision for LAT based on its 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. When the LAT is subsequently determined, the actual payments may be different from the estimates.

貴集團為一家中國內地的物業開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。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分之一。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。於各報告期末，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、借貸成本及開發支出）作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。

The disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

有關土地增值稅撥備的披露載於綜合財務報表附註3及10。

#### How our audit addressed the key audit matter

#### 吾等的審計如何處理關鍵審計事項

We performed the following procedures to address the provision for land appreciation tax:

吾等已執行以下程序，以處理土地增值稅撥備：

- with the assistance of our internal tax specialists, performing a review on the LAT position, including the review of the estimates and assumptions used by the Group;
- 在我們的內部稅務專家的協助下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；
- forming an independent view on the tax exposure based on communications between the Group and the relevant tax authorities; and
- 根據 貴集團與相關稅務部門間的溝通形成有關稅務風險的獨立意見；及
- recalculating the tax computation and comparing our calculations with the amounts recorded by the Group.
- 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。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告 (續)

#### 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.

#### 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審計師報告。

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。

就吾等審計綜合財務報表而言，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計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。於此方面，吾等並無任何報告。

#### 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的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告 (續)

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

#### 董事就綜合財務報表須承擔的責任 (續)

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。

審計委員會協助貴公司董事履行其監督貴集團財務報告程序的責任。

#### 審計師就審計綜合財務報表須承擔的責任

吾等的目標為合理確定此等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審計師報告。本報告的編製，僅向全體股東報告，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。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告 (續)

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

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.

#### 審計師就審計綜合財務報表須承擔的責任 (續)

合理確定屬高層次的核證，惟根據香港審計準則進行的審計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該等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計的過程中，吾等運用專業判斷，並於整個審計過程中保持專業懷疑態度。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、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，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。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告 (續)

#### 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.

#### 審計師就審計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，並根據所獲取的審計憑證，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，則有必要在審計師報告中提請使用者注意綜合財務報表中的相關披露，或倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至審計師報告日期止所取得的審計憑證而作出。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計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督及執行。吾等就審計意見承擔全部責任。



## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告 (續)

#### 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 Ho Wai Ling.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
25 March 2021

#### 審計師就審計綜合財務報表須承擔的責任 (續)

吾等與審計委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現進行溝通,該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向審計委員會作出聲明,指出吾等已符合有關獨立性的相關道德要求,並與其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,以及為消除威脅而採取的行動或相關防範措施(如適用)。

從與審計委員會溝通的事項中,吾等確定對本期綜合財務報表的審計至關重要的事項,因而構成關鍵審計事項。吾等在審計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。

出具本獨立審計師報告的審計項目合夥人為 Ho Wai Ling。

安永會計師事務所  
執業會計師  
香港  
2021年3月25日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>REVENUE 收益</b>	5	<b>9,188,494</b>	7,398,245
Cost of sales 銷售成本		<b>(7,270,798)</b>	(5,701,515)
<b>Gross profit 毛利</b>		<b>1,917,696</b>	1,696,730
Finance income 融資收入		<b>26,151</b>	18,262
Other income and gains 其他收入及收益	5	<b>345,471</b>	21,706
Selling and distribution expenses 銷售及分銷開支		<b>(289,666)</b>	(269,258)
Administrative expenses 行政開支		<b>(449,526)</b>	(393,259)
Other expenses 其他開支		<b>(26,110)</b>	(35,690)
Impairment losses on financial assets, net 淨金融資產減值虧損		<b>(2,639)</b>	(423)
Fair value (losses)/gains, net: 公允價值淨(虧損)/收益:			
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產		<b>(2,893)</b>	58,363
Fair value (losses)/gains on investment properties 投資物業的公允價值(虧損)/收益		<b>(8,164)</b>	57,476
Finance costs 融資成本	7	<b>(235,457)</b>	(249,760)
Share of profits and losses of: 分佔利潤及虧損:			
Joint ventures 合營企業		<b>(15,364)</b>	(23,176)
Associates 聯營公司		<b>(9,277)</b>	70,235
<b>PROFIT BEFORE TAX 除稅前利潤</b>	6	<b>1,250,222</b>	951,206
Income tax expense 所得稅費用	10	<b>(534,888)</b>	(350,466)
<b>PROFIT FOR THE YEAR 年內利潤</b>		<b>715,334</b>	600,740
Attributable to: 以下人士應佔:			
Owners of the parent 母公司擁有人		<b>338,859</b>	515,821
Non-controlling interests 非控股權益		<b>376,475</b>	84,919
		<b>715,334</b>	600,740
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT 母公司普通權益持有人應佔每股盈利</b>			
Basic and diluted 基本及攤薄	12	<b>RMB0.41 人民幣0.41元</b>	RMB0.62 人民幣0.62元

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收入表

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	2020 2020年 人民幣千元 RMB'000	2019 2019年 人民幣千元 RMB'000
<b>PROFIT FOR THE YEAR 年內利潤</b>	<b>715,334</b>	600,740
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods: 後續期間並無重新分類為損益的其他全面(虧損)/收入：		
Equity investments designated at fair value through other comprehensive income: 指定為按公允價值計入其他全面收入的股權投資：		
Changes in fair value 公允價值變動	(20,641)	9,342
Income tax effect 所得稅項影響	5,160	(2,335)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods 後續期間並無重新分類為損益的其他淨全面(虧損)/收入	<b>(15,481)</b>	7,007
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX 年內其他全面(虧損)/收入，扣除稅項	<b>(15,481)</b>	7,007
TOTAL COMPREHENSIVE INCOME FOR THE YEAR 年內總全面收入	<b>699,853</b>	607,747
Attributable to: 以下人士應佔：		
Owners of the parent 母公司擁有人	<b>323,378</b>	522,828
Non-controlling interests 非控股權益	<b>376,475</b>	84,919
	<b>699,853</b>	607,747

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

31 DECEMBER 2020 2020年12月31日

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>			
Property, plant and equipment 物業、廠房及設備	13	112,938	130,976
Investment properties 投資物業	14	2,723,700	2,798,600
Right-of-use assets 使用權資產	15(a)	5,064	6,964
Intangible assets 無形資產	16	14,971	10,053
Investments in joint ventures 於合營企業的投資	17	403,777	92,794
Investments in associates 於聯營公司的投資	18	1,876,466	1,783,333
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	21	95,100	115,742
Deferred tax assets 遞延稅項資產	19	228,485	271,877
<b>Total non-current assets 總非流動資產</b>		<b>5,460,501</b>	5,210,339
<b>CURRENT ASSETS 流動資產</b>			
Properties under development 在建物業	22	12,676,017	9,844,872
Completed properties held for sale 已竣工持作銷售物業	23	2,042,689	2,864,311
Trade receivables 貿易應收款項	24	13,860	13,528
Due from related companies 應收關聯公司款項	40	2,204,035	2,028,836
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	25	4,202,111	2,121,365
Tax recoverable 可收回稅項		258,105	328,254
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20	937,053	596,030
Restricted cash 受限制現金	26	2,128,643	1,115,487
Pledged deposits 已質押存款	26	1,256,204	766,669
Cash and cash equivalents 現金及現金等價物	26	3,891,229	2,811,566
<b>Total current assets 總流動資產</b>		<b>29,609,946</b>	22,490,918
<b>CURRENT LIABILITIES 流動負債</b>			
Trade and bills payables 貿易應付款項及應付票據	27	2,289,005	2,247,171
Other payables and accruals 其他應付款項及應計費用	28	2,329,049	1,887,152
Contract liabilities 合同負債	29	7,073,740	7,062,738
Due to related companies 應付關聯公司款項	40	780,294	577,398
Interest-bearing bank and other borrowings 計息銀行及其他借貸	30	1,887,593	2,476,816
Senior notes 優先票據	31	3,217,164	843,395
Lease liabilities 租賃負債	15(b)	2,008	4,819
Tax payable 應付稅項	10	686,423	752,152
<b>Total current liabilities 總流動負債</b>		<b>18,265,276</b>	15,851,641
<b>NET CURRENT ASSETS 淨流動資產</b>		<b>11,344,670</b>	6,639,277
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>		<b>16,805,171</b>	11,849,616

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

## 綜合財務狀況表 (續)

31 DECEMBER 2020 2020年12月31日

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>NON-CURRENT LIABILITIES 非流動負債</b>			
Interest-bearing bank and other borrowings 計息銀行及其他借貸	30	5,198,726	3,622,333
Senior notes 優先票據	31	2,345,678	2,150,361
Lease liabilities 租賃負債	15(b)	3,073	2,240
Deferred tax liabilities 遞延稅項負債	19	471,126	417,199
Total non-current liabilities 總非流動負債		8,018,603	6,192,133
<b>Net assets 淨資產</b>			
<b>EQUITY 權益</b>			
<b>Equity attributable to owners of the parent 母公司擁有人應佔權益</b>			
Share capital 股本	32	730	730
Reserves 儲備	33	3,660,920	3,422,225
		3,661,650	3,422,955
<b>Non-controlling interests 非控股權益</b>			
		5,124,918	2,234,528
<b>Total equity 總權益</b>			
		8,786,568	5,657,483

Mr. Ge Yiyang

葛一陽先生

Director

董事

Mr. Liao Lujiang

廖魯江先生

Director

董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Attributable to owners of the parent 母公司擁有人應佔										
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	資產重估儲備	公允價值儲備	保留利潤	總計	非控股權益	總權益
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	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	人民幣千元	人民幣千元
	Note 32	Note 33(a)	Note 33(d)	Note 33(b)	Note 33(c)	Note 33(e)	Note 33(f)				
	附註32	附註33(a)	附註33(d)	附註33(b)	附註33(c)	附註33(e)	附註33(f)				
At 1 January 2019 於2019年1月1日	730	1,249,269	(43,000)	(7,534)	191,765	15,134	(4,200)	1,680,868	3,083,032	162,933	3,245,965
Profit for the year 年內利潤	-	-	-	-	-	-	-	515,821	515,821	84,919	600,740
Other comprehensive income for the year: 年內其他全面收入：											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax 指定為按公允價值計入其他全面收入的股權 投資公允價值變動，扣除稅項	-	-	-	-	-	-	7,007	-	7,007	-	7,007
Total comprehensive income for the year 年內總全面收入	-	-	-	-	-	-	7,007	515,821	522,828	84,919	607,747
Capital contribution from non-controlling shareholders of subsidiaries 子公司非控股股東注資	-	-	-	-	-	-	-	-	-	1,985,055	1,985,055
Acquisition of non-controlling interests 收購非控股權益	-	-	-	(349)	-	-	-	-	(349)	-	(349)
Disposal of subsidiaries 出售子公司	-	-	-	-	-	-	-	-	-	2,383	2,383
Disposal of partial interests in subsidiaries without losing control 出售子公司部分權益而無失去控制權	-	-	-	863	-	-	-	-	863	(762)	101
Appropriations to statutory surplus reserve 轉發至法定盈餘儲備	-	-	-	-	110,165	-	-	(110,165)	-	-	-
Dividends and distributions 股息及分派	-	-	-	-	-	-	-	(183,419)	(183,419)	-	(183,419)
At 31 December 2019 於2019年12月31日	730	1,249,269*	(43,000)*	(7,020)*	301,930*	15,134*	2,807*	1,903,105*	3,422,955	2,234,528	5,657,483

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

## 綜合權益變動表 (續)

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Attributable to owners of the parent 母公司擁有人應佔										
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	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	人民幣千元	人民幣千元
	Note 32	Note 33(a)	Note 33(d)	Note 33(b)	Note 33(c)	Note 33(e)	Note 33(f)				
	附註32	附註33(a)	附註33(d)	附註33(b)	附註33(c)	附註33(e)	附註33(f)				
At 1 January 2020 於2020年1月1日	730	1,249,269*	(43,000)*	(7,020)*	301,930*	15,134*	2,807*	1,903,105*	3,422,955	2,234,528	5,657,483
Profit for the year 年內利潤	-	-	-	-	-	-	-	338,859	338,859	376,475	715,334
Other comprehensive loss for the year: 年內其他全面虧損:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax 指定為按公允價值計入其他全面收入的股權 投資公允價值變動，扣除稅項	-	-	-	-	-	-	(15,481)	-	(15,481)	-	(15,481)
Total comprehensive income for the year 年內總全面收入	-	-	-	-	-	-	(15,481)	338,859	323,378	376,475	699,853
Capital contribution from non-controlling shareholders of subsidiaries 子公司非控股股東注資	-	-	-	-	-	-	-	-	-	2,502,271	2,502,271
Acquisition of subsidiaries (note 35) 收購子公司(附註35)	-	-	-	-	-	-	-	-	-	22,538	22,538
Acquisition of non-controlling shareholders 收購非控股股東	-	-	-	(296)	-	-	-	-	(296)	-	(296)
Disposal of subsidiaries (note 36) 出售子公司(附註36)	-	-	-	-	-	-	-	-	-	(2,200)	(2,200)
Disposal of partial interests in subsidiaries without losing control 出售子公司部分權益而無失去控制權	-	-	-	57	-	-	-	-	57	(57)	-
Appropriations to statutory surplus reserve 轉撥至法定盈餘儲備	-	-	-	-	132,775	-	-	(132,775)	-	-	-
Dividends paid to non-controlling shareholders 已付非控股股東股息	-	-	-	-	-	-	-	-	-	(8,637)	(8,637)
Dividends and distributions 股息及分派	-	-	-	-	-	-	-	(84,444)	(84,444)	-	(84,444)
At 31 December 2020 於2020年12月31日	730	1,249,269*	(43,000)*	(7,259)*	434,705*	15,134*	(12,674)	2,024,745	3,661,650	5,124,918	8,786,568

\* These reserve accounts comprise the consolidated reserves of RMB3,660,920,000 (2019: RMB3,422,225,000) in the consolidated statement of financial position.

\* 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣3,660,920,000元(2019年: 人民幣3,422,225,000元)。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>經營活動產生的現金流量</b>			
Profit before tax 除稅前利潤		<b>1,250,222</b>	951,206
Adjustments for: 調整:			
Depreciation of items of property, plant and equipment 物業、廠房及設備項目折舊	6, 13	<b>16,968</b>	18,020
Depreciation of right-of-use assets 使用權資產折舊	6, 15(a)	<b>6,327</b>	5,530
Amortisation of intangible assets 無形資產攤銷	6, 16	<b>1,849</b>	1,198
Loss on disposal of items of property, plant and equipment, net 出售物業、廠房及設備項目淨虧損		<b>23</b>	475
Gain on disposal of associates 出售聯營公司收益	5	<b>(463)</b>	–
Gain on disposal of subsidiaries, net 淨出售子公司收益	5, 36	<b>(103,745)</b>	(2,362)
Remeasurement gain on investments in joint ventures and an associate held before business combination 業務合併前所持於合營企業及聯營公司的投資的重新計量收益	5	<b>(18,631)</b>	–
Gain on bargain purchase 議價購買收益	5, 35	<b>(267)</b>	–
Share of profits and losses of: 分佔利潤及虧損:			
Joint ventures 合營企業		<b>15,364</b>	23,176
Associates 聯營公司		<b>9,277</b>	(70,235)
Changes in fair value of investment properties 投資物業的公允價值變動	14	<b>8,164</b>	(57,476)
Fair value (losses)/gains, net: 公允價值淨(虧損)/收益:			
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產		<b>2,893</b>	(58,363)
Impairment losses on financial assets, net 淨金融資產減值虧損	25	<b>2,639</b>	423
Finance costs 融資成本	7	<b>235,457</b>	249,760
Finance income 融資收入		<b>(26,151)</b>	(18,262)
		<b>1,399,926</b>	1,043,090
Increase in properties under development and completed properties held for sale 在建物業及已竣工持作銷售物業增加		<b>(1,164,097)</b>	(325,852)
(Increase)/decrease in trade receivables 貿易應收款項(增加)/減少		<b>(332)</b>	20,003
Increase in prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產增加		<b>(2,754,991)</b>	(1,754,297)
Decrease/(increase) in amounts due from related parties 應收關聯方款項減少/(增加)		<b>27,827</b>	(42,035)
Increase in restricted cash 受限制現金增加		<b>(669,896)</b>	(464,913)
(Increase)/decrease in pledged deposits 已質押存款(增加)/減少		<b>(12,560)</b>	4,254
Increase in trade and bills payables 貿易應付款項及應付票據增加		<b>343,519</b>	822,392
Increase in other payables and accruals 其他應付款項及應計費用增加		<b>1,356,398</b>	1,834,631
(Decrease)/increase in contract liabilities 合同負債(減少)/增加		<b>(760,926)</b>	76,432
(Decrease)/increase in amounts due to a related company 應付關聯公司款項(減少)/增加		<b>(1,015)</b>	1,744



# CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## 綜合現金流量表 (續)

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Cash (used in)/generated from operating activities</b>			
<b>經營活動(所用)／所得現金</b>			
Interest received 已收利息		19,590	15,968
Interest paid 已付利息		(1,211,909)	(712,417)
Tax paid 已付稅項		(471,230)	(418,470)
<b>Net cash flows (used in)/from operating activities 經營活動(所用)／所得淨現金流量</b>		<b>(3,899,696)</b>	100,530
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>投資活動產生的現金流量</b>			
Purchases of items of property, plant and equipment 購買物業、廠房及設備項目		(6,488)	(20,764)
Purchase of intangible assets 購買無形資產		(6,774)	(5,898)
Purchase of investment properties 購買投資物業		(67,864)	(2,856)
Acquisition of financial assets at fair value through profit or loss 收購按公允價值計入損益的金融資產		(961,416)	(1,409,530)
Disposal of subsidiaries 出售子公司	36	760,642	(3,086)
Disposal of associates 出售聯營公司		41,064	–
Disposal of financial assets at fair value through profit or loss 出售按公允價值計入損益的金融資產		617,500	892,762
Acquisition of subsidiaries 收購子公司	35	192,117	–
Investments in joint ventures 於合營企業的投資		(326,617)	(115,970)
Investments in associates 於聯營公司的投資		(176,953)	(1,689,007)
Disposal of items of property, plant and equipment 出售物業、廠房及設備項目		75	781
Dividends and interests received 股息及已收利息		6,561	7,279
Repayment of advances to related companies 關聯公司償還墊款	40	2,203,875	5,362,942
Advances to related companies 向關聯公司作出的墊款	40	(2,406,901)	(6,779,347)
<b>Net cash flows used in investing activities</b>		<b>(131,179)</b>	(3,762,694)
<b>投資活動所用淨現金流量</b>			

# CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## 綜合現金流量表 (續)

YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>融資活動產生的現金流量</b>			
Capital contribution from non-controlling shareholders of subsidiaries 子公司非控股股東注資		2,502,271	1,985,055
Dividends paid to ordinary equity shareholders of the Company 向本公司普通權益股東支付的股息		(119,826)	(119,889)
Dividends paid to non-controlling shareholders 已付非控股股東股息		(8,637)	-
Acquisition of non-controlling interests 收購非控股權益		(296)	(349)
Disposal of partial interests in subsidiaries without losing control 出售子公司部分權益而無失去控制權		-	101
Advances from related companies 關聯公司墊款	40	1,739,393	1,154,655
Repayment of an advance from related companies 償還關聯公司墊款	40	(1,535,482)	(624,789)
Increase in pledged deposits 已質押存款增加		(476,975)	(744,602)
Principal portion of lease payments 租賃付款的本金部分		(8,251)	(2,072)
Proceeds from issuance of senior notes 發行優先票據所得款項		3,547,309	2,884,614
Repayment of senior notes 償還優先票據		(988,138)	-
Proceeds from interest-bearing bank and other borrowings 計息銀行及其他借貸所得款項		7,710,483	4,221,333
Repayment of interest-bearing bank and other borrowings 償還計息銀行及其他借貸		(7,251,313)	(3,767,402)
<b>Net cash flows from financing activities 融資活動所得淨現金流量</b>		<b>5,110,538</b>	4,986,655
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
<b>現金及現金等價物淨增加</b>		<b>1,079,663</b>	1,324,491
Cash and cash equivalents at beginning of year 年初現金及現金等價物		2,811,566	1,487,075
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
<b>年末現金及現金等價物</b>		<b>3,891,229</b>	2,811,566
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
<b>現金及現金等價物結餘分析</b>			
Cash and bank balances 現金及銀行結餘	26	7,276,076	4,693,722
Less: Restricted cash 減：受限制現金	26	2,128,643	1,115,487
Pledged deposits 已質押存款	26	1,256,204	766,669
Cash and cash equivalents as stated in the statement of cash flows 現金流量表所列現金及現金等價物		3,891,229	2,811,566

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 December 2017. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 2018. The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing, providing property management services and management consulting services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Splendid Sun Limited, which is incorporated in the British Virgin Islands.

### 1. 公司及集團資料

本公司於2017年12月18日在開曼群島註冊成立為獲豁免有限公司。本公司股份於2018年10月11日在香港聯合交易所有限公司（「聯交所」）主板上市。本公司的註冊辦事處地址為190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands。

於年內，本集團主要從事物業開發、物業租賃、提供物業管理服務及管理諮詢服務。

董事認為，本公司的控股公司及最終控股公司為Splendid Sun Limited，該公司於英屬處女群島註冊成立。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料(續)

#### Information about subsidiaries

#### 有關子公司的資料

Particulars of the Company's principal subsidiaries are as follows:

本公司主要子公司的詳情如下：

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
<b>Directly held: 直接持有：</b>				
DaFa Blooms Limited	British Virgin Islands 英屬處女群島	US\$200 200美元	100%	Investment holding 投資控股
<b>Indirectly held: 間接持有：</b>				
YinYi Holdings (Hong Kong) Limited 垠壹香港有限公司	Hong Kong 香港	HK\$200 200港元	100%	Investment holding 投資控股
溫州凱揚企業管理有限公司 Wenzhou Kaiyang Group Co., Ltd. (Wenzhou Kaiyang)* 溫州凱揚企業管理有限公司(溫州凱揚)*	People's Republic of China ("PRC")/ Mainland China 中華人民共和國 (「中國」)／中國內地	US\$70,000,000 70,000,000美元	100%	Investment holding 投資控股
上海大發房地產集團有限公司 Shanghai Dafa Land Group Co., Ltd. 上海大發房地產集團有限公司	PRC/Mainland China 中國／中國內地	RMB500,000,000 人民幣500,000,000元	100%	Property development and property leasing 物業開發及物業租賃
安慶市凱潤房地產開發有限公司 Anqing Kairun Property Development Co., Ltd. 安慶市凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
南京凱鴻房地產開發有限公司 Nanjing Kaihong Real Estate Development Co., Ltd. 南京凱鴻房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB56,000,000 人民幣56,000,000元	100%	Property development and property leasing 物業開發及物業租賃

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
南京凱潤房地產開發有限公司 Nanjing Kairun Real Estate Development Co., Ltd. 南京凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB56,000,000 人民幣56,000,000元	100%	Property development and property leasing 物業開發及物業租賃
南京凱沄置業有限公司 Nanjing Kaixuan Real Estate Co., Ltd. 南京凱沄置業有限公司	PRC/Mainland China 中國／中國內地	RMB58,000,000 人民幣58,000,000元	100%	Property development 物業開發
南京凱洲置業有限公司 Nanjing Kaizhou Real Estate Co., Ltd. 南京凱洲置業有限公司	PRC/Mainland China 中國／中國內地	RMB50,020,000 人民幣50,020,000元	100%	Property development 物業開發
上海垠壹置業有限公司 Shanghai Yinyi Real Estate Co., Ltd. 上海垠壹置業有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
溫州市凱潤置業有限公司 Wenzhou Kairun Real Estate Co., Ltd. 溫州市凱潤置業有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
溫州市垠壹置業有限公司 Wenzhou Yinyi Real Estate Co., Ltd. ** 溫州市垠壹置業有限公司**	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	96%	Property development 物業開發
溫州市貴垠置業有限公司 Wenzhou Guiyin Real Estate Co., Ltd. ** 溫州市貴垠置業有限公司**	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	90%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料(續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
寧波凱陽置業有限公司 Ningbo Kaiyang Real Estate Co., Ltd. ** 寧波凱陽置業有限公司**	PRC/Mainland China 中國/中國內地	RMB338,000,000 人民幣338,000,000元	98%	Property development 物業開發
溫州市凱澤置業有限公司 Wenzhou Kaize Real Estate Co., Ltd. 溫州市凱澤置業有限公司	PRC/Mainland China 中國/中國內地	RMB365,470,000 人民幣365,470,000元	100%	Property development 物業開發
南京沅垠置業有限公司 Nanjing Xuanyin Real Estate Co., Ltd. ** 南京沅垠置業有限公司**	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
蕪湖齊垠置業有限公司 Wuhu Qiyin Real Estate Co., Ltd. 蕪湖齊垠置業有限公司	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海望垠實業發展有限公司 Shanghai Wangyin Industrial Development Co., Ltd. ** 上海望垠實業發展有限公司**	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	93%	Property development 物業開發
邳州垠壹置業有限公司 Pizhou Yinyi Real Estate Co., Ltd. ** 邳州垠壹置業有限公司**	PRC/Mainland China 中國/中國內地	RMB100,000,000 人民幣100,000,000元	90%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
長興垠壹置業有限公司 Changxing Yinyi Real Estate Co., Ltd. *** 長興垠壹置業有限公司***	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	32%	Property development 物業開發
合肥凱潤房地產開發有限公司 Hefei Kairun Property Development Co., Ltd. 合肥凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
句容沚垠置業有限公司 Jurong Xuanyin Real Estate Co., Ltd. *** 句容沚垠置業有限公司***	PRC/Mainland China 中國／中國內地	RMB40,000,000 人民幣40,000,000元	47%	Property development 物業開發
射陽煜關置業有限公司 Sheyang Yuque Real Estate Co., Ltd. ** 射陽煜關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	91%	Property development 物業開發
英德市煜關置業有限公司 Yingde Yuque Real Estate Co., Ltd. ** 英德市煜關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	92%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
邛崃市瀚顏房地產開發有限公司 Qionglai Hanyan Property Development Co., Ltd. ** 邛崃市瀚顏房地產開發有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
重慶融關置業有限公司 Chongqing Rongque Real Estate Co., Ltd. ** 重慶融關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	91%	Property development 物業開發
新鄭市成美房地產開發有限公司 Xinzheng Chengmei Property Development Co., Ltd. ** 新鄭市成美房地產開發有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	90%	Property development 物業開發
無錫凱陽置業有限公司 Wuxi Kaiyang Real Estate Co., Ltd. *** 無錫凱陽置業有限公司***	PRC/Mainland China 中國／中國內地	RMB1,174,400,000 人民幣1,174,400,000元	45%	Property development 物業開發
太倉緯世置業有限公司 Taicang Weishi Real Estate Co., Ltd. ** 太倉緯世置業有限公司**	PRC/Mainland China 中國／中國內地	RMB210,000,000 人民幣210,000,000元	88%	Property development 物業開發



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
永康凱濱置業有限公司 Yongkang Kaibin Real Estate Co., Ltd. *** 永康凱濱置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	45%	Property development 物業開發
蘇州緯合置業有限公司 Suzhou Weihe Real Estate Co., Ltd. *** 蘇州緯合置業有限公司***	PRC/Mainland China 中國／中國內地	RMB443,220,000 人民幣443,220,000元	42%	Property development 物業開發
成都瀚耿置業有限公司 Chengdu Hangeng Real Estate Co., Ltd. ** 成都瀚耿置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	98%	Property development 物業開發
常州市垠望置業有限公司 Changzhou Yinwang Real Estate Co., Ltd. *** 常州市垠望置業有限公司***	PRC/Mainland China 中國／中國內地	RMB46,200,000 人民幣46,200,000元	41%	Property development 物業開發
重慶東垠源房地產開發有限公司 Chongqing Dongyinyuan Property Development Co., Ltd. *** 重慶東垠源房地產開發有限公司***	PRC/Mainland China 中國／中國內地	RMB273,600,000 人民幣273,600,000元	48%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

### Information about subsidiaries (continued)

### 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
成都瀚本置業有限公司 Chengdu Hanben Real Development Co., Ltd. ** 成都瀚本置業有限公司**	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	48%	Property development 物業開發
瑞安市融和置業有限公司 Ruian Ronghe Real Development Co., Ltd. *** 瑞安市融和置業有限公司***	PRC/Mainland China 中國/中國內地	RMB60,000,000 人民幣60,000,000元	34%	Property development 物業開發
瑞安市嘉逸置業有限公司 Ruian Jiayi Real Development Co., Ltd. *** 瑞安市嘉逸置業有限公司***	PRC/Mainland China 中國/中國內地	RMB70,000,000 人民幣70,000,000元	34%	Property development 物業開發
南京凱澤投資有限公司 Nanjing Kaize Investment Management Co., Ltd. 南京凱澤投資有限公司	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海凱揚實業發展有限公司 Shanghai Kaiyang Industrial Development Co., Ltd. 上海凱揚實業發展有限公司	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海凱沅貿易有限公司 Shanghai Kaiyuan Trading Co., Ltd. ** 上海凱沅貿易有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	96%	Property development 物業開發
上海融關實業發展有限公司 Shanghai Rongque Industrial Development Co., Ltd. 上海融關實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海貴垠實業發展有限公司 Shanghai Guiyin Industrial Development Co., Ltd. ** 上海貴垠實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	90%	Property development 物業開發
上海瀚楷實業發展有限公司 Shanghai Hankai Industrial Development Co., Ltd. 上海瀚楷實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海煜關實業發展有限公司 Shanghai Yuque Industrial Development Co., Ltd. ** 上海煜關實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料(續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海瀚沅實業發展有限公司 Shanghai Hanxuan Industrial Development Co., Ltd. ** 上海瀚沅實業發展有限公司**	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
南京齊垠置業有限公司 Nanjing Qiyin Real Estate Co., Ltd. ** 南京齊垠置業有限公司**	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	82%	Property development 物業開發
南京齊城置業有限公司 Nanjing Qicheng Real Estate Co., Ltd. ** 南京齊城置業有限公司**	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	91%	Property development 物業開發
合肥煜闕房地產開發有限公司 Hefei Yuque Property Development Co., Ltd. 合肥煜闕房地產開發有限公司	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
南京齊珂置業有限公司 Nanjing Qike Real Estate Co., Ltd. ** 南京齊珂置業有限公司**	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	90%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海瀚本實業發展有限公司 Shanghai Hanben Industrial Development Co., Ltd. 上海瀚本實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
寧波凱澤置業有限公司 Ningbo Kaize Real Estate Co., Ltd. ** 寧波凱澤置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	88%	Property development 物業開發
溫州市沅垠置業有限公司 Wenzhou Xuanyin Real Estate Co., Ltd. 溫州市沅垠置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海瀚由實業發展有限公司 Shanghai Hanyou Industrial Development Co., Ltd. 上海瀚由實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海瀚顏實業發展有限公司 Shanghai Hanyan Industrial Development Co., Ltd. 上海瀚顏實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
合肥融闕房地產開發有限公司 Hefei Rongque Property Development Co., Ltd. 合肥融闕房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
寧波凱元置業有限公司 Ningbo Kaiyuan Real Estate Co., Ltd. 寧波凱元置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海琿瑤置業有限公司 Shanghai Yinjue Real Estate Co., Ltd. 上海琿瑤置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
湖州市琿望置業有限公司 Huzhou Yinwang Real Estate Co., Ltd. 湖州市琿望置業有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
深圳市瀚從實業發展有限公司 Shenzhen Hancong Industrial Development Co., Ltd. 深圳市瀚從實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
溫州市凱沅置業有限公司 Wenzhou Kaixuan Real Estate Co., Ltd. 溫州市凱沅置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海本瀚實業發展有限公司 Shanghai Benhan Industrial Development Co., Ltd. ** 上海本瀚實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	60%	Property development 物業開發
陝西凱望房地產開發有限公司 Shanxi Kaiwang Property Development Co., Ltd. 陝西凱望房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海瀚關實業發展有限公司 Shanghai Hanque Industrial Development Co., Ltd. 上海瀚關實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
溫州凱陽房地產有限公司 Wenzhou Kaiyang Property Development Co., Ltd. 溫州凱陽房地產有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
無錫齊珂置業有限公司 Wuxi Qike Real Estate Co., Ltd. *** 無錫齊珂置業有限公司***	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	46%	Property development 物業開發
徐州瀚瀾置業有限公司 Xuzhou Hanlan Real Estate Co., Ltd. 徐州瀚瀾置業有限公司	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
泰安金暘華房地產開發有限公司 Taian Jinyanghua Property Development Co., Ltd. *** 泰安金暘華房地產開發有限公司***	PRC/Mainland China 中國／中國內地	RMB251,000,000 人民幣251,000,000元	31%	Property development 物業開發
寧波壹暘投資有限公司 Ningbo Yiyang Investment Co., Ltd. 寧波壹暘投資有限公司	PRC/Mainland China 中國／中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發
寧波翰凱建築有限公司 Ningbo Hankai Construction Co., Ltd. 寧波翰凱建築有限公司	PRC/Mainland China 中國／中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
寧波凱天置業有限公司 Ningbo Kaitian Real Estate Co., Ltd. 寧波凱天置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
寧波垵場投資有限公司 Ningbo Yinyang Investment Co., Ltd. 寧波垵場投資有限公司	PRC/Mainland China 中國／中國內地	RMB1,200,000,000 人民幣1,200,000,000元	100%	Property development 物業開發
寧波凱銘置業有限公司 Ningbo Kaiming Real Estate Co., Ltd. ** 寧波凱銘置業有限公司**	PRC/Mainland China 中國／中國內地	RMB162,000,000 人民幣162,000,000元	51%	Property development 物業開發
寧波凱發置業有限公司 Ningbo Kaifa Real Estate Co., Ltd. 寧波凱發置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
合肥陽發置業有限公司 Hefei Yangfa Real Estate Co., Ltd. *** 合肥陽發置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	43%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料(續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
合肥澤陽置業有限公司 Hefei Zeyang Real Estate Co., Ltd. *** 合肥澤陽置業有限公司***	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	31%	Property development 物業開發
瑞安市鴻鼎置業有限公司 Ruian Hongding Real Estate Co., Ltd. *** 瑞安市鴻鼎置業有限公司***	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	45%	Property development 物業開發
徐州凱陽置業有限公司 Xuzhou Kaiyang Real Estate Co., Ltd. ** 徐州凱陽置業有限公司**	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣20,000,000元	51%	Property development 物業開發
常熟弘陽正發房地產開發有限公司 Changshu Hongyang Zhengfa Property Development Co., Ltd. *** 常熟弘陽正發房地產開發有限公司***	PRC/Mainland China 中國/中國內地	RMB108,750,000 人民幣108,750,000元	25%	Property development 物業開發
寧波翰沅建築有限公司 Ningbo Hanxuan Construction Co., Ltd. 寧波翰沅建築有限公司	PRC/Mainland China 中國/中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (continued)

#### 有關子公司的資料 (續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
台州興德置業有限公司 Taizhou Xingde Real Estate Co., Ltd. *** 台州興德置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	41%	Property development 物業開發
寧波凱律置業有限公司 Ningbo Kailv Real Estate Co., Ltd. 寧波凱律置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海垠邦實業發展有限公司 Shanghai Yinbang Industrial Development Co., Ltd. 上海垠邦實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
桐鄉市澤陽房地產開發有限公司 Tongxiang Zeyang Property Development Co., Ltd. *** 桐鄉市澤陽房地產開發有限公司***	PRC/Mainland China 中國／中國內地	RMB645,000,000 人民幣645,000,000元	34%	Property development 物業開發
青海恒創房地產開發有限公司 Qinghai Hengchuang Property Development Co., Ltd. ** 青海恒創房地產開發有限公司**	PRC/Mainland China 中國／中國內地	RMB101,527,700 人民幣101,527,700元	52%	Property development 物業開發
大連貴垠投資有限公司 Dalian Guiyin Investment Co., Ltd. 大連貴垠投資有限公司	PRC/Mainland China 中國／中國內地	RMB1,200,000,000 人民幣1,200,000,000元	100%	Property development 物業開發

# NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

### Information about subsidiaries (continued)

### 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

本公司主要子公司的詳情如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
大連翰沅建築工程有限公司 Ningbo Hanxuan Construction Co., Ltd. 大連翰沅建築工程有限公司	PRC/Mainland China 中國/中國內地	RMB600,000,000 人民幣600,000,000元	100%	Property development 物業開發
大連凱陽置業有限公司 Dalian Kaiyang Real Estate Co., Ltd. 大連凱陽置業有限公司	PRC/Mainland China 中國/中國內地	RMB700,000,000 人民幣700,000,000元	100%	Property development 物業開發
上海凱關企業管理有限公司 Shanghai Kaique Enterprise Management Co., Ltd. ** 上海凱關企業管理有限公司**	PRC/Mainland China 中國/中國內地	RMB2,000,000,000 人民幣2,000,000,000元	51%	Property development 物業開發
上海關陽企業管理有限公司 Shanghai Queyang Enterprise Management Co., Ltd. ** 上海關陽企業管理有限公司**	PRC/Mainland China 中國/中國內地	RMB1,000,000,000 人民幣1,000,000,000元	51%	Property development 物業開發
上海垠翰實業發展有限公司 Shanghai Yinhan Industrial Development Co., Ltd. 上海垠翰實業發展有限公司	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣20,000,000元	100% (Note) (附註)	Investment holding 投資控股
合肥歌陽房地產開發有限公司 Hefei Geyang Property Development Co., Ltd. 合肥歌陽房地產開發有限公司	PRC/Mainland China 中國/中國內地	RMB100,000,000 人民幣100,000,000元	100% (Note) (附註)	Investment holding 投資控股

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows:  
(continued)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
寧波鴻輝置業有限公司 Ningbo Honghui Real Estate Co., Ltd. *** 寧波鴻輝置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	44%	Property development 物業開發

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names. The legal form of these principal PRC subsidiaries disclosed above is limited liability company.

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.

### 1. 公司及集團資料 (續)

#### 有關子公司的資料 (續)

本公司主要子公司的詳情如下：(續)

所有於中國註冊的集團公司的英文名稱乃由本公司管理層盡最大努力對該等公司中文名稱翻譯所得，乃因其並無正式英文名稱。上文所披露的該等主要中國子公司的法律形式為有限公司。

上表列述董事認為主要影響本集團年度業績或構成本集團大部分淨資產的本公司子公司。董事認為，提供其他子公司的詳情會導致詳情過長。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

Note:

The Group legally transferred the equity interests in the following subsidiaries as collateral to companies as at 31 December 2020.

	Percentage of equity pledged as at 31 December 2020 於2020年12月31日的權益質押百分比
Shanghai Yinhan Industrial Development Co., Ltd. 上海垠翰實業發展有限公司	51.00%
Hefei Geyang Property Development Co., Ltd. 合肥歌陽房地產開發有限公司	31.25%

\* Wenzhou Kaiyang is registered as a wholly-foreign-owned enterprise under PRC law.

\*\* These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

\*\*\* As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities, including, but not limited to the budget, pricing and promotion strategies of these companies. The Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

### 1. 公司及集團資料(續)

#### 有關子公司的資料(續)

附註：

於2020年12月31日，本集團將於下列子公司的股權合法轉讓予公司作為抵押物。

\* 溫州凱陽已根據中國法律註冊為外商獨資企業。

\*\* 該等公司為本公司的非全資子公司的子公司，因本公司於該等公司擁有控制權而入賬列為子公司。

\*\*\* 由於本集團因參與該等公司而享有或有權享有可變回報，且能通過其於該等公司的多數投票權影響上述回報並有權指導該等公司的相關活動，包括但不限於預算、定價及推廣策略，本集團對該等公司擁有控制權，故該等公司列作本集團的子公司。

# NOTES TO FINANCIAL STATEMENTS *(Continued)*

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, 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, financial assets at fair value through profit or loss and equity investments designed at fair value through other comprehensive income 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).

### 2.1 編製基準

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」）（包括所有國際財務報告準則、國際會計準則（「國際會計準則」）及常務詮釋委員會詮釋）及香港公司條例的披露規定編製。其乃根據歷史成本法編製，惟已按公允價值計量的投資物業、按公允價值計入損益的金融資產及指定為按公允價值計入其他全面收入的股權投資除外。該等財務報表以人民幣（「人民幣」）呈列，除文義另有所指外，所有金額均經四捨五入調整至最接近的千位數。

#### 綜合基準

綜合財務報表包括本公司及其子公司（統稱「本集團」）截至2020年12月31日止年度的財務報表。子公司指由本公司直接或間接控制的實體（包括結構性實體）。當本集團對參與投資對象業務的可變回報承擔風險或享有權利以及能通過對投資對象的權力（即本集團獲賦予現有能以主導投資對象有關活動的既存權利）影響該等回報時，即取得控制權。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.1 BASIS OF PREPARATION (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.

## 2.1 編製基準(續)

### 綜合基準(續)

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象的其他投票權持有人的合同安排；
- (b) 其他合同安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

子公司與本公司之財務報表之報告期相同，並採用一致之會計政策編製。子公司之業績由本集團獲得控制權當日起綜合入賬，並繼續綜合入賬直至有關控制權終止當日為止。

損益及其他全面收入之各個組成部分歸屬於本集團母公司之擁有人及非控股權益，即使此舉會導致非控股權益有虧絀結餘。所有有關本集團各成員公司間交易之集團內部資產及負債、權益、收入、開支及現金流量均會於綜合入賬時全數抵銷。

倘事實及情況顯示上述三項控制因素之一項或多項出現變化，本集團會重新評估其是否控制投資對象。於子公司的所有權權益變動，惟並無失去控制權，則以權益交易入賬。



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.1 BASIS OF PREPARATION (CONTINUED)

#### Basis of consolidation (continued)

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.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendment to IFRS 3	<i>Definition of a Business</i>
Amendment to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendment to IAS 1 and IAS 8	<i>Definition of Material</i>

### 2.1 編製基準 (續)

#### 綜合基準 (續)

倘本集團失去對子公司之控制權，則終止確認(i)該子公司之資產(包括商譽)及負債、(ii)任何非控股權益之賬面值及(iii)於權益內記錄之累計交易差額；及確認(i)已收對價之公允價值、(ii)所保留任何投資之公允價值及(iii)損益中任何因此產生之盈餘或虧損。先前已於其他全面收入內確認之本集團應佔部分重新分類至損益或保留利潤(如適當)，基準與本集團直接出售相關資產或負債所需使用之基準相同。

### 2.2 會計政策的變動及披露

本集團已就本年度之財務報表首次採納2018年財務報告的概念框架及下列經修訂國際財務報告準則。

國際財務報告準則第3號的修訂	業務的定義
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號的修訂	利率基準改革
國際財務報告準則第16號的修訂	新型冠狀病毒相關租金減免(提早採納)
國際會計準則第1號及國際會計準則第8號的修訂	重大的定義

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## 2.2 會計政策的變動及披露 (續)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

2018年財務報告的概念框架及經修訂國際財務報告準則的性質及影響載列如下：

**(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.

**(a)** 2018年財務報告的概念框架(「概念框架」)就財務報告及準則制定提供一整套概念，並為財務報告編製者制定一致的會計政策提供指引，協助所有人理解和詮釋準則。概念框架包括有關計量及報告財務績效的新章節、有關資產及負債終止確認的新指引，以及更新有關資產及負債定義及確認的標準。該等框架亦闡明了管理、審慎和衡量不確定性在財務報告中的作用。概念框架並非準則，其中包含的任何概念都不會凌駕於任何準則中的概念或要求之上。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。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

#### 2.2 會計政策的變動及披露 (續)

(b) 國際財務報告準則第3號的修訂澄清並就業務的定義提供額外指引。該等修訂澄清，一系列綜合活動及資產需至少包括對創造輸出能力有重大貢獻的投入及實質性進程方可被視為一項業務。業務可不包括創造輸出所需的所有投入及進程而存在。該等修訂取消了對市場參與者是否有能力獲得業務並繼續產生輸出的評估。相反，重點是所獲得投入及所取得實質性進程是否共同對創造輸出的能力有重大貢獻。該等修訂亦縮小了輸出的定義，重點關注向客戶提供的商品或服務、投資收入或自日常業務產生的其他收入。此外，該等修訂對評估所取得的進程是否屬實質性提供了指引，並引入可選的公允價值集中測試，以簡化對所獲得的一系列活動及資產是否屬業務的評估。本集團已對2020年1月1日或之後發生的交易或其他事件前瞻性地應用該等修訂。該等修訂並無對本集團的財務狀況及表現造成任何影響。

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendment provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

#### 2.2 會計政策的變動及披露 (續)

(c) 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號的修訂旨在解決以替代無風險利率（「無風險利率」）取代現有利率基準之前的期間的財務報告問題。該等修訂提供可在引入替代無風險利率前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響的對沖關係的額外資料。由於本集團並無任何利率對沖關係，故該等修訂並無對本集團的財務狀況及表現造成任何影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(d) 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. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. 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 as the reduction in the lease payments was insignificant. The amendments did not have any significant impact on the financial position and performance of the Group.

(e) Amendment to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

#### 2.2 會計政策的變動及披露 (續)

(d) 國際財務報告準則第16號的修訂為承租人提供實際權宜之計，可選擇不就新型冠狀病毒疫情直接導致的租金減免應用租賃修訂會計處理。該實際權宜之計僅適用於新型冠狀病毒疫情直接導致的租金減免，並僅在以下情況下適用：(i)租賃付款變動所導致的經修訂租賃對價與緊接該變動前的租賃對價大致相同或低於有關代價；(ii)租賃付款的任何減免僅影響原到期日為2021年6月30日或之前的付款；及(iii)租賃的其他條款及條件並無實質變動。該修訂於2020年6月1日或之後開始的年度期間生效，允許提早應用，並須追溯應用。該修訂於2020年6月1日或之後開始的年度期間追溯生效，並允許提早應用。本集團已於2020年1月1日提早採納有關修訂，並選擇就截至2020年12月31日止年度出租人因新型冠狀病毒疫情給予的所有租金減免不應用租賃修訂會計處理，因為租賃付款的減免微乎其微。該等修訂並無對本集團的財務狀況及表現造成任何重大影響。

(e) 國際會計準則第1號及國際會計準則第8號的修訂為重大提供了新的定義。該新定義指出，倘遺漏、失實陳述或隱藏某項資料可合理預期將對通用財務報表的主要用戶依據該等財務報表做出的決策產生影響，則該項資料屬重大。該等修訂澄清，重大性將取決於資料的性質或程度，或兩者兼有。該等修訂並無對本集團的財務狀況及表現造成任何重大影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to IFRS 17	<i>Insurance Contracts</i> <sup>3,6</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3,5</sup>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 <sup>2</sup>

### 2.3 已頒佈但未生效的國際財務報告準則

本集團於該等財務報表中並未採納下列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號的修訂	概念框架的提述 <sup>2</sup>
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號的修訂	利率基準改革 – 第二期 <sup>1</sup>
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 <sup>4</sup>
國際財務報告準則第17號	保險合同 <sup>3</sup>
國際財務報告準則第17號的修訂	保險合同 <sup>3,6</sup>
國際會計準則第1號的修訂	將負債分類為即期或非即期 <sup>3,5</sup>
國際會計準則第16號的修訂	物業、廠房及設備：作擬定用途前的所得款項 <sup>2</sup>
國際會計準則第37號的修訂	虧損性合同 – 履行合同的成本 <sup>2</sup>
國際財務報告準則的年度改進 (2018年至2020年)	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號及國際會計準則第41號隨附之範例的修訂 <sup>2</sup>

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

- 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 IAS 1, International Financial Reporting Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion
- 6 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.

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.

### 2.3 已頒佈但未生效的國際財務報告準則 (續)

- 1 於2021年1月1日或之後開始的年度期間生效
- 2 於2022年1月1日或之後開始的年度期間生效
- 3 於2023年1月1日或之後開始的年度期間生效
- 4 尚未釐定強制生效日期，惟可供採納
- 5 由於國際會計準則第1號的修訂，國際財務報告詮釋第5號呈列財務報表 – 借款人對包含按要求償還條款之有期貨款之分類於2020年10月修訂，使相應措詞保持一致而結論不變。
- 6 由於2020年6月刊登國際財務報告準則第17號的修訂，國際財務報告準則第4號已修訂以延長臨時豁免，允許保險人於2023年1月1日前開始的年度期間採用國際會計準則第39號而非國際財務報告準則第9號。

預期將適用於本集團的該等國際財務報告準則的進一步資料如下。

國際財務報告準則第3號的修訂旨在以2018年3月發佈的*財務報告概念框架*的提述取代先前對*編製及呈列財務報表框架*的提述，而無需重大改變其要求。該等修訂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詮釋第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詮釋第21號，而非概念框架。此外，該等修訂澄清或然資產於收購日期不符合確認資格。本集團預期自2022年1月1日起前瞻性地採納該等修訂。由於該等修訂預期適用於收購日期為首次應用日期或之後的業務合併，故本集團於過渡日期將不受該等修訂影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS (CONTINUED)

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. 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.

### 2.3 已頒佈但未生效的國際財務報告準則(續)

當現有利率基準以替代無風險利率(「無風險利率」)取代會影響財務報告時，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號的修訂解決先前修訂中未涉及的問題。第2期修訂提供可行權宜方法，於入賬釐定金融資產及負債的合同現金流量的基準變動時，倘變動因利率基準改革直接引致，且釐定合同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，該等修訂亦暫時寬免實體須符合可單獨識別的規定。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部分於未來24個月內將可單獨識別。此外，該等修訂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。該等修訂於2021年1月1日或之後開始的年度期間生效，並須追溯應用，惟實體毋須重列比較資料。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

The Group had certain interest-bearing bank and other borrowings and senior notes 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.

#### 2.3 已頒佈但未生效的國際財務報告準則(續)

本集團於2020年12月31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貸以及優先票據。倘該等借貸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」標準修改有關借貸時採用此可行權宜方法，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號的修訂處理國際財務報告準則第10號及國際會計準則第28號於處理投資者與其聯營公司或合營企業間之資產出售或投入方面之規定之不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業間之資產出售或投入構成一項業務時，須全面確認收益或虧損。對於涉及並無構成一項業務之資產之交易而言，該項交易產生之收益或虧損於投資者之損益中確認，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。該等修訂將按前瞻基準應用。國際會計準則理事會已於2015年12月剔除國際財務報告準則第10號及國際會計準則第28號的修訂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。在此情況下，本集團亦確認相關負債。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 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.

#### 2.3 已頒佈但未生效的國際財務報告準則(續)

國際會計準則第1號的修訂澄清劃分負債為流動或非流動的規定。該等修訂載明，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之條件，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。該等修訂亦澄清被認為清償負債的情況。該等修訂於2023年1月1日或之後開始的年度期間生效，須追溯應用，並允許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

國際會計準則第16號的修訂禁止實體從物業、廠房及設備項目成本中扣除資產達到管理層預定的可運營狀態(包括位置與條件)過程中出售項目產生的任何所得款項。相反，實體須將出售任何有關項目的所得款項及其成本計入損益。該等修訂自2022年1月1日或之後開始的年度期間生效，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，並允許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 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.

#### 2.3 已頒佈但未生效的國際財務報告準則 (續)

國際會計準則第37號的修訂澄清，就根據國際會計準則第37號評估合同是否屬虧損性而言，履行合同的成本包括與合同直接相關的成本。與合同直接相關的成本包括履行該合同的增量成本（例如直接勞工及材料）及與履行合同直接相關的其他成本分配（例如分配履行合同所用物業、廠房及設備項目的折舊開支以及合同管理與監督成本）。一般及行政成本與合同並無直接關係，除非合同明確向對手方收費，否則將其排除在外。該等修訂於2022年1月1日或之後開始的年度期間生效，適用於實體首次應用有關修訂的年度報告期開始時實體尚未履行其全部責任的合同，並允許提早應用。初步應用修訂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。預期該等修訂將不會對本集團財務報表造成任何重大影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS (CONTINUED)

*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.

### 2.3 已頒佈但未生效的國際財務報告準則(續)

國際財務報告準則的年度改進(2018年至2020年)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號及國際會計準則第41號隨附之範例的修訂。預期將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開始或之後修改或交換的金融負債。該修訂於2022年1月1日或之後開始的年度期間生效，並允許提早應用。預期該修訂將不會對本集團財務報表造成重大影響。
- 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號隨附之範例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混淆。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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 are included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the 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 associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

### 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之訂約方據此對合營企業之淨資產擁有權利。共同控制指按照合同協定對一項安排所共有之控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意之決定時存在。

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淨資產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入計入綜合損益表。此外，倘直接於聯營公司或合營企業的權益確認一項變動，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所產生的未變現收益及虧損以本集團於聯營公司或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的商譽計入作本集團於聯營公司或合營企業的投資的一部分。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 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 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 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.

## 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，本集團按其公允價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允價值之間的任何差額乃於損益確認。

當於聯營公司或合營企業的投資分類為持有銷售時，則按國際財務報告準則第5號持有銷售的非流動資產及已終止經營業務入賬。

### 業務合併及商譽

業務合併乃以收購法入賬。轉讓的對價乃以收購日期的公允價值計量，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團對被收購方的前擁有人承擔的負債，及本集團發行以換取被收購方控制權的股權的總和。於每項業務合併中，本集團選擇是否以公允價值或被收購方可識別淨資產的應佔比例，計量於被收購方屬現時所有權權益並賦予持有人權利於清盤時按比例分佔淨資產的非控股權益。非控股權益的所有其他部分乃按公允價值計量。收購相關成本於產生時列為開支。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Business combinations and goodwill (continued)

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.

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.

#### 2.4 重大會計政策概要 (續)

##### 業務合併及商譽 (續)

當所收購的一組活動及資產包括對創造輸出能力有重大貢獻的投入及實質性進程，則本集團將認為其已收購一項業務。

當本集團收購一項業務時，其會根據合同條款以及於收購日期的經濟環境及相關條件，評估所承擔的金融資產及負債，以作出適合的分類及指定。此包括將被收購方主合同中的嵌入式衍生工具進行分離。

倘業務合併分階段進行，先前持有的股權按收購日期的公允價值重新計量，所產生的任何收益或虧損於損益確認。

收購方將予轉讓的任何或然對價於收購日期按公允價值確認。分類為一項資產或負債的或然對價按公允價值計量，公允價值的變動於損益確認。分類為權益的或然對價不會重新計量，其後結算於權益中入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Business combinations and goodwill (continued)

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.

## 2.4 重大會計政策概要(續)

### 業務合併及商譽(續)

商譽初步按成本計量，即已轉讓對價、就非控股權益確認的金額及本集團先前持有的被收購方股權的任何公允價值總額，超過所收購可識別淨資產及所承擔負債的差額。倘此對價及其他項目的總額低於所收購淨資產的公允價值，於重新評估後，其差額於損益確認為議價購買收益。

於初步確認後，商譽按成本減任何累計減值虧損計量。商譽每年作減值測試，倘有事件發生或情況改變顯示賬面值有可能減值，則會更頻密地進行測試。本集團於12月31日對商譽進行年度減值測試。為進行減值測試，於業務合併購入的商譽自購入之日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。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Business combinations and goodwill (continued)

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.

#### 2.4 重大會計政策概要 (續)

##### 業務合併及商譽 (續)

減值乃通過評估有關商譽的現金產生單位 (或一組現金產生單位) 的可收回金額而釐定。當現金產生單位 (或一組現金產生單位) 的可收回金額低於賬面值，則會確認減值虧損。就商譽確認的減值虧損不會於其後期間撥回。

倘商譽已被分配至現金產生單位 (或一組現金產生單位)，且該單位中的部分業務被出售，則於釐定出售的收益或虧損時，與該項被出售業務相關的商譽會納入該業務的賬面值。在有關情況下被出售的商譽按該項被出售業務及被保留現金產生單位的有關部分的相關價值計量。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments 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.

## 2.4 重大會計政策概要(續)

### 公允價值的計量

本集團於各報告期結束時按公允價值計量其投資物業、衍生金融工具及股權投資。公允價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。公允價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)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。資產或負債的公允價值乃採用市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照其最佳經濟利益行事)。

非金融資產公允價值的計量計及市場參與者最大限度使用該資產達致最佳用途或將該資產出售予最大限度使用該資產達致最佳用途的另一市場參與者而產生經濟利益的能力。

本集團使用適用於不同情況的估值方法，而其有足夠數據計量公允價值，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。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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 inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group 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.

### 2.4 重大會計政策概要 (續)

#### 公允價值的計量 (續)

於財務報表中計量或披露公允價值的所有資產及負債，均基於對公允價值計量整體而言屬重大的最低級別輸入數據在下述公允價值層級內進行分類：

第一級 – 基於相同資產或負債於活躍市場的報價 (未經調整)

第二級 – 基於對公允價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

第三級 – 基於對公允價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

就按經常性基準於財務報表確認的資產及負債而言，本集團通過於各報告期結束時重新評估分類 (基於對公允價值計量整體而言屬重大的最低級別輸入數據)，釐定層級內級別之間是否出現轉移。

#### 非金融資產減值

倘存在減值跡象，或當須每年就資產 (存貨、合同資產、遞延稅項資產、金融資產、投資物業及非流動資產 / 分類為持作銷售的處置組別除外) 進行減值測試，則會估計資產的可收回金額。資產的可收回金額為資產或現金產生單位的使用價值與其公允價值減出售成本兩者的較高者，並就個別資產而釐定，除非資產並不產生在很大程度上獨立於其他資產或資產組別的現金流入，於此情況下，可收回金額就資產所屬現金產生單位而釐定。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 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 the statement of 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 the statement of 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.

#### 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金額的情況下，方會確認減值虧損。於評估使用價值時，估計未來現金流量按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其現值。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表扣除。

會在各報告期結束時評估是否有跡象顯示先前所確認的減值虧損已不在或可能減少。倘出現有關跡象，則會估計可收回金額。僅當用以釐定資產可收回金額的估計有變時，方會撥回該資產先前確認的減值虧損，但撥回後的金額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表，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入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 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;

#### 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的關係密切家庭成員，而該人士

(i) 擁有本集團的控制權或共同控制權；

(ii) 對本集團具有重大影響力；或

(iii) 為本集團或本集團母公司的主要管理人員的一名成員；

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、子公司或同系子公司）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) 一實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Related parties (continued)

(b) (continued)

- (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. 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.

## 2.4 重大會計政策概要 (續)

### 關聯方 (續)

(b) (續)

- (v) 該實體提供一項僱傭後福利計劃予本集團或本集團關聯實體的僱員作為福利；
- (vi) 該實體受(a)所述人士控制或共同控制；
- (vii) (a)(i)所述人士對實體具有重大影響力或屬該實體(或該實體母公司)主要管理人員的一名成員；及
- (viii) 向本集團或本集團的母公司提供主要管理人員服務的實體或為其一部分的任何集團成員公司。

### 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。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。

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,通常於支出期間計入損益。倘符合確認標準,主要檢查支出會作為重置,於資產賬面值中資本化。倘大部分物業、廠房及設備須不時重置,本集團確認該等部分為個別具有特定可使用年期的資產及相應地對其作出折舊。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

	Annual depreciation rates 年折舊率
Buildings 樓宇	3%
Motor vehicles 汽車	16%-24%
Office equipment and electronic devices 辦公設備及電子裝置	19%-32%
Leasehold improvements 租賃物業裝修	13%-33%

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under decoration, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

### 2.4 重大會計政策概要 (續)

#### 物業、廠房及設備與折舊 (續)

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。主要估計可使用年期及年折舊率如下：

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末檢討，並作出調整（如適用）。

物業、廠房及設備項目（包括初步確認的任何重大部分）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。因出售或報廢而於該資產終止確認年度的損益確認的任何收益或虧損乃有關資產淨銷售所得款項與賬面值的差額。

在建工程乃指按成本減任何減值虧損列賬且未予折舊的正在裝修的樓宇。成本包括建設期間所產生的直接建造成本及與借貸資金有關的資本化借貸成本。在建工程於完工及可予使用時重新分類至物業、廠房及設備的適當類別。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investment properties

Investment properties are interests in land and buildings (including the leasehold property 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 the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

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.

## 2.4 重大會計政策概要(續)

### 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銷售的土地及樓宇權益（包括持作使用權資產的租賃物業，而有關物業在其他方面符合投資物業的定義）。該等物業初步按成本（包括交易成本）計量。於初步確認後，投資物業按反映報告期結束時市況的公允價值入賬。

投資物業公允價值變動所產生的收益或虧損於產生年度計入損益。

報廢或出售投資物業的任何收益或虧損於報廢或出售年度在損益確認。

由投資物業轉為自用物業或存貨時，該物業其後會計的認定成本為改變用途日期的公允價值。如本集團的自用物業轉為投資物業，本集團直至改變用途日期前會就自用物業根據「物業、廠房及設備與折舊」項下所述政策將該物業入賬及／或就持作使用權資產的物業根據「使用權資產」項下所述政策將該物業入賬，而物業於當日的賬面值與公允價值的任何差額則會根據上述「物業、廠房及設備與折舊」項下所述政策列作重估。由存貨轉為投資物業時，該物業於當日的公允價值與先前的賬面值的任何差額於損益確認。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Investment properties (continued)

###### *Transfers to or from investment property*

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

#### 2.4 重大會計政策概要 (續)

##### 投資物業 (續)

###### *轉至或轉出投資物業*

當且僅當有以下證據顯示用途變更，方可轉至或轉出投資物業：

- (a) 擁有人開始自用時即自投資物業轉至自用物業；
- (b) 開始開發作銷售用途時即自投資物業轉至存貨；
- (c) 擁有人結束自用時即自自用物業轉至投資物業；或
- (d) 開始租予另一方的經營租賃時即自存貨轉至投資物業。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 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 comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

### Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("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.

## 2.4 重大會計政策概要(續)

### 在建物業

在建物業擬於竣工後持作銷售。

在建物業按成本與可變現淨值的較低者列賬，而成本包括土地成本、建設成本、借貸成本、專業費用及於開發期內與有關物業直接相關的其他成本。

在建物業分類為流動資產，惟不能於正常營運週期內落成者除外。物業於竣工時轉撥至已竣工持作銷售物業。

### 已竣工持作銷售物業

已竣工持作銷售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。成本包括未出售物業應佔開發成本。可變現淨值乃經參考於日常業務過程中銷售物業的銷售所得款項減適用可變銷售開支釐定，或由管理層按當時的市況估計得出。

### 物業開發成本分配

土地成本根據各單位的可銷售建築面積(「建築面積」)佔可銷售總建築面積的比例分配至各單位。單位相關建設成本按個別情況識別及分配。一般建設成本按與土地成本相若的方式根據可銷售建築面積分配。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 5 years.

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 the statement of 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.

### 2.4 重大會計政策概要 (續)

#### 無形資產 (商譽除外)

單獨購入的無形資產於初步確認時按成本計量。通過業務合併購入的無形資產的成本為收購日期的公允價值。無形資產的可使用年期被評估為有限期或無限期。有限期的無形資產隨後於可使用經濟年期內攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。具有有限可使用年期的無形資產的攤銷期及攤銷方法至少於各財政年末檢討一次。

具無限可使用年期的無形資產於每年按個別或按現金產生單位層面作減值檢測。該等無形資產不予以攤銷。具無限年期的無形資產之可使用年期每年覆核，以釐定無限可使用年期之評估是否持續可靠，否則，將按預期基準將可使用年期之評估從無限年期更改為有限年期後入賬。

軟件按成本減任何減值虧損列賬，並於五年的估計可使用年期內按直線法攤銷。

終止確認無形資產產生之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，並於資產終止確認時於當期損益表中確認。

#### 租賃

本集團於合同開始時評估合同是否為租賃或包含租賃。倘合同為換取對價而給予在一段時間內控制使用已識別資產的權利，則該合同為租賃或包含租賃。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### 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. 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 policies for "properties under development" and "completed properties held for sale". 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:

Offices	2 to 3 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## 2.4 重大會計政策概要(續)

### 租賃(續)

#### 本集團作為承租人

本集團對所有租賃採用單一確認及計量方法，短期租賃及低價值資產租賃除外。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

#### (a) 使用權資產

於租賃開始日期(即相關資產可供使用的日期)確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。根據本集團有關「在建物業」及「已竣工持作銷售物業」的政策，倘使用權資產與持作存貨的租賃土地的權益有關，則其按成本與可變現淨值兩者的較低者進行後續計量。使用權資產成本包括已確認租賃負債款額、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃優惠。使用權資產於資產的租期及估計可使用年期內(以較短者為準)按直線法折舊。

辦公室	2至3年
汽車	2至3年

倘租賃資產的所有權在租期結束時轉讓至本集團或成本反映購買選擇權的行使，則使用資產的估計可使用年期計算折舊。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### Group as a lessee (continued)

#### (a) Right-of-use assets (continued)

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".

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

## 2.4 重大會計政策概要 (續)

### 租賃 (續)

#### 本集團作為承租人 (續)

#### (a) 使用權資產 (續)

根據本集團有關「在建物業」或「已竣工持作銷售物業」的政策，倘使用權資產與持作存貨的租賃土地的權益有關，則其按成本與可變現淨值兩者的較低者進行後續計量。當使用權資產符合投資物業的定義時，則計入投資物業中。根據本集團的「投資物業」政策，相應的使用權資產初步按成本計量，其後按公允價值計量。

#### (b) 租賃負債

於租賃開始日期按租期內將作出的租賃付款現值確認租賃負債。租賃付款包括定額付款(含實質定額款項)減任何應收租賃優惠、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及有關終止租賃的違約金付款(倘租期反映本集團行使選擇權終止租賃)。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

*Group as a lessee (continued)*

##### (b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is 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 and laptop computers that are considered to be of low value.

### 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(續)

於計算租賃付款的現值時，倘租賃內含利率無法輕易確定，則本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額就反映利息增長而增加及因所作出的租賃付款而減少。此外，倘存在修改、租期變動、租賃付款變動(如由指數或利率變動引起的未來租賃付款變動)或購買相關資產選擇權的評估變動，則重新計量租賃負債的賬面值。

##### (c) 短期租賃及低價值資產租賃

本集團對短期辦公設備租賃(即自開始日期起租期為12個月或以下且不含購買選擇權的租賃)應用短期租賃確認豁免，並對其認為屬低價值的辦公設備及手提電腦租賃應用低價值資產租賃確認豁免。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### Group as a lessee (continued)

#### (c) Short-term leases and leases of low-value assets (continued)

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. 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 the statement of 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.

## 2.4 重大會計政策概要 (續)

### 租賃 (續)

#### 本集團作為承租人 (續)

#### (c) 短期租賃及低價值資產租賃 (續)

當本集團就低價值資產訂立租賃時，本集團會因應個別租賃決定是否將租賃資本化。有關短期租賃及低價值資產租賃的租賃付款於租期內按直線基準確認為開支。

#### 本集團作為出租人

倘本集團作為出租人，其在租賃開始時（或發生租賃更改時）將其各項租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃分類為經營租賃。倘合同包含租賃及非租賃組成部分時，本集團按相對獨立售價基準將合同中的對價分配至各組成部分。租金收入於租期內按直線法列賬並因其經營性質計入損益表的收益內。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值，並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### *Group as a lessor (continued)*

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 asset 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.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the statement of financial position recognition exemption, the Group classifies the sublease as an operating lease.

## 2.4 重大會計政策概要 (續)

### 租賃 (續)

#### *本集團作為出租人 (續)*

將相關資產所有權所附帶的絕大部分風險及回報轉移至承租人的租賃列作融資租賃。

於開始日期，租賃資產的成本按租賃付款及相關付款（包括初步直接成本）的現值資本化，並按等同於租賃投資淨額的金額呈列為應收款項。租賃淨投資的融資收入於損益中確認，以便於租期內提供固定定期的回報率。

當本集團為中間出租人時，分租乃參照主租賃產生的使用權資產分類為融資租賃或經營租賃。倘主租賃乃本集團對其應用財務狀況表確認豁免的短期租賃，則本集團將該分租分類為經營租賃。



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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 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 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.

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產

##### *初步確認及計量*

金融資產於初步確認時分類為其後按攤銷成本、按公允價值計入其他全面收入及按公允價值計入損益計量。

於初步確認時，金融資產分類取決於金融資產的合同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就其應用實際權宜之計（即不對重大融資成分的影響作出調整）的貿易應收款項外，本集團初步按公允價值加上（倘金融資產並非按公允價值計入損益）交易成本計量金融資產。並無重大融資成分或本集團已就其應用實際權宜之計的貿易應收款項根據下文「收益確認」所載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允價值計入其他全面收入進行分類及計量，需產生僅支付本金及未償還本金的利息（「SPPI」）的現金流量。現金流量並非SPPI的金融資產按公允價值計入損益分類及計量，不論業務模式。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (continued)

#### Initial recognition and measurement (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 the statement of profit or loss when the asset is derecognised, modified or impaired.

## 2.4 重大會計政策概要(續)

### 投資及其他金融資產(續)

#### 初步確認及計量(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同現金流量、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同現金流量的業務模式中持有，而按公允價值計入其他全面收入分類及計量的金融資產於旨在持有以收取合同現金流量及出售的業務模式中持有。並非以上述業務模式持有的金融資產按公允價值計入損益分類及計量。

金融資產的所有常規買賣於交易日(即本集團承諾買賣該資產之日)確認。常規買賣指需在一般市場規定或慣例規定的期間內交付資產的金融資產買賣。

#### 後續計量

不同類別金融資產的後續計量如下：

#### 按攤銷成本列賬的金融資產(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，並可能受減值影響。當資產終止確認、經修訂或已減值時，收益及虧損於損益表中確認。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments and other financial assets (continued)

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

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

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

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

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

This category includes derivative instruments and 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 the statement of 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.

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### *指定為按公允價值計入其他全面收入的金融資產 (股權投資)*

於初步確認時，本集團可選擇於股權投資符合國際會計準則第32號金融工具：呈報項下的股本定義且並非持作買賣時，將其股權投資不可撤回地分類為指定為按公允價值計入其他全面收入的股權投資。分類乃按個別工具基準釐定。

該等金融資產的收益及虧損概不會被重新計入損益表。當確立支付權，而與股息有關的經濟利益可能流入本集團且股息金額能可靠計量時，股息會於損益表中確認為其他收入，惟當本集團於作為收回金融資產一部分成本的所得款項中獲益時則除外，在此等情況下，該等收益於其他全面收入入賬。指定為按公允價值計入其他全面收入的股權投資不受減值評估影響。

##### *按公允價值計入損益的金融資產*

按公允價值計入損益的金融資產按公允價值於財務狀況表列賬，而公允價值變動淨額於損益表中確認。

該類別包括本集團並無不可撤回地選擇按公允價值計入其他全面收入分類的衍生工具及股權投資。當確立支付權，而與股息有關的經濟利益可能流入本集團且股息金額能可靠計量時，分類為按公允價值計入損益的金融資產的股權投資股息亦會於損益表中確認為其他收入。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay 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.

## 2.4 重大會計政策概要(續)

### 金融資產的終止確認

金融資產(或(倘適用)金融資產的一部分或一組類似金融資產的一部分)主要於出現以下情況時終止確認(即從本集團綜合財務狀況表中剔除):

- 從資產收取現金流量的權利已到期; 或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利, 或已承擔向第三方無重大延誤全額支付所收現金流量的義務; 及(a)本集團已轉讓該項資產的絕大部分風險及回報; 或(b)本集團並無轉讓或保留該項資產絕大部分風險及回報, 但已轉讓該項資產的控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排, 其會評估有否保留資產所有權的風險及回報及保留的程度。倘本集團並無轉讓或保留資產的絕大部分風險及回報, 亦無轉讓資產控制權, 則本集團繼續以本集團持續參與程度為限確認已轉讓資產。在此情況下, 本集團亦確認相關負債。已轉讓資產及相關負債基於反映本集團所保留權利及義務的基準計量。

以擔保形式對已轉讓資產的持續參與乃按資產原賬面值與本集團可能須償還的最高對價兩者的較低者計量。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment of financial assets

The Group recognises an allowance for 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.

### 2.4 重大會計政策概要 (續)

#### 金融資產減值

本集團就並非按公允價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同到期的合同現金流量與本集團預期收取並按原始實際利率的相若利率貼現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合同條款所包含的其他信用增強手段所得的現金流量。

##### *一般辦法*

預期信貸虧損分兩個階段確認。就初步確認以來信貸風險並無顯著增加的信貸敞口而言，本集團會就未來12個月可能發生的違約事件所產生的信貸虧損(12個月預期信貸虧損)計提預期信貸虧損撥備。就初步確認以來信貸風險顯著增加的信貸敞口而言，本集團須就預期於敞口的餘下年期產生的信貸虧損計提虧損撥備，不論違約的時間(整個存續期的預期信貸虧損)。

於各報告日期，本集團評估金融工具信貸風險自初步確認以來是否顯著上升。於評估時，本集團會將於報告日期金融工具發生違約的風險與於初步確認日期金融工具發生違約的風險進行比較，並會考慮毋須花費過度成本或努力即可獲得的合理且可支撐的資料(包括歷史及前瞻性資料)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (continued)

#### General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables 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

## 2.4 重大會計政策概要 (續)

### 金融資產減值 (續)

#### 一般辦法 (續)

本集團會在合同付款逾期90日時認為金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在沒有計及本集團持有的任何信用增強手段前，本集團不大可能全額收取未償還合同款項，則本集團亦可認為金融資產將會違約。倘無法合理預期可收合同現金流量，則會撇銷金融資產。

按攤銷成本列賬的金融資產須按照一般辦法進行減值，且就計量預期信貸虧損而言，該等金融資產會被分類為如下階段，除下文所詳述應用簡化辦法的貿易應收款項除外。

第一階段 – 信貸風險自初步確認以來並無顯著增加及按相當於12個月預期信貸虧損金額計量虧損撥備的金融工具

第二階段 – 信貸風險自初步確認以來顯著增加（但並非信貸減值金融資產）及按相當於整個存續期預期信貸虧損金額計量虧損撥備的金融工具

第三階段 – 於報告日期已信貸減值（但並非購入或源生信貸減值）及按相當於整個存續期的預期信貸虧損金額計量虧損撥備的金融資產

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impairment of financial assets (continued)

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables 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 fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, 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.

### 2.4 重大會計政策概要 (續)

#### 金融資產減值 (續)

##### *簡化辦法*

就不包含重大融資部分或本集團應用實際權宜之計(即不對重大融資部分的影響作出調整)的貿易應收款項而言,本集團應用簡化辦法計算預期信貸虧損。根據簡化辦法,本集團並無追蹤信貸風險的變化,反而於各報告日期根據整個存續期的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評估預期虧損率,並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資部分及租賃應收款項的貿易應收款項而言,本集團將採用簡化辦法及按照上文所述政策計算預期信貸虧損作為其會計政策。

#### 金融負債

##### *初步確認及計量*

金融負債於初步確認時分類為按公允價值計入損益的金融負債、貸款及借貸、應付款項,或指定為於有效對沖中作對沖工具的衍生工具(倘適用)。

所有金融負債初步按公允價值確認,而貸款及借貸以及應付款項則須扣除直接應佔交易成本。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities (continued)

#### *Initial recognition and measurement (continued)*

The Group's financial liabilities include interest-bearing bank and other borrowings, corporate bonds and senior notes (collectively called "loans and borrowings"), lease liabilities, 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 the statement of profit or loss.

## 2.4 重大會計政策概要(續)

### 金融負債(續)

#### *初步確認及計量(續)*

本集團的金融負債包括計息銀行及其他借貸、公司債券及優先票據(統稱為「貸款及借貸」)、租賃負債、貿易應付款項及應付票據、其他應付款項以及應付關聯方款項。

#### *後續計量*

不同類別金融負債的後續計量如下：

#### *按攤銷成本列賬的金融負債(貸款及借貸)*

於初步確認後，貸款及借貸隨後以實際利率法按攤銷成本計量，除非貼現影響為微不足道，在該情況下則按成本列賬。當負債終止確認及按實際利率法進行攤銷程序時，其收益及虧損於損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益表的融資成本內。



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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.

#### 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 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 assets and settle the liabilities simultaneously.

### 2.4 重大會計政策概要 (續)

#### 金融負債 (續)

##### 財務擔保合同

本集團發出的財務擔保合同為因特定債務人未能根據債務工具的條款於債務到期時還款，而本集團須向有關持有人作出彌償虧損的合同。財務擔保合同初步按公允價值確認為負債，並就作出擔保所直接應佔交易成本作出調整。初步確認後，本集團會以下列兩者之較高者計量財務擔保合同：(i)根據「金融資產減值」所載政策釐定之預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)已確認的累計收入金額。

#### 金融負債的終止確認

當金融負債的責任已履行、取消或屆滿時，該負債會被終止確認。

當現有金融負債被另一項來自同一貸款人且條款大不相同的金融負債所取代，或當現有負債的條款被重大修訂，該取代或修訂被視為對原有負債的終止確認及對新負債的確認，而各自賬面值的差額於損益確認。

#### 抵銷金融工具

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債並於財務狀況表內呈報淨金額。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

## 2.4 重大會計政策概要(續)

### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要求償還的銀行透支，並構成本集團現金管理不可或缺的部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行現金(包括定期存款及與現金性質相似的資產)。

### 撥備

倘因過往事件導致產生現時責任(法定或推定責任)，且日後可能須撥出資源以履行責任，並能可靠估計責任的數額，則會確認撥備。

當貼現影響屬重大時，確認撥備的金額為預期清償責任所需的未來開支於報告期結束時的現值。因時間流逝而增加的貼現現值金額會記入損益表的融資成本項下。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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, joint ventures and associates, 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.

### 2.4 重大會計政策概要 (續)

#### 所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外的其他全面收入確認或直接於權益確認。

即期稅項資產及負債乃按預期自稅務機關收回或支付予其的金額，根據於報告期結束前已頒佈或實質上已頒佈的稅率（及稅法），經考慮本集團經營所在國家通行的詮釋及慣例計量。

遞延稅項採用負債法就於報告期結束時資產及負債的稅基與兩者用作財務報告的賬面值之間的所有暫時差額計提撥備。

遞延稅項負債乃就所有應課稅暫時差額而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初步確認商譽或資產或負債而產生，且於交易時並不影響會計利潤或應課稅利潤或虧損；及
- 就與於子公司、合營企業及聯營公司的投資相關的應課稅暫時差額而言，暫時差額的撥回時間為可控制，且該等暫時差額於可預見將來可能不會撥回。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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, joint ventures and associates, 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.

## 2.4 重大會計政策概要(續)

### 所得稅(續)

遞延稅項資產乃就所有可扣減暫時差額以及未動用稅項抵免及任何未動用稅項虧損的結轉而確認。遞延稅項資產以可能有應課稅利潤用作對銷可扣減暫時差額、未動用稅項抵免及未動用稅項虧損的結轉為限予以確認，惟下列情況除外：

- 與可扣減暫時差額有關的遞延稅項資產乃因在一項並非業務合併的交易中初步確認資產或負債而產生，且於交易時並不影響會計利潤或應課稅利潤或虧損；及
- 就與於子公司、合營企業及聯營公司的投資相關的可扣減暫時差額而言，遞延稅項資產僅於暫時差額於可預見將來有可能撥回以及將有應課稅利潤用作對銷暫時差額的情況下，方予確認。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 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 the 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.

## 2.4 重大會計政策概要 (續)

### 所得稅 (續)

於各報告期結束時審閱遞延稅項資產的賬面值，並在不再可能有足夠應課稅利潤以動用全部或部分遞延稅項資產時，相應扣減該賬面值。未被確認的遞延稅項資產會於各報告期結束時重新評估，並在可能有足夠應課稅利潤以收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於報告期結束前已頒佈或實質上已頒佈的稅率（及稅法）計算。

當且僅當本集團有可合法執行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收回時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債的不同應課稅實體徵收的所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of properties and services provided in the ordinary course of the Group's activities. Revenue is shown, net of taxes.

## 2.4 重大會計政策概要(續)

### 政府補助

倘能合理確定將會收取政府補助且符合所有附帶條件，則有關補助將按公允價值予以確認。倘補助與開支項目有關，即於擬補償成本的支銷期間內系統地確認為收入。

倘補助與資產有關，公允價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。

### 收益確認

收益乃按本集團於日常業務過程中就物業銷售及所提供服務而已收或應收對價的公允價值計量。收益乃經扣除稅項後列示。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (continued)

#### *Sale of properties*

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

## 2.4 重大會計政策概要 (續)

### 收益確認 (續)

#### *物業銷售*

收益於資產控制權轉移至買方時確認。資產的控制權是在一段時間內抑或在某一時點轉移，取決於合同的條款與適用於合同的法律規定。資產的控制權會在一段時間內轉移，前提是本集團的履約行為

- 提供買方同時取得及消耗的利益；或
- 創造及改良買方在本集團履約時控制的資產；或
- 並無創造對本集團有替代用途的資產，且本集團具有就迄今為止已完成的履約部分獲得付款的可強制執行權利。

如果資產的控制權在一段時間內轉移，收益確認會按在整個合同期間已完成該履約義務的進度進行。否則，收益會於買方獲得資產控制權的時點確認。

已完成履約義務的進度按本集團為完成履約義務而發生的支出或投入計量，有關支出或投入最能反映本集團完成履約義務的表現。

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。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (continued)

#### *Sale of properties (continued)*

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

#### *Property management service income*

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 entity's performance as the entity performs.

#### *Management consulting service income*

Management consulting service income derived from the provision of support services in connection with 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.

#### *Revenue from other sources*

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.

## 2.4 重大會計政策概要(續)

### 收益確認(續)

#### *物業銷售(續)*

對於在某一時點轉移物業控制權的物業開發及銷售合同，收益於買方獲得實物所有權或已竣工物業的法定所有權且本集團已獲得現時收款權並很可能收回對價時確認。

#### *物業管理服務收入*

自提供物業維護及管理服務產生的物業管理服務收入於提供相關服務且客戶同時收到並消耗有關實體履約時所提供的利益時予以確認。

#### *管理諮詢服務收入*

自就物業項目開發提供支持服務產生的管理諮詢服務收入於提供相關服務且客戶同時收到並消耗本集團所提供的利益時予以確認。

#### *其他來源收益*

租金收入於租賃期間按時間比例基準確認。不取決於指數或利率的可變租賃付款在其產生的會計期間內確認為收入。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (continued)

#### 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 the 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).

## 2.4 重大會計政策概要 (續)

### 收益確認 (續)

#### 其他收入

利息收入乃透過採用於金融工具預期年內將估計未來現金收入貼現至金融資產淨賬面值的利率以實際利率法按應計基準確認。

股息收入於股東收取款項的權利確立、與股息有關的經濟利益可能流入本集團且股息金額能可靠計量時確認。

### 合同負債

合同負債於本集團轉讓相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。合同負債於本集團履行合同(即將相關貨品或服務的控制權轉讓予客戶)時確認為收益。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Contract cost 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 cost assets are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

### Employee benefits

The employees of the Group's 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.

## 2.4 重大會計政策概要(續)

### 合同成本資產

除作為存貨、物業、廠房及設備以及無形資產資本化的成本外，履行客戶合同產生的成本倘符合以下所有條件，則資本化為資產：

- (a) 成本直接與實體可具體識別的合同或預期合同有關。
- (b) 成本產生或增加將用於滿足(或繼續履行)履約義務的實體資源。
- (c) 預計費用將予以收回。

資本化合同成本資產乃按與該資產相關的商品或服務轉讓予客戶的相同系統基準攤銷並計入損益。其他合同成本於產生時支銷。

### 僱員福利

本集團於中國內地營運的子公司的僱員須參加當地市政府實施的中央退休金計劃。該等子公司須按工資成本的一定比例向中央退休金計劃供款。該等供款於根據中央退休金計劃的規則成為應付款項時自損益扣除。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 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.

#### 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 simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

Since the majority of the assets and operations of the Group are located in Mainland China, the financial statements are presented in RMB, which is the functional currency of the Company. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

### 2.4 重大會計政策概要 (續)

#### 借貸成本

收購、建造或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)直接應佔的借貸成本資本化作為該等資產成本的一部分。當資產大致可作擬定用途或出售時，則停止將該等借貸成本資本化。特定借貸於用作合資格資產支出前的暫時性投資所賺取的投資收入，於已資本化的借貸成本中扣除。所有其他借貸成本均於產生期間支銷。

借貸成本包括實體就借取資金產生的利息及其他成本。

#### 股息

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

由於本公司組織章程大綱及細則授予董事宣派中期股息的權力，故中期股息於建議時同時宣派。因此，中期股息於獲建議及宣派時隨即確認為負債。

#### 外幣

由於本集團的大部分資產及營運位於中國內地，故其財務報表以本公司的功能貨幣人民幣呈列。本集團實體錄得的外幣交易初步使用交易日期其各自的功能貨幣當前利率入賬。以外幣計值的貨幣資產及負債按報告期結束時功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的差額在損益確認。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies (continued)

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.

## 2.4 重大會計政策概要(續)

### 外幣(續)

以外幣為單位而按歷史成本計量的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公允價值計量的非貨幣項目按計量公允價值當日的匯率換算。換算按公允價值計量的非貨幣項目產生的收益或虧損按與確認項目公允價值變動的收益或虧損一致的方式處理(即公允價值收益或虧損於其他綜合收益或損益中確認的項目的匯兌差額亦分別於其他綜合收益或損益中確認)。

在終止確認預付對價相關的非貨幣性資產或非貨幣性負債時，為釐定初步確認相關資產、費用或收入的匯率，首次交易日為本集團初步確認預付對價產生的非貨幣性資產或非貨幣性負債之日。如有多次支付或收取預付款項，本集團會釐定各項支付或收取預付對價的交易日期。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 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:

#### *Operating lease commitments – Group as lessor*

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

### 3. 重大會計判斷及估計

編製本集團的財務資料時，管理層須作出會影響收益、開支、資產及負債的呈報金額及其隨附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確定因素可能導致日後須就受影響的資產或負債賬面值作出重大調整的結果。

#### 判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層已作出下列判斷，其對財務報表的已確認金額影響至為重大：

#### *經營租賃承擔 – 本集團作為出租人*

本集團就其投資物業組合訂有商業物業租約。本集團基於對有關安排的條款及條件作出的評估（例如租期不構成商業物業之經濟年期的主要部分且最低租賃付款現值不等於商業物業之絕大部分公允價值），決定保留其租出的該等物業所有權附帶的絕大部分重大風險及回報，並將有關合同以經營租賃入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Judgements (continued)

##### *Classification between investment properties and owner-occupied properties*

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. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

### 3. 重大會計判斷及估計(續)

#### 判斷(續)

##### *投資物業及業主自用物業的分類*

本集團會釐定物業是否合資格作為投資物業，並已制訂作出該判斷的標準。投資物業為持有以賺取租金或資本增值或兩者兼有的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。某些物業部分為賺取租金或資本增值而持有，而另一部分為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部分可以分開出售(或根據融資租賃分開出租)，本集團會將有關部分分開入賬。倘若該等部分無法分開出售，則只會在用於生產或供應貨品或服務或作行政用途而持有的部分並不重要時，有關物業才會列作投資物業。本集團對各項物業個別作出判斷，以決定配套服務是否重要到使物業不符合投資物業的資格。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Judgements (continued)

##### *Classification between investment properties and completed properties held for sale*

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

### 3. 重大會計判斷及估計 (續)

#### 判斷 (續)

##### *投資物業及已竣工持作銷售物業的分類*

本集團開發持作銷售物業及為賺取租金及／或為資本增值而持有的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售物業。本集團於某項物業開發初期考慮其持有相關物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業入賬列作在建物業，計入流動資產。然而，倘物業擬為賺取租金及／或為資本增值而持有，有關物業則入賬列作在建投資物業，計入投資物業。待物業落成後，持作銷售物業轉撥至已竣工持作銷售物業項下，並按成本列賬，而為賺取租金及／或為資本增值而持有的物業則轉撥至已竣工投資物業項下。投資物業（不論在建或已竣工）均須於各報告期結束時重新估值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### *Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets*

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the property sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the financial statements, respectively.

### 3. 重大會計判斷及估計(續)

#### 估計不確定因素

對導致就下個財政年度內資產及負債賬面值作出大幅調整構成重大風險的有關未來的主要假設以及於報告期結束時存在的估計不確定因素的其他主要來源載於下文。

#### *貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損撥備*

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即按地理位置、產品類型、客戶類型及評級,以及信用證及其他形式的信貸保險的覆蓋範圍劃分)的逾期天數。

預期虧損率最初基於本集團歷史可觀察違約率。本集團將根據前瞻性資料調整矩陣以調整歷史信貸虧損經驗。例如,如預測經濟狀況(即國內生產總值)將在未來一年惡化,這可能導致房地產行業違約數量增加,則調整歷史違約率。於各報告日期,更新歷史可觀察違約率並分析前瞻性估計的變化。

對歷史可觀察違約率、預測經濟狀況與預期信貸虧損之間的相關性評估是一項重要估計。預期信貸虧損的數量對環境變化及預測經濟狀況敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦或無法代表客戶的未來實際違約情況。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損的資料分別於財務報表附註24及附註25中披露。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

*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.

### 3. 重大會計判斷及估計 (續)

#### 估計不確定因素 (續)

*在建物業及已竣工持作銷售物業的撥備*

本集團的在建物業及已竣工持作銷售物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計在建物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就在建物業及已竣工持作銷售物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

##### *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 estimation 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 all 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.

### 3. 重大會計判斷及估計(續)

#### 估計不確定因素(續)

##### *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。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

##### *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。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業開發項目竣工後由稅務機關釐定。本集團尚未就其所有物業開發項目與稅務機關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不同，且任何差額將會影響差額變現期間的土地增值稅開支及相關撥備。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

##### *Estimation of fair value of investment properties*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2020 was RMB2,723,700,000 (2019: RMB2,798,600,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

### 3. 重大會計判斷及估計 (續)

#### 估計不確定因素 (續)

##### *投資物業公允價值估計*

倘活躍市場上並無類似物業的當前價格，則本集團會考慮各方面資料，包括：

- (a) 不同性質、狀況或地點的物業於活躍市場的當前價格，並進行調整以反映有關差異；
- (b) 相似物業於較不活躍市場的近期價格，並進行調整以反映自按該等價格進行交易當日以來經濟狀況出現的任何變動；及根據未來現金流量進行的可靠估計而預測的貼現現金流量，而該等預測乃基於任何現有租約與其他合同的條款及(如可能)外在憑證(如地點及狀況相同的類似物業當前市值租金)，並採用足以反映當前市場對無法肯定的有關現金流量金額及時間進行評估的貼現率計算。

於2020年12月31日，投資物業的賬面值為人民幣2,723,700,000元(2019年：人民幣2,798,600,000元)。包括用於公允價值計量的主要假設及敏感度分析在內的進一步詳情載於財務報表附註14。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

##### *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the 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.

### 3. 重大會計判斷及估計(續)

#### 估計不確定因素(續)

##### *非金融資產(商譽除外)減值*

本集團於各報告期結束時評估所有非金融資產(包括使用權資產)有否任何減值跡象。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產的賬面值或現金產生單位超逾其可收回金額(即公允價值減出售成本與使用價值的較高者)，則視為已減值。

公允價值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算，則管理層須估計資產或現金產生單位的預期未來現金流量，選取合適的貼現率以計算該等現金流量的現值。

##### *遞延稅項資產*

倘可能具有應課稅利潤抵銷虧損，則會就未動用稅項虧損確認遞延稅項資產。管理層在釐定可予以確認的遞延稅項資產金額時，須根據未來應課稅利潤可能出現的時間及水平連同未來稅務計劃策略作出重大判斷。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

##### *Fair value of unlisted equity investments*

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 40 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2020 was RMB95,100,000 (2019: RMB115,742,000). Further details are included in note 21 to the financial statements.

### 4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are similar as well, all locations were aggregated as one reportable operating segment.

### 3. 重大會計判斷及估計 (續)

#### 估計不確定因素 (續)

##### *非上市股權投資的公允價值*

非上市股權投資已根據財務報表附註40所詳述的市場基準估值技術進行估值。有關估值需要本集團確定可資比較的公眾公司(同業公司)及選擇價格倍數。此外,本集團就流動性不足及規模差異的貼現作出估計。本集團將該等投資的公允價值分類為第三級。於2020年12月31日,非上市股權投資的公允價值為人民幣95,100,000元(2019年:人民幣115,742,000元)。進一步詳情載於財務報表附註21。

### 4. 經營分部資料

管理層按項目位置監控本集團業務(包括物業管理及租賃及商業物業管理)的經營業績,以就資源分配及表現評估作出決策,而並無任何單一位置的收益、純利或總資產分別超過本集團綜合收益、純利或總資產的10%。因所有位置具備類似經濟特徵及物業開發及租賃與管理的性質、上述業務流程的性質、上述業務的客戶類型或級別以及分配財產或提供服務所用方法類似,所有位置被歸總為一個可報告經營分部。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

##### Geographical information

No geographical information 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 sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

#### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Revenue from contracts with customers 客戶合同收益	9,138,944	7,343,810
Revenue from other sources 其他來源收益		
Gross rental income from investment property operating leases: 投資物業經營租賃租金收入總額:		
Lease payments, including fixed payments 租賃付款, 包括定額付款	49,550	54,435
	<b>9,188,494</b>	7,398,245

#### 4. 經營分部資料(續)

##### 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所得且本集團並無非流動資產位於中國內地境外, 故並無呈列地區資料。

##### 有關主要客戶的資料

於報告期結束時, 對單一客戶或共同控制下的一組客戶的銷售並無佔本集團收益的10%或以上。

#### 5. 收益、其他收入及收益

對收益的分析如下:

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

##### Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Types of goods or services: 商品或服務類型：</b>		
Sale of properties 物業銷售	9,085,255	7,294,137
Property management service income 物業管理服務收入	9,000	7,638
Management consulting service income 管理諮詢服務收入	44,689	42,035
<b>Total revenue from contracts with customers 客戶合同總收益</b>	<b>9,138,944</b>	<b>7,343,810</b>
<b>Timing of revenue recognition: 收益確認時間：</b>		
Properties transferred at a point in time 於某一時點轉讓的物業	9,085,255	7,294,137
Services transferred over time 於一段時間內轉讓的服務	53,689	49,673
<b>Total revenue from contracts with customers 客戶合同總收益</b>	<b>9,138,944</b>	<b>7,343,810</b>

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:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period: 計入報告期初合同負債的已確認收益：	5,724,724	5,327,644

#### 5. 收益、其他收入及收益 (續)

##### 客戶合同收益

(i) 分列收益資料

下表載列於本報告期確認並於報告期初計入合同負債的收益金額及因過往期間履行履約責任而確認的收益金額：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers (continued)

#### (ii) Performance obligations

The Group's performance obligations are related to property sales contracts, property management service contracts and management consulting service contracts. For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property. For property management service and management consulting service contracts, the Group recognises revenue equal to the right-to-invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the property management service contracts do not have a fixed term. The Group has elected the practical expedient for not to disclose the remaining performance obligations for both types of contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within one year 一年內	8,445,328	5,701,592
More than one year 一年以上	3,562,453	1,270,456
	<b>12,007,781</b>	6,972,048

## 5. 收益、其他收入及收益(續)

### 客戶合同收益(續)

#### (ii) 履約責任

本集團的履約責任與物業銷售合同、物業管理服務合同及管理諮詢服務合同有關。對於物業銷售合同，本集團於買方獲得已竣工物業的實物所有權或法定所有權時確認等於合同金額的收益。對於物業管理服務及管理諮詢服務合同，本集團於按月基準的收益與本集團迄今為止對客戶的履約價值直接相符一致時確認等於有權收取的發票金額的收益。大多數物業管理服務合同並無固定期限。本集團已選擇不披露此兩種合同的剩餘履約責任的實際權宜之計。

於12月31日分配予剩餘履約責任(未履行或部分未履行)的交易價格金額如下：



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### 5. 收益、其他收入及收益 (續)

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Other income</b> 其他收入		
Others 其他	5,597	793
<b>Gains</b> 收益		
Gain on disposal of subsidiaries (note 36) 出售子公司收益 (附註36)	103,745	2,362
Remeasurement gain on investments in joint ventures and an associate held before business combination 業務合併前所持於合營企業及聯營公司的投資的重新計量收益	18,631	-
Gain on foreign exchange 匯兌收益	200,414	6,859
Gain on disposal of associates 出售聯營公司收益	463	-
Deposit forfeiture 按金沒收	2,610	4,717
Dividend income 股息收入	6,561	4,985
Government grants 政府補助	7,160	1,898
Gain on bargain purchase (note 35) 議價購買收益 (附註35)	267	-
Gain on disposal of items of property, plant and equipment 出售物業、廠房及設備項目收益	23	92
	<b>339,874</b>	20,913
	<b>345,471</b>	21,706

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

#### 6. 除稅前利潤

本集團除稅前利潤乃自以下各項扣除後達致：

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Cost of properties sold 已出售物業成本	23	7,236,342	5,673,545
Cost of rental service 租賃服務成本		6,588	8,865
Cost of property management service 物業管理服務成本		1,264	2,292
Cost of management consulting service 管理諮詢服務成本		26,604	16,813
Depreciation of items of property, plant and equipment 物業、廠房及設備項目折舊	13	16,968	18,020
Depreciation of right-of-use assets 使用權資產折舊	15(a)	6,327	5,530
Amortisation of intangible assets 無形資產攤銷	16	1,849	1,198
Loss on disposal of items of property, plant and equipment 出售物業、廠房及設備項目虧損		46	567
Lease payments not included in the measurement of lease liabilities 未計入租賃負債計量的租賃付款		5,613	6,310
Auditor's remuneration 審計師酬金		4,450	6,928
Employee benefit expense (including directors' and chief executives' remuneration (note 8)): 僱員福利開支(包括董事及最高行政人員薪酬)(附註8)：			
Wages and salaries 工資及薪金		297,882	218,493
Pension scheme contributions and social welfare 退休金計劃供款及社會福利		61,847	41,696

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Interest on bank and other borrowings and senior notes 銀行及其他借貸及優先票據的利息	1,200,744	762,969
Interest expense arising from revenue contracts 收益合同產生的利息開支	160,045	219,926
Interest on lease liabilities 租賃負債的利息	870	875
Total interest expense on financial liabilities not at fair value through profit or loss 並非按公允價值計入損益的金融負債的利息總開支	1,361,659	983,770
Less: Interest capitalised 減：資本化利息	(1,126,202)	(734,010)
	235,457	249,760

## 7. 融資成本

融資成本的分析如下：

## 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:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Fees 袍金	2,027	2,027
Other emoluments: 其他酬金：		
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	6,348	5,460
Performance-related bonuses* 表現掛鈎花紅*	2,540	2,540
Pension scheme contributions and social welfare 退休金計劃供款及社會福利	346	340
	9,234	8,340
	11,261	10,367

## 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2部披露的董事及最高行政人員的年度薪酬如下：

\* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

\* 本公司若干執行董事有權獲得花紅付款，花紅付款與本集團除稅後利潤相關聯。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### 8. 董事及最高行政人員薪酬(續)

##### (a) Independent non-executive directors

##### (a) 獨立非執行董事

The fees paid to independent non-executive directors during the year were as follows:

年內向獨立非執行董事支付的袍金如下：

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
– Mr. Gu Jiong 顧炯先生	180	180
– Mr. Sun Bing 孫冰先生	180	180
– Mr. Fok Ho Yin Thomas 霍浩然先生	180	180
	<b>540</b>	540

There were no other emoluments payable to the independent non-executive directors for the year ended 31 December 2020 (2019: Nil).

截至2020年12月31日止年度並無其他應付獨立非執行董事的酬金(2019年：無)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED) 8. 董事及最高行政人員薪酬 (續)

### (b) Executive directors and the chief executive

### (b) 執行董事及最高行政人員

	Fees 袍金 RMB' 000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼 及實物福利 RMB' 000 人民幣千元	Performance related bonuses 表現掛鈎花紅 RMB' 000 人民幣千元	Pension scheme contributions and social welfare 退休金計劃 供款及社會福利 RMB' 000 人民幣千元	Total remuneration 總薪酬 RMB' 000 人民幣千元
<b>2020</b> 2020年					
Executive directors: 執行董事：					
- Mr. Ge Yiyang - 葛一暘先生	755	3,123	930	102	4,910
- Mr. Liao Lujiang - 廖魯江先生	263	2,625	710	102	3,700
- Mr. Chi Jingyong - 池淨勇先生	263	300	450	102	1,115
- Mr. Yang Yongwu - 楊永武先生	206	300	450	40	996
	<b>1,487</b>	<b>6,348</b>	<b>2,540</b>	<b>346</b>	<b>10,721</b>
<b>2019</b> 2019年					
Executive directors: 執行董事：					
- Mr. Ge Yiyang - 葛一暘先生	755	3,021	930	100	4,806
- Mr. Liao Lujiang - 廖魯江先生	263	2,022	710	100	3,095
- Mr. Chi Jingyong - 池淨勇先生	263	201	450	100	1,014
- Mr. Yang Yongwu - 楊永武先生	206	216	450	40	912
	<b>1,487</b>	<b>5,460</b>	<b>2,540</b>	<b>340</b>	<b>9,827</b>

Mr. Liao Lujiang is the chief executive officer 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 year.

廖魯江先生為本公司的首席執行官兼執行董事。年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the year ended 31 December 2020 included four directors (2019: four), 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 one (2019: one) highest paid employees who is neither a director nor chief executive of the Company are as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	2,392	1,344
Performance related bonuses 表現掛鈎花紅	1,645	808
Pension scheme contributions and social welfare 退休金計劃供款及社會福利	14	–
	<b>4,051</b>	2,152

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 僱員人數	
	2020 2020年	2019 2019年
Nil to HK\$1,000,000 零至1,000,000港元	–	–
HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元	–	–
HK\$1,500,001 to HK\$2,000,000 1,500,001港元至2,000,000港元	–	–
HK\$2,000,001 to HK\$2,500,000 2,000,001港元至2,500,000港元	–	1
HK\$4,500,001 to HK\$5,000,000 4,500,001港元至5,000,000港元	1	–
	<b>1</b>	1

#### 9. 五名最高薪酬僱員

截至2020年12月31日止年度的五名最高薪酬僱員包括四名董事(2019年:四名董事),其薪酬詳情載於上文附註8。截至2020年12月31日止年度,並非本公司董事或最高行政人員的餘下一名(2019年:一名)最高薪酬僱員的薪酬詳情分別如下:

薪酬位於以下範圍的非董事及非最高行政人員的最高薪酬僱員人數如下:

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 10. INCOME TAX EXPENSE

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 subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax rate of 25% for the year ended 31 December 2020.

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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

#### 10. 所得稅費用

本集團須就本集團成員公司註冊及經營所在稅務司法管轄區產生及源自其的利潤按實體基準繳納所得稅。根據開曼群島及英屬處女群島的規則及規例，本公司及本集團於開曼群島及英屬處女群島註冊成立的子公司無須繳納任何所得稅。本集團於香港註冊成立的子公司無須繳納所得稅，因為該公司於截至2020年12月31日止年度並無現時於香港產生的任何應課稅利潤。

本集團於中國內地經營的子公司於截至2020年12月31日止年度須按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、借貸成本及其他物業開發開支）。本集團根據有關中國內地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。

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current tax: 即期稅項：		
PRC CIT 中國企業所得稅	464,352	343,450
PRC LAT 中國土地增值稅	74,078	29,371
Deferred tax (note 19) 遞延稅項(附註19)	(3,542)	(22,355)
Total tax charge for the year 年內總稅項支出	534,888	350,466

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 10. INCOME TAX EXPENSE (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 is as follows:

#### 10. 所得稅費用(續)

本公司及其大部分子公司註冊所在司法管轄區按法定稅率計算的除稅前利潤適用的所得稅費用與按實際所得稅率計算的所得稅費用對賬如下：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Profit before tax 除稅前利潤	1,250,222	951,206
Tax at the statutory income tax rate 按法定所得稅率計算的稅項	312,556	237,802
Profits and losses attributable to joint ventures and associates 合營企業及聯營公司應佔利潤及虧損	6,160	(11,765)
Income not subject to tax 無須課稅收入	(47,401)	(10,934)
Expenses not deductible for tax 不可扣稅開支	6,804	8,075
Tax losses and deductible temporary differences utilised from previous years 過往年度利用的稅項虧損及可扣減暫時差額	(17,937)	(9,126)
Tax losses and deductible temporary differences not recognised 未確認稅項虧損及可扣減暫時差額	219,148	114,386
Provision for LAT 土地增值稅撥備	74,078	29,371
Tax effect on LAT 土地增值稅的稅務影響	(18,520)	(7,343)
Tax charge at the Group's effective rate 按本集團實際稅率	534,888	350,466

The share of tax charge attributable to joint ventures and associates amounting to RMB13,607,000 is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss for the year ended 31 December 2020 (2019: RMB27,886,000). The share of tax credit attributable to joint ventures and associates amounting to RMB21,821,000 is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss for the year ended 31 December 2020 (2019: RMB12,200,000).

計算的稅項支出截至2020年12月31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13,607,000元(2019年：人民幣27,886,000元)，計入綜合損益表內「分佔合營企業及聯營公司利潤及虧損」項下。截至2020年12月31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21,821,000元(2019年：人民幣12,200,000元)，計入綜合損益表內「分佔合營企業及聯營公司利潤及虧損」項下。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 10. INCOME TAX EXPENSE (CONTINUED)

Tax payable in the consolidated statement of financial position represents the following:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
PRC CIT payable 應付中國企業所得稅	579,675	476,876
PRC LAT payable 應付中國土地增值稅	106,748	275,276
Total tax payable 應付總稅項	686,423	752,152

#### 10. 所得稅費用 (續)

以下為綜合財務狀況表內的應付稅項：

#### 11. DIVIDENDS

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Interim – RMB3.4 cents (2019: RMB7.7 cents) per ordinary share 中期股息 – 每股普通股人民幣3.4分 (2019年：人民幣7.7分)	28,148	63,530
Proposed final – RMB4.8 cents (2019: RMB6.8 cents) per ordinary share 建議末期股息 – 每股普通股人民幣4.8分 (2019年：人民幣6.8分)	39,738	56,296
	67,886	119,826

#### 11. 股息

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

建議年度末期股息須待本公司股東於應屆股東週年大會上批准後方可作實。

#### 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 827,880,000 (2019: 827,880,000) in issue during the year.

#### 12. 母公司普通權益持有人應佔每股盈利

每股基本盈利乃根據母公司普通權益持有人應佔年內利潤以及年內已發行普通股加權平均數827,880,000股 (2019年：827,880,000股) 計算。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

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.

The calculation of the basic and diluted earnings per share amounts is based on:

#### 12. 母公司普通權益持有人應佔每股盈利(續)

由於本集團於截至2020年及2019年12月31日止年度並無已發行潛在攤薄普通股，故並未就截至2020年及2019年12月31日止年度呈列之每股基本盈利作出攤薄調整。

每股基本及攤薄盈利的計算乃基於：

	2020 2020年	2019 2019年
<b>Earnings 盈利</b>		
Profit attributable to ordinary equity holders of the parent (RMB' 000) 母公司普通權益持有人應佔利潤(人民幣千元)	338,859	515,821
<b>Shares 股份</b>		
Weighted average number of ordinary shares in issue during the year 年內已發行普通股的加權平均數	827,880,000	827,880,000
<b>Earnings per share 每股盈利</b>		
Basic and diluted 基本及攤薄	RMB0.41 人民幣0.41元	RMB0.62 人民幣0.62元

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

	Buildings 樓宇 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Office equipment and electronic devices 辦公設備及 電子裝置 RMB' 000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
<b>31 December 2020</b> <b>2020年12月31日</b>					
At 31 December 2019 and 1 January 2020: 於2019年12月31日及2020年1月1日：					
Cost 成本	109,021	28,558	14,229	35,243	187,051
Accumulated depreciation 累計折舊	(11,604)	(17,190)	(6,771)	(20,510)	(56,075)
Net carrying amount 淨賬面值	97,417	11,368	7,458	14,733	130,976
At 1 January 2020, net of accumulated depreciation 於2020年1月1日，扣除累計折舊	97,417	11,368	7,458	14,733	130,976
Additions 添置	-	5,730	442	316	6,488
Disposals 出售	-	(25)	(73)	-	(98)
Acquisition of subsidiaries (note 35) 收購子公司(附註35)	-	-	361	-	361
Disposal of subsidiaries 出售子公司	-	(6,588)	(873)	(360)	(7,821)
Depreciation provided during the year 年內折舊撥備	(3,452)	(2,490)	(1,686)	(9,340)	(16,968)
At 31 December 2020, net of accumulated depreciation 於2020年12月31日，扣除累計折舊	93,965	7,995	5,629	5,349	112,938
At 31 December 2020: 於2020年12月31日：					
Cost 成本	109,021	25,292	13,509	34,346	182,168
Accumulated depreciation 累計折舊	(15,056)	(17,297)	(7,880)	(28,997)	(69,230)
Net carrying amount 淨賬面值	93,965	7,995	5,629	5,349	112,938

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 13. 物業、廠房及設備(續)

	Buildings 樓宇 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Office equipment and electronic devices 辦公設備及 電子裝置 RMB' 000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
<b>31 December 2019</b> <b>2019年12月31日</b>					
At 31 December 2018 and 1 January 2019: 於2018年12月31日及2019年1月1日:					
Cost 成本	109,021	28,468	13,384	52,131	203,004
Accumulated depreciation 累計折舊	(8,152)	(19,730)	(5,212)	(9,822)	(42,916)
Net carrying amount 淨賬面值	100,869	8,738	8,172	42,309	160,088
At 1 January 2019, net of accumulated depreciation 於2019年1月1日，扣除累計折舊					
depreciation 於2019年1月1日，扣除累計折舊	100,869	8,738	8,172	42,309	160,088
Additions 添置	-	5,865	1,431	13,468	20,764
Disposals 出售	-	(1,227)	(29)	-	(1,256)
Disposal of subsidiaries 出售子公司	-	-	(244)	-	(244)
Transfer to investment properties (note 14) 轉入投資物業(附註14)	-	-	-	(30,356)	(30,356)
Depreciation provided during the year 年內折舊撥備	(3,452)	(2,008)	(1,872)	(10,688)	(18,020)
At 31 December 2019, net of accumulated depreciation 於2019年12月31日，扣除累計折舊					
depreciation 於2019年12月31日，扣除累計折舊	97,417	11,368	7,458	14,733	130,976
At 31 December 2019: 於2019年12月31日:					
Cost 成本	109,021	28,558	14,229	35,243	187,051
Accumulated depreciation 累計折舊	(11,604)	(17,190)	(6,771)	(20,510)	(56,075)
Net carrying amount 淨賬面值	97,417	11,368	7,458	14,733	130,976

At 31 December 2020, the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB83,177,000 (2019: RMB88,346,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

本集團於2020年12月31日總賬面值約人民幣83,177,000元(2019年: 人民幣88,346,000元)的物業、廠房及設備已質押，為本集團獲授的計息銀行及其他借貸作抵押(附註30)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 14. INVESTMENT PROPERTIES

#### 14. 投資物業

	Completed 已竣工 RMB' 000 人民幣千元	Under construction 在建 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Carrying amount at 1 January 2019 於2019年1月1日的賬面值	2,542,500	39,500	2,582,000
Addition 添置	–	2,856	2,856
Transferred from properties held for sale (note 23) 轉自持作銷售物業 (附註23)	125,912	–	125,912
Transferred from property, plant and equipment (note 13) 轉自物業、廠房及設備 (附註13)	30,356	–	30,356
Transfer 轉讓	42,356	(42,356)	–
Net gain from a fair value adjustment 公允價值調整所得淨收益	57,476	–	57,476
Carrying amount at 31 December 2019 and 1 January 2020 於2019年12月31日及2020年1月1日的賬面值	2,798,600	–	2,798,600
Addition 添置	–	67,864	67,864
Disposal of a subsidiary (note 36) 出售子公司 (附註36)	(134,600)	–	(134,600)
Net gain/(loss) from a fair value adjustment 公允價值調整所得淨收益/(虧損)	3,000	(11,164)	(8,164)
Carrying amount at 31 December 2020 於2020年12月31日的賬面值	2,667,000	56,700	2,723,700

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 Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB2,723,700,000 (2019: RMB2,798,600,000). The Group's chief financial officer decides, after approval from the board of directors of the Company, to appoint which 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.

本集團的投資物業位於中國內地。本集團的投資物業乃基於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」)的評估於2020年12月31日重估為人民幣2,723,700,000元(2019年：人民幣2,798,600,000元)。本集團的首席財務官經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的首席財務官已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 14. INVESTMENT PROPERTIES (CONTINUED)

At 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB2,481,100,000 (2019: RMB2,542,300,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Recurring fair value measurement for 就以下項目進行的經常性公允價值計量	Fair value measurement as at 31 December 2020 using 於2020年12月31日使用以下級別的公允價值計量			
	Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第一級) RMB' 000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第二級) RMB' 000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Commercial properties 商業物業				
Completed 已竣工	-	-	2,667,000	2,667,000
Under construction 在建	-	-	56,700	56,700
	-	-	2,723,700	2,723,700

Recurring fair value measurement for 就以下項目進行的經常性公允價值計量	Fair value measurement as at 31 December 2019 using 於2019年12月31日使用以下級別的公允價值計量			
	Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第一級) RMB' 000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第二級) RMB' 000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Completed commercial properties 已竣工商業物業	-	-	2,798,600	2,798,600

### 14. 投資物業(續)

本集團於2020年12月31日的總賬面值約人民幣2,481,100,000元(2019年: 人民幣2,542,300,000元)的投資物業已質押, 為本集團獲授的計息銀行及其他借貸作抵押(附註30)。

#### 公允價值層級

下表說明本集團投資物業的公允價值計量層級:

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 14. INVESTMENT PROPERTIES (CONTINUED)

##### Fair value hierarchy (continued)

During the year ended 31 December 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2019: Nil).

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

#### 14. 投資物業 (續)

##### 公允價值層級 (續)

截至2020年12月31日止年度，第一級與第二級之間並無公允價值計量的轉撥，亦無轉撥至或轉撥自第三級(2019年：無)。

以下為投資物業估值所用的估值技術及主要輸入數據概要：

	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range or weighted average 31 December 範圍或加權平均 12月31日		
			2020 2020年	2019 2019年	
Completed commercial properties 已竣工商業物業	Income approach 收益法	Estimated rental value (per square meter and per month) 估計租金價值 (每平方米及每月)	RMB69-609 人民幣69-609元	RMB69-609 人民幣69-609元	
			Capitalisation rate 資本化率	3.5%-6.25%	3.5%-6.25%
			Long term vacancy rate 長期空置率	2%-10%	2%-10%
Commercial properties under construction 在建商業物業	Comparison method 比較法	Expected profit margin 預期利潤率	10%	N/A 不適用	

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 14. INVESTMENT PROPERTIES (CONTINUED)

##### Fair value hierarchy (continued)

The fair value of completed commercial properties is determined by 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 long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming that it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

A higher estimated construction cost 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.

#### 14. 投資物業(續)

##### 公允價值層級(續)

已竣工商業物業的公允價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允價值。在適當情況下，吾等亦曾考慮參考相關市場可資比較的銷售交易。

估計租金價值大幅增加(減少)將導致投資物業的公允價值大幅增加(減少)。長期空置率及資本化率單獨大幅增加(減少)將導致投資物業的公允價值大幅減少(增加)。

在建商業物業的公允價值使用比較法釐定，經參考有關市場上可資比較的銷售個案並(如適用)經扣除以下項目後得出物業的公允價值(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及專業費用；及
- 市場參與者持有及開發物業至竣工所需的估計利潤率。

估計建設成本越高，將會導致在建投資物業公允價值越低。

預期利潤率越高，將導致在建投資物業的公允價值越低。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 15. LEASES

##### The Group as a lessee

The Group has lease contracts for various items of offices, motor vehicles and other equipment used in its operations. Leases of offices and motor vehicles generally have lease terms between 2 and 3 years. Other equipment generally has lease terms of 12 months or less and/or are 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:

	Offices 辦公室 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
As at 1 January 2019 於2019年1月1日	7,855	1,276	9,131
Additions 添置	3,363	-	3,363
Depreciation charge 折舊開支	(4,822)	(708)	(5,530)
As at 31 December 2019 and 1 January 2020 於2019年12月31日及2020年1月1日	6,396	568	6,964
Additions 添置	5,562	457	6,019
Disposal of a subsidiary (note 36) 出售子公司(附註36)	(1,592)	-	(1,592)
Depreciation charge 折舊開支	(6,111)	(216)	(6,327)
As at 31 December 2020 於2020年12月31日	4,255	809	5,064

#### 15. 租賃

##### 本集團作為承租人

本集團擁有多個辦公室、汽車項目及其經營所用設備的租賃合同。辦公室及汽車的租期通常介乎2至3年。其他設備的租期通常為12個月或以下及／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

本集團於年內的使用權資產賬面值及變動如下：

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 15. 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:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Carrying amount at 1 January 於1月1日的賬面值	7,059	9,131
New leases 新租賃	6,019	3,363
Disposal of a subsidiary (note 36) 出售子公司(附註36)	(1,733)	-
Accretion of interest recognised during the year 年內確認的利息增幅	870	875
Payments 付款	(7,134)	(6,310)
Carrying amount at 31 December 於12月31日的賬面值	5,081	7,059
Analysed into: 分析:		
Current portion 流動部分	2,008	4,819
Non-current portion 非即期部分	3,073	2,240

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

### 15. 租賃(續)

#### 本集團作為承租人(續)

##### (b) 租賃負債

年內的租賃負債賬面值及變動如下:

租賃負債的到期分析披露於財務報表附註43。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 15. LEASES (CONTINUED)

##### The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Interest on lease liabilities 租賃負債的利息	870	875
Depreciation charge of right-of-use assets 使用權資產折舊開支	6,327	5,530
Expense relating to short-term leases (included in administrative expenses) 與短期租賃有關的開支 (計入行政開支)	5,470	5,887
Expense relating to leases of low-value assets (included in administrative expenses) 與低價值資產租賃有關的開支 (計入行政開支)	143	423
Total amount recognised in profit or loss 於損益中確認的總額	12,810	12,715

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 37(c) and 43, respectively, to the financial statements.

##### The Group as a lessor

The Group leases its investment properties (note 14) consisting of 4 commercial properties in Mainland China 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 RMB49,550,000 (2019: RMB54,435,000), details of which are included in note 5 to the financial statements.

#### 15. 租賃 (續)

##### 本集團作為承租人 (續)

(c) 於損益中確認的租賃相關款項如下：

(d) 租賃現金流出總額及尚未開始的租賃相關未來現金流出分別披露於財務報表附註37(c)及43。

##### 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14)，包括中國內地的4個商業物業。該等租賃的條款通常要求租戶支付擔保按金並根據現行市況進行定期租金調整。年內，本集團的已確認租金收入為人民幣49,550,000元 (2019年：人民幣54,435,000元)，詳情載於財務報表附註5。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 15. LEASES (CONTINUED)

##### The Group as a lessor (continued)

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:

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within one year 一年內	55,423	58,500
After one year but within two years 一年以上但兩年以內	47,219	51,582
After two years but within three years 兩年以上但三年以內	40,833	41,875
After three years but within four years 三年以上但四年以內	35,829	38,348
After four years but within five years 四年以上但五年以內	32,916	36,838
After five years 五年後	210,796	258,291
	<b>423,016</b>	485,434

#### 15. 租賃(續)

##### 本集團作為出租人(續)

於2020年12月31日，本集團根據與其租戶的不可撤銷經營租賃未來期間應收未貼現租賃付款如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 16. INTANGIBLE ASSETS

#### 16. 無形資產

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Software 軟件</b>		
At the beginning of the year: 年初 :		
Cost 成本	14,015	8,117
Accumulated amortisation 累計攤銷	(3,962)	(2,764)
Net carrying amount 淨賬面值	10,053	5,353
Carrying amount at the beginning of the year 年初賬面值	10,053	5,353
Additions 添置	6,774	5,898
Disposal of subsidiaries (note 36) 出售子公司 (附註36)	(7)	-
Amortisation provided during the year 年內已撥備攤銷	(1,849)	(1,198)
Carrying amount at the end of the year 年末賬面值	14,971	10,053
At the end of the year: 年末 :		
Cost 成本	20,770	14,015
Accumulated amortisation 累計攤銷	(5,799)	(3,962)
Net carrying amount 淨賬面值	14,971	10,053

#### 17. INVESTMENTS IN JOINT VENTURES

#### 17. 於合營企業的投資

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Share of net assets 分佔淨資產	403,777	92,794

The Group's balances with joint ventures are disclosed in note 40 to the financial statements.

本集團與合營企業的結餘於財務報表附註40披露。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

#### 17. 於合營企業的投資(續)

下表列示本集團合營企業的非個別重大總財務資料：

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Share of the joint ventures' loss and total comprehensive loss for the year 分佔年內合營企業虧損及總全面虧損	(15,364)	(23,176)
Aggregate carrying amount of the Group's investments in the joint ventures 本集團於合營企業的投資的總賬面值	403,777	92,794

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in joint ventures are considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

本公司董事認為，於2020年12月31日無須計提減值撥備(2019年：無)，原因是於合營企業的投資被認為可悉數收回。合營企業已於該等財務報表中使用權益法入賬。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 18. INVESTMENTS IN ASSOCIATES

### 18. 於聯營公司的投資

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Share of net assets 分佔淨資產	1,876,466	1,783,333

The Group's balances with associates are disclosed in note 40 to the financial statements.

本集團與聯營公司的結餘於財務報表附註40披露。

(a) Particulars of the Group's material associates are as follows:

(a) 本集團主要聯營公司的詳情載列如下：

Name of company 公司名稱	Place and year of registration 註冊地點及年份	Registered share capital RMB' 000 註冊股本 人民幣千元	Actual percentage of ownership interest attributable to the Group 本集團應佔所有權 權益實際百分比	Principal activities 主要活動
上海力關企業管理有限公司(附註) Shanghai Lique Corporate Management Co., Ltd. (note)	Shanghai, PRC 中國上海 2019 2019年	2,000,000	49.00%	Property development 物業開發
上海弘汴企業管理有限公司(附註) Shanghai Hongbian Corporate Management Co., Ltd. (note)	Shanghai, PRC 中國上海 2019 2019年	1,000,000	49.00%	Property development 物業開發
常州億隆房地產開發有限公司 Changzhou Yilong Property Development Co., Ltd.	Changzhou, PRC 中國常州 2018 2018年	61,000	30.91%	Property development 物業開發

Note: Pursuant to the articles of association of Shanghai Lique Corporate Management Co., Ltd. and Shanghai Hongbian Corporate Management Co., Ltd., the other shareholders of these entities have enough voting power to control and operate these entities. Thus, these entities are accounted for as associates of the Group with the Group holding 49% of equity interest.

附註：根據上海力關企業管理有限公司及上海弘汴企業管理有限公司的組織章程細則，該等實體的其他股東擁有足夠投票權以控制及經營該等實體。因此，該等實體由本集團持有49%股權而被本集團入賬列作聯營公司。

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Shanghai Lique Corporate Management Co., Ltd. and Shanghai Hongbian Corporate Management Co., Ltd., which are considered material associates of the Group for the years ended 31 December 2020 and 2019, develop property projects with the other associate partners in Mainland China and are accounted for using the equity method. Changzhou Yilong Property Development Co., Ltd. (“Changzhou Yilong”) was considered a material associate of the Group for the year ended 31 December 2019 as it delivered 99% of completed properties held for sale to its customers and was not material for the year ended 31 December 2020 as there were only sporadic remaining properties delivered.

#### 18. 於聯營公司的投資 (續)

(b) 上海力闕企業管理有限公司及上海弘汴企業管理有限公司被視作本集團於截至2020年及2019年12月31日止年度的主要聯營公司，與中國內地的其他聯營夥伴開發物業項目，並使用權益法入賬。由於常州億隆房地產開發有限公司(以下或簡稱「常州億隆」)於2019年度向其客戶交付99%已竣工持作銷售物業，於2020年度僅零星交付剩餘物業，故於截至2019年12月31日止年度，常州億隆被視作本集團的主要聯營公司，而於截至2020年12月31日止年度，常州億隆不被視為本集團的主要聯營公司。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) (continued)

The following table illustrates the summarised financial information in respect of Shanghai Lique Corporate Management Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	<b>31 December 2020 2020年 12月31日 RMB'000 人民幣千元</b>	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Cash and cash equivalents 現金及現金等價物	520	510
Other current assets 其他流動資產	1,998,980	2,000,000
Current liabilities 流動負債	-	(510)
Net assets 淨資產	1,999,500	2,000,000
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬：		
Proportion of the Group's ownership 本集團所有權的比例	49%	49%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	979,755	980,000
Carrying amount of the investment 投資的賬面值	979,755	980,000
Revenue 收益	-	-
Expenses 開支	(500)	-
Tax 稅項	-	-
Loss and total comprehensive loss for the year 虧損及年內總全面虧損	(500)	-

#### 18. 於聯營公司的投資 (續)

(b) (續)

下表說明上海力闕企業管理有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內的賬面值對賬：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) (continued)

The following table illustrates the summarised financial information in respect of Shanghai Hongbian Corporate Management Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	<b>31 December 2020 2020年 12月31日 RMB'000 人民幣千元</b>	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Cash and cash equivalents 現金及現金等價物	1	2
Other current assets 其他流動資產	<b>1,000,000</b>	1,000,000
Current liabilities 流動負債	<b>(2)</b>	(2)
Net assets 淨資產	<b>999,999</b>	1,000,000
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬：		
Proportion of the Group's ownership 本集團所有權的比例	<b>49%</b>	49%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	<b>490,000</b>	490,000
Carrying amount of the investment 投資的賬面值	<b>490,000</b>	490,000
Revenue 收益	-	-
Expenses 開支	-	-
Tax 稅項	-	-
Profit and total comprehensive income for the year 年內利潤及總全面收入	-	-

#### 18. 於聯營公司的投資(續)

(b) (續)

下表說明上海弘汭企業管理有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內的賬面值對賬：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) (continued)

The following table illustrates the summarised financial information in respect of Changzhou Yilong Property Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Cash and cash equivalents 現金及現金等價物	149,984
Other current assets 其他流動資產	235,619
<b>Current assets 流動資產</b>	<b>385,603</b>
Non-current assets 非流動資產	13,818
<b>Current liabilities 流動負債</b>	<b>(228,766)</b>
<b>Net assets 淨資產</b>	<b>170,655</b>
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬：	
Proportion of the Group's ownership 本集團所有權的比例	30.91%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	52,749
<b>Carrying amount of the investment 投資的賬面值</b>	<b>52,749</b>
Revenue 收益	1,159,117
Expenses 開支	(937,946)
Tax 稅項	(50,516)
<b>Profit and total comprehensive income for the year 年內利潤及總全面收入</b>	<b>170,655</b>

#### 18. 於聯營公司的投資 (續)

(b) (續)

下表說明常州億隆房地產開發有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內的賬面值對賬：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Share of the associates' profit or loss and total comprehensive income or loss 分佔聯營公司利潤或虧損及總全面收入或虧損	(9,032)	17,486
Aggregate carrying amount of the Group's investments in the associates 本集團於聯營公司的投資的總賬面值	406,711	260,584

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2020 as the investments in associates are considered fully recoverable (2019: Nil). The associates have been accounted for using the equity method in these financial statements.

#### 18. 於聯營公司的投資(續)

(c) 下表列示本集團聯營公司的非個別重大總財務資料：

本公司董事認為，於2020年12月31日無須計提減值撥備(2019年：無)，原因是於聯營公司的投資被認為可悉數收回。聯營公司已於該等財務報表中使用權益法入賬。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

### 19. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

#### Deferred tax assets

#### 遞延稅項資產

	Lease liabilities 租賃負債 RMB' 000 人民幣千元	Losses available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 RMB' 000 人民幣千元	Payroll and welfare accrued advertising fee for offsetting against future taxable profits 應計工資及福利抵銷未來應課稅利潤的廣告費 RMB' 000 人民幣千元	Fair value adjustments of equity investment at fair value through other comprehensive income 按公允價值計入其他全面收入的股權投資產生的公允價值調整 RMB' 000 人民幣千元	Accrued construction cost 應計建設成本 RMB' 000 人民幣千元	Unrealised revenue in contract liabilities 合同負債中的未變現收益 RMB' 000 人民幣千元	Accrued LAT 應計土地增值稅 RMB' 000 人民幣千元	Impairment losses on financial assets 金融資產減值虧損 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2019 於2019年1月1日	2,283	10,616	1,261	-	37,854	158,185	72,079	168	282,446
Deferred tax credited/ (charged) to profit or loss during the year 年內計入/(扣除自)損益的 遞延稅項	(518)	(6,550)	(1,261)	-	11,265	36,469	(3,260)	37	36,182
At 31 December 2019 於2019年12月31日	1,765	4,066	-	-	49,119	194,654	68,819	205	318,628

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 19. DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

### 19. 遞延稅項 (續)

遞延稅項資產及負債於年內的變動如下：  
(續)

#### Deferred tax assets (continued)

#### 遞延稅項資產 (續)

	Lease liabilities 租賃負債 RMB' 000 人民幣千元	Losses available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 RMB' 000 人民幣千元	Payroll and welfare accrued advertising fee for offsetting against future taxable profits 應計工資及福利抵銷未來應課稅利潤的廣告費 RMB' 000 人民幣千元	Fair value adjustments of equity investment at fair value through other comprehensive income 按公允價值計入其他全面收入的股權投資產生的公允價值調整 RMB' 000 人民幣千元	Accrued construction cost 應計建設成本 RMB' 000 人民幣千元	Unrealised revenue in contract liabilities 合同負債中的未變現收益 RMB' 000 人民幣千元	Accrued LAT 應計土地增值稅 RMB' 000 人民幣千元	Impairment losses on financial assets 金融資產減值虧損 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2020 於2020年1月1日	1,765	4,066	-	-	49,119	194,654	68,819	205	318,628
Acquisition of subsidiaries (note 35) 收購子公司 (附註35)	-	-	-	-	-	34,779	-	-	34,779
Disposal of subsidiaries 出售子公司	(433)	-	-	-	(10,896)	(102,876)	-	-	(114,205)
Deferred tax credited/ (charged) to profit or loss during the year 年內計入/(扣除自)損益的 遞延稅項	(62)	12,885	-	-	(2,623)	41,540	(66,094)	659	(13,695)
Deferred tax credited to other comprehensive income during the year 年內計入其他全面 收入的遞延稅項	-	-	-	4,225	-	-	-	-	4,225
At 31 December 2020 於2020年12月31日	1,270	16,951	-	4,225	35,600	168,097	2,725	864	229,732

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 19. DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

### 19. 遞延稅項 (續)

遞延稅項資產及負債於年內的變動如下：  
(續)

#### Deferred tax liabilities

#### 遞延稅項負債

	Fair value adjustments arising from investment properties 投資物業產生的公允價值調整 RMB' 000 人民幣千元	Fair value adjustments through other comprehensive income 按公允價值計入其他全面收入的股權投資產生的公允價值調整 RMB' 000 人民幣千元	Fair value adjustments arising from business combinations 業務合併產生的公允價值調整 RMB' 000 人民幣千元	Right-of-use assets 使用權資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2019 於2019年1月1日	446,905	(1,400)	-	2,283	447,788
Deferred tax charged/(credited) to profit or loss during the year 年內扣除自/(計入)損益的遞延稅項	14,369	-	-	(542)	13,827
Deferred tax charged to other comprehensive income during the year 年內自其他全面收入扣除的遞延稅項	-	2,335	-	-	2,335
At 31 December 2019 於2019年12月31日	461,274	935	-	1,741	463,950
At 1 January 2020 於2020年1月1日	<b>461,274</b>	<b>935</b>	<b>-</b>	<b>1,741</b>	<b>463,950</b>
Acquisition of subsidiaries (note 35) 收購子公司 (附註35)	-	-	29,157	-	29,157
Disposal of subsidiaries 出售子公司	(2,164)	-	-	(398)	(2,562)
Deferred tax credited to profit or loss during the year 年內計入損益的遞延稅項	(2,041)	-	(15,119)	(77)	(17,237)
Deferred tax credited to other comprehensive income during the year 年內計入其他全面收入的遞延稅項	-	(935)	-	-	(935)
At 31 December 2020 於2020年12月31日	<b>457,069</b>	<b>-</b>	<b>14,038</b>	<b>1,266</b>	<b>472,373</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 19. DEFERRED TAX (CONTINUED)

##### Deferred tax liabilities (continued)

For presentation purposes, certain 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:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position 於綜合財務狀況表內確認的淨遞延稅項資產	228,485	271,877
Net deferred tax liabilities recognised in the consolidated statement of financial position 於綜合財務狀況表內確認的淨遞延稅項負債	(471,126)	(417,199)
	<b>(242,641)</b>	(145,322)

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.

#### 19. 遞延稅項(續)

##### 遞延稅項負債(續)

就呈列而言，若干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之遞延稅項結餘分析：

根據中國企業所得稅法，於中國內地成立的外商投資企業向外國投資者宣派股息須繳納10%預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後的盈利。倘中國內地與外國投資者的司法管轄區訂有稅收協定，則可應用較低的預扣稅率。就本集團而言，適用稅率為10%。因此，本集團有責任就該等於中國內地成立的子公司自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 19. DEFERRED TAX (CONTINUED)

##### Deferred tax liabilities (continued)

At 31 December 2020 and 2019, 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 Company and 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 totalled approximately RMB1,737,565,000 as at 31 December 2020 (2019: RMB1,714,311,000).

Deferred tax assets have not been recognised in respect of the following items:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Tax losses 稅項虧損	854,925	744,450

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. At 31 December 2020, the Group did not recognise deferred tax assets of approximately RMB213,731,000 (2019: RMB186,112,000), in respect of tax losses amounting to approximately RMB854,925,000 (2019: RMB744,450,000), that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years ending 31 December 2021, 2022, 2023, 2024 and 2025, respectively.

#### 19. 遞延稅項 (續)

##### 遞延稅項負債 (續)

於2020年及2019年12月31日，本公司及本集團並無就於中國內地成立的子公司應繳納預扣稅的未匯出盈利而應付的預扣稅確認遞延稅項。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，故該等子公司於可預見將來不大可能分派有關盈利。於2020年12月31日，與於中國內地子公司的投資相關而未確認遞延稅項負債的總暫時差額合共約為人民幣1,737,565,000元(2019年：人民幣1,714,311,000元)。

並無就以下項目確認遞延稅項資產：

倘若相關稅項利益可能透過未來應課稅利潤變現，則會就所結轉的稅項虧損確認遞延稅項資產。於2020年12月31日，本集團並無就約為人民幣854,925,000元(2019年：人民幣744,450,000元)的稅項虧損確認遞延稅項資產約人民幣213,731,000元(2019年：人民幣186,112,000元)，該等遞延稅項資產可予結轉以抵銷未來應課稅收入。該等稅項虧損將分別於截至2021年、2022年、2023年、2024年及2025年12月31日止年度(並包括該等年度)屆滿。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

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

#### 20. 按公允價值計入損益的金融資產

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Listed equity investments, at fair value 按公允價值計的上市股權投資	733,086	473,725
Unlisted investments, at fair value 按公允價值計的非上市投資	203,967	122,305
	<b>937,053</b>	596,030

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

上述上市股權投資於持作買賣時分類為按公允價值計入損益的金融資產。

The above unlisted investments were funds issued by exempted companies incorporated under the laws of the Cayman Islands. They were classified as financial assets at fair value through profit or loss as they were held for trading.

上述非上市投資乃根據開曼群島法例註冊成立的獲豁免公司發行的基金。該等投資於持作買賣時分類為按公允價值計入損益的金融資產。

At 31 December 2020, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB263,498,000 (2019: RMB224,230,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

於2020年12月31日，本集團總賬面值約為人民幣263,498,000元(2019年：人民幣224,230,000元)的按公允價值計入損益的金融資產已質押，為本集團獲授的銀行及其他借貸作抵押(附註30)。

#### 21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### 21. 指定為按公允價值計入其他全面收入的股權投資

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Unlisted equity investments, at fair value 按公允價值計的非上市股權投資	95,100	115,742

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

由於本集團認為上述股權投資屬戰略性質，該等投資已被不可撤銷地指定為按公允價值計入其他全面收入。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

## 22. PROPERTIES UNDER DEVELOPMENT 22. 在建物業

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Carrying amount at 1 January 於1月1日的賬面值	9,844,872	11,003,293
Additions 添置	9,413,013	6,738,240
Acquisition of subsidiaries (note 35) 收購子公司 (附註35)	2,670,100	-
Transferred to completed properties held for sale (note 23) 轉撥至已竣工持作銷售物業 (附註23)	(8,183,816)	(7,569,596)
Disposal of subsidiaries (note 36) 出售子公司 (附註36)	(1,068,152)	(327,065)
Carrying amount at 31 December 於12月31日的賬面值	<b>12,676,017</b>	9,844,872

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB8,927,099,000 (2019: RMB5,540,778,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2020 as the carrying amount of properties under development is considered fully recoverable (2019: Nil).

本集團的在建物業位於中國內地的租賃土地上。

於2020年12月31日，本集團總賬面值約為人民幣8,927,099,000元（2019年：人民幣5,540,778,000元）的在建物業已質押，為本集團獲授的銀行及其他借貸作抵押（附註30）。

本公司董事認為，於2020年12月31日無須計提減值撥備（2019年：無），原因是在建物業的賬面值被認為可悉數收回。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 23. COMPLETED PROPERTIES HELD FOR SALE 23. 已竣工持作銷售物業

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Carrying amount at 1 January 於1月1日的賬面值	2,864,311	1,094,172
Transferred from properties under development (note 22) 轉撥自在建物業(附註22)	8,183,816	7,569,596
Disposal of subsidiaries (note 36) 出售子公司(附註36)	(1,769,096)	-
Transferred to cost of sales (note 6) 轉撥至銷售成本(附註6)	(7,236,342)	(5,673,545)
Transferred to investment properties (note 14) 轉撥至投資物業(附註14)	-	(125,912)
Carrying amount at 31 December 於12月31日的賬面值	<b>2,042,689</b>	2,864,311

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2020 as the carrying amount of completed properties held for sale is considered fully recoverable (2019: Nil).

本公司董事認為，於2020年12月31日無須計提減值撥備(2019年：無)，原因是已竣工持作銷售物業的賬面值被認為可悉數收回。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 24. TRADE RECEIVABLES

#### 24. 貿易應收款項

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Trade receivables 貿易應收款項	13,860	13,528
Impairment 減值	-	-
	<b>13,860</b>	13,528

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

The carrying amounts of trade receivables in the consolidated statement of financial position approximate to their fair values.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

貿易應收款項主要指應收租戶租金。本集團尋求對其未收回應收款項維持嚴格控制並設有信用控制部門以將信貸風險最小化。管理層會定期審閱逾期結餘。鑒於以上所述，並無重大信貸風險集中情況。本集團並無就其貿易應收款項結餘持有任何抵押物或其他信用增強手段。貿易應收款項為無抵押且不計息。

綜合財務狀況表中貿易應收款項的賬面值與其公允價值相若。

於報告期結束時，基於發票日期的貿易應收款項賬齡分析如下：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Less than 1 year 少於一年	13,860	13,528

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

未逾期亦未減值應收款項涉及大量無近期違約記錄的不同類型客戶。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 24. TRADE RECEIVABLES (CONTINUED)

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on the expected loss rate and gross carrying amount, meanwhile, given all receivables are in the credit term, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial, and therefore, there has not been a loss allowance provision.

#### 24. 貿易應收款項(續)

本集團採用簡化辦法，計提國際財務報告準則第9號規定的預期信貸虧損，有關條文允許為所有貿易應收款項計提整個存續期的預期虧損撥備。為計量預期信貸虧損，貿易應收款項根據共同信貸風險特徵和逾期天數進行分組。貿易應收款項的預期虧損率估計為0.1%。根據對預期虧損率及總賬面值的評估，同時由於全部應收款項均處於信貸期內，本公司董事認為，該等結餘的預期信貸虧損並不重大，故並無計提虧損撥備。

#### 25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

#### 25. 預付款項、其他應收款項及其他資產

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Prepayments for acquisition of land use rights 收購土地使用權的預付款項	-	725,575
Due from non-controlling shareholders of subsidiaries 應收子公司的非控股股東款項	<b>3,369,887</b>	741,332
Other tax recoverable 其他可收回稅項	<b>323,635</b>	385,406
Land auction and other deposits 土地拍賣及其他按金	<b>420,022</b>	191,916
Prepayments for construction cost 建設成本的預付款項	<b>5,181</b>	1,870
Other receivables 其他應收款項	<b>86,843</b>	76,084
	<b>4,205,568</b>	2,122,183
Less: Impairment 減：減值	<b>(3,457)</b>	(818)
	<b>4,202,111</b>	2,121,365

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Other receivables are unsecured, non-interest-bearing and repayable on demand.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits 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 the expected credit losses were RMB3,457,000 as at 31 December 2020 (2019: RMB818,000).

#### 26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Cash and bank balances 現金及銀行結餘	7,276,076	4,693,722
Less: Restricted cash 減：受限制現金	2,128,643	1,115,487
Pledged deposits 已質押存款	1,256,204	766,669
Cash and cash equivalents 現金及現金等價物	3,891,229	2,811,566

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 RMB1,138,643,000 (2019: RMB1,115,487,000). As at 31 December 2020, the restricted cash included time deposits amounting to RMB990,000,000 (2019: Nil), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

#### 25. 預付款項、其他應收款項及其他資產 (續)

其他應收款項為無抵押、不計息且按要求償還。

應收子公司的非控股股東款項、應收第三方款項及其他按金的內部信用等級被視為良好等級。本集團已評估該等應收款項的信貸風險自初步確認以來並無顯著增加。該等應收款項的預期虧損率被評定為0.1%。本集團已對預期虧損率及總賬面值進行評估，根據12個月的預期信貸虧損計量減值，並已評估2020年12月31日的預期信貸虧損為人民幣3,457,000元(2019年：人民幣818,000元)。

#### 26. 現金及現金等價物、受限制現金及已質押存款

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2020年12月31日，該等受限制現金為人民幣1,138,643,000元(2019年：人民幣1,115,487,000元)。於2020年12月31日，受限制現金包括定期存款人民幣990,000,000元(2019年：無)乃於本集團獲得時於三個月後到期及按定期存款利率賺取利息。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (CONTINUED)

As at 31 December 2020, bank deposits of RMB1,256,204,000 (2019: RMB766,669,000) were pledged as security for purchasers' mortgage loans and construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

#### 26. 現金及現金等價物、受限制現金及已質押存款(續)

於2020年12月31日，銀行存款人民幣1,256,204,000元(2019年：人民幣766,669,000元)已質押，作為買方按揭貸款及項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Denominated in RMB 以人民幣計值	2,701,229	2,536,046
Denominated in HK\$ 以港元計值	1,573	10,300
Denominated in US\$ 以美元計值	1,188,427	265,220
	<b>3,891,229</b>	2,811,566

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.

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。

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.

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允價值相若。

As at 31 December 2020, 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 the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses were immaterial.

於2020年12月31日，受限制現金、已質押存款以及現金及現金等價物的內部信用等級被視為良好等級。本集團已評估受限制現金、已質押存款以及現金及現金等價物的信貸風險自初步確認以來並無顯著增加及根據12個月的預期信貸虧損計量減值，並已評估預期信貸虧損並不重大。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Less than 1 year 少於一年	2,279,941	2,239,307
Over 1 year 超過一年	9,064	7,864
	<b>2,289,005</b>	2,247,171

Trade and bills payables are unsecured, 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.

#### 27. 貿易應付款項及應付票據

於報告期結束時，基於發票日期的貿易應付款項及應付票據賬齡分析如下：

貿易應付款項及應付票據為無抵押及免息，一般基於施工進度結算。

由於貿易應付款項及應付票據到期期限相對較短，因此貿易應付款項及應付票據於報告期結束時的公允價值與其相應賬面值相若。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 28. OTHER PAYABLES AND ACCRUALS

#### 28. 其他應付款項及應計費用

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Advances from non-controlling shareholders of subsidiaries 子公司非控股股東墊款	1,450,155	684,070
Retention deposits related to construction and rental 建築及租金相關保留按金	151,373	198,209
Deposits related to land use rights 土地使用權相關按金	408,956	634,572
Business tax and surcharges 營業稅及附加費	101,735	106,529
Dividends payable 應付股息	28,413	63,530
Payroll and welfare payable 應付工資及福利	51,468	56,417
Interest payable 應付利息	34,082	45,247
Deposits related to sales of properties 物業銷售相關按金	59,746	28,309
Others 其他	43,121	70,269
	<b>2,329,049</b>	1,887,152

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

其他應付款項及子公司非控股股東墊款為無抵押、不計息並須按的要求償還。其他應付款項於報告期結束時的公允價值與其相應的賬面值相若。

#### 29. CONTRACT LIABILITIES

#### 29. 合同負債

The Group recognised the following revenue-related contract liabilities:

本集團已確認下列收益相關的合同負債：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Contract liabilities 合同負債	7,073,740	7,062,738

The Group receives payments from customers based on the billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sale.

本集團根據物業銷售合同中確定的收款時間表收取來自客戶的付款。付款通常於合同履行之前收取(主要來自物業開發及銷售)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 30. INTEREST-BEARING BANK AND OTHER BORROWINGS

### 30. 計息銀行及其他借貸

	2020 2020年			2019 2019年		
	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB'000 人民幣千元
<b>Current 即期</b>						
Bank loans – secured 銀行貸款 – 有抵押	3.5-7.5	2021	421,930	4.4-8.0	2020	821,711
Other loans – secured 其他貸款 – 有抵押	5.1-18.8	2021	915,409	10.0-18.0	2020	1,076,715
Current portion of long term bank loans – secured 長期銀行貸款的即期部分 – 有抵押	4.6-10.0	2021	418,524	5.4-8.0	2020	138,850
Current portion of long term other loans – secured 其他長期貸款的即期部分 – 有抵押	6.5-14.0	2021	126,730	12.0-15.9	2020	439,540
Current portion of long term other loans – unsecured 其他長期貸款的即期部分 – 無抵押	10.0	2021	5,000			–
			<b>1,887,593</b>			<b>2,476,816</b>
<b>Non-current 非即期</b>						
Bank loans – secured 銀行貸款 – 有抵押	4.6-10.0	2022-33	4,197,119	5.2-11.0	2021-33	3,196,795
Other loans – secured 其他貸款 – 有抵押	6.0-15.0	2022-23	937,963	14.0	2021	314,000
Other loans – unsecured 其他貸款 – 無抵押	15.0	2022	63,644	8.9-10.0	2021	111,538
			<b>5,198,726</b>			<b>3,622,333</b>
			<b>7,086,319</b>			<b>6,099,149</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

### 30. 計息銀行及其他借貸(續)

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Analysed into: 分析:</b>		
Bank loans repayable: 應償還銀行貸款:		
Within one year or on demand 一年內或按要求	840,454	960,561
In the second year 於第二年	1,564,256	400,340
In the third to fifth years, inclusive 於第三至第五年(包括首尾兩年)	1,177,420	1,376,445
Beyond five years 五年以上	1,455,443	1,420,010
	<b>5,037,573</b>	4,157,356
Other borrowings repayable: 應償還其他借貸:		
Within one year or on demand 一年內或按要求	1,047,139	1,516,255
In the second year 於第二年	667,767	425,538
In the third to fifth years, inclusive 於第三至第五年(包括首尾兩年)	333,840	-
	<b>2,048,746</b>	1,941,793
	<b>7,086,319</b>	6,099,149

The Group's borrowings are denominated in RMB and HK\$.

本集團的借貸以人民幣及港元計值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

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 as follows:

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Property, plant and equipment 物業、廠房及設備	13	83,177	88,346
Investment properties 投資物業	14	2,481,100	2,542,300
Properties under development 在建物業	22	8,927,099	5,540,778
Pledged deposits 已質押存款		1,223,419	746,453
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20	263,498	224,230
		<b>12,978,293</b>	9,142,107

As at 31 December 2020, the Controlling Shareholders have guaranteed certain of the bank and other borrowings of up to RMB833,926,000 (2019: RMB2,324,807,000).

As at 31 December 2020, the Group has pledged future proceeds in respect of property leasing as collateral to secure bank and other borrowings amounting to RMB101,040,000 (2019: RMB1,970,400,000).

As at 31 December 2020, the non-controlling shareholders of the Group's subsidiaries have guaranteed certain of the Group's bank borrowings of up to RMB2,085,598,000 (2019: RMB1,620,314,000).

#### 30. 計息銀行及其他借貸 (續)

本集團的若干銀行及其他借貸由質押以下於報告期結束時賬面值如下的資產作抵押：

於2020年12月31日，控股股東已就若干不超過人民幣833,926,000元（2019年：人民幣2,324,807,000元）的銀行及其他借貸作出擔保。

於2020年12月31日，本集團已質押出租中物業的未來所得款項作為抵押品，以獲得銀行及其他借貸人民幣101,040,000元（2019年：人民幣1,970,400,000元）。

於2020年12月31日，本集團子公司的非控股股東已就本集團若干不超過人民幣2,085,598,000元（2019年：人民幣1,620,314,000元）的銀行借貸作出擔保。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 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.

### 30. 計息銀行及其他借貸(續)

本公司管理層已評估計息銀行及其他借貸的公允價值與其賬面值相若，主要是由於該等借貸乃本集團與獨立第三方金融機構根據現行市場利率所作出。

### 31. SENIOR NOTES

### 31. 優先票據

	31 December 2020 2020年12月31日				31 December 2019 2019年12月31日			
	Principal at original currency US\$' 000 原幣本金 千美元	Contractual interest rate (%) 合同利率 (%)	Maturity 到期	RMB' 000 人民幣千元	Principal at original currency US\$' 000 原幣本金 千美元	Contractual interest rate (%) 合同利率 (%)	Maturity 到期	RMB' 000 人民幣千元
Senior notes due 2020 ("April 2019 Notes") 於2020年到期的優先票據(「2019年4月票據」)	-	-	-	-	120,000	13.500%	2020	843,395
Senior notes due 2021 ("July 2019 Notes I") 於2021年到期的優先票據(「2019年7月票據I」)	160,000	12.875%	2021年	1,066,181	180,000	12.875%	2021	1,290,059
Senior notes due 2021 ("July 2019 Notes II") 於2021年到期的優先票據(「2019年7月票據II」)	120,000	12.875%	2021年	803,173	120,000	12.875%	2021	860,302
Senior notes due 2021 ("January 2020 Notes") 於2021年到期的優先票據(「2020年1月票據」)	200,000	11.5%	2021年	1,347,810	-	-	-	-
Senior notes due 2022 ("July 2020 Notes I") 於2022年到期的優先票據(「2020年7月票據I」)	150,000	12.375%	2022年	958,797	-	-	-	-
Senior notes due 2022 ("July 2020 Notes II") 於2022年到期的優先票據(「2020年7月票據II」)	130,000	12.375%	2022年	866,560	-	-	-	-
Senior notes due 2022 ("July 2020 Notes III") 於2022年到期的優先票據(「2020年7月票據III」)	80,000	12.375%	2022年	520,321	-	-	-	-
				5,562,842				2,993,756
Less: Current portion 減：即期部分				3,217,164				843,395
Non-current portion 非即期部分				2,345,678				2,150,361

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 31. SENIOR NOTES (CONTINUED)

### 31. 優先票據 (續)

	31 December 2020 2020年 12月31日 RMB'000 人民幣千元	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
The Group's senior notes were repayable as follows: 本集團優先票據的償還情況如下：		
Repayable within one year 應於一年內償還	3,217,164	843,395
Repayable in the second year 應於第二年償還	2,345,678	2,150,361
<b>Total 總計</b>	<b>5,562,842</b>	<b>2,993,756</b>

#### July 2019 Notes I & II

As at 11 July 2019, the Company issued the July 2019 Notes I at a coupon rate of 12.875%, which will be due in 2021 with an aggregate principal amount of US\$180,000,000. The Company raised net proceeds of US\$174,086,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 11 July 2021, the Company may, at its option, redeem the July 2019 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

As at 21 December 2020, the Company redeemed the July 2019 Notes I in the open market in an aggregate principal amount of US\$20,000,000 (the "Repurchased Notes"). The Repurchased Notes were cancelled in accordance with the terms of the July 2019 Notes I and indentures. After cancellation of the Repurchased Notes, the aggregate principal amount of the Notes that remains outstanding was US\$160,000,000.

As at 13 November 2019, the Company issued the July 2019 Notes II at a coupon rate of 12.875%, which will be due in 2021 with an aggregate principal amount of US\$120,000,000. The Company raised net proceeds of US\$115,998,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 11 July 2021, the Company may, at its option, redeem the July 2019 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

#### 2019年7月票據I&II

於2019年7月11日，本公司發行將於2021年到期的本金總額為180,000,000美元，票面利率為12.875厘的2019年7月票據I。本公司募得淨所得款項174,086,000美元（經扣除包銷折扣及佣金以及其他開支）。於2021年7月11日前，本公司可隨時選擇以預定的贖回價贖回2019年7月票據I。贖回價之詳情披露於相關發售備忘錄。

於2020年12月21日，本公司於公開市場以本金總額20,000,000美元贖回2019年7月票據I（「回購票據」）。回購票據已根據2019年7月票據I及契約的條款予以註銷。於回購票據註銷後，尚未償還票據的本金總額為160,000,000美元。

於2019年11月13日，本公司發行將於2021年到期的本金總額為120,000,000美元，票面利率為12.875厘的2019年7月票據II。本公司募得淨所得款項115,998,000美元（經扣除包銷折扣及佣金以及其他開支）。於2021年7月11日前，本公司可隨時選擇以預定的贖回價贖回2019年7月票據II。贖回價之詳情披露於相關發售備忘錄。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 31. SENIOR NOTES (CONTINUED)

##### January 2020 Notes

As at 27 January 2020, the Company issued the *January 2020 Notes* at a coupon rate of 11.5%, which will be due in 2021 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$196,573,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 27 January 2021, the Company may, at its option, redeem the *January 2020 Notes* at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

##### July 2020 Notes I

As at 30 July 2020, the Company issued the *July 2020 Notes I* at a coupon rate of 12.375%, which will be due in 2022 with an aggregate principal amount of US\$150,000,000. The Company raised net proceeds of US\$145,339,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 30 July 2022, the Company may, at its option, redeem the *July 2020 Notes I* at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

##### July 2020 Notes II

As at 21 October 2020, the Company issued the *July 2020 Notes II* at a coupon rate of 12.375%, which will be due in 2022 with an aggregate principal amount of US\$130,000,000. The Company raised net proceeds of US\$126,157,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 30 July 2022, the Company may, at its option, redeem the *July 2020 Notes II* at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

#### 31. 優先票據(續)

##### 2020年1月票據

於2020年1月27日，本公司發行將於2021年到期的本金總額為200,000,000美元，票面利率為11.5厘的2020年1月票據。本公司募得淨所得款項196,573,000美元（經扣除包銷折扣及佣金以及其他開支）。於2021年1月27日前，本公司可隨時選擇以預定的贖回價贖回2020年1月票據。贖回價之詳情披露於相關發售備忘錄。

##### 2020年7月票據I

於2020年7月30日，本公司發行將於2022年到期的本金總額為150,000,000美元，票面利率為12.375厘的2020年7月票據I。本公司募得淨所得款項145,339,000美元（經扣除包銷折扣及佣金以及其他開支）。於2022年7月30日前，本公司可隨時選擇以預定的贖回價贖回2020年7月票據I。贖回價之詳情披露於相關發售備忘錄。

##### 2020年7月票據II

於2020年10月21日，本公司發行將於2022年到期的本金總額為130,000,000美元，票面利率為12.375厘的2020年7月票據II。本公司募得淨所得款項126,157,000美元（經扣除包銷折扣及佣金以及其他開支）。於2022年7月30日前，本公司可隨時選擇以預定的贖回價贖回2020年7月票據II。贖回價之詳情披露於相關發售備忘錄。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 31. SENIOR NOTES (CONTINUED)

##### July 2020 Notes III

As at 17 December 2020, the Company issued the July 2020 Notes III at a coupon rate of 12.375%, which will be due in 2022 with an aggregate principal amount of US\$80,000,000. The Company raised net proceeds of US\$75,588,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 30 July 2022, the Company may, at its option, redeem the July 2020 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The fair values of the early redemption options of the July 2019 Notes I & II, January 2020 Notes and July 2020 Notes I, II & III were not significant and, therefore, were not recognised by the Group on their inception and at 31 December 2020.

#### 31. 優先票據 (續)

##### 2020年7月票據III

於2020年12月17日，本公司發行將於2022年到期的本金總額為80,000,000美元，票面利率為12.375厘的2020年7月票據III。本公司募得淨所得款項75,588,000美元（經扣除包銷折扣及佣金以及其他開支）。於2022年7月30日前，本公司可隨時選擇以預定的贖回價贖回2020年7月票據III。贖回價之詳情披露於相關發售備忘錄。

2019年7月票據I & II、2020年1月票據及2020年7月票據I、II & III提前贖回選擇權的公允價值並不重大，因此本集團於設立時及2020年12月31日均無對其進行確認。

#### 32. SHARE CAPITAL

##### Shares

	2020 2020年 HK\$ 港元	2019 2019年 HK\$ 港元
Issued and fully paid: 已發行及繳足：		
827,880,000 (2019: 827,880,000) ordinary shares of HK\$0.001 each 827,880,000股 (2019年：827,880,000股) 每股面值0.001港元的普通股	827,880	827,880
Equivalent to RMB'000 相當於人民幣千元	730	730

#### 32. 股本

##### 股份

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 33. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statement 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 mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. 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.

### 33. 儲備

截至2020年12月31日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

#### (a) 股份溢價

股份溢價指已發行股份的面值與已收對價之差額。

#### (b) 資本儲備

資本儲備主要指(在收購子公司其他非控股權益的情況下)收購成本與收購非控股權益之間的差額，或(在向非控股股東出售子公司的部分股本權益的情況下)出售所得款項與出售非控股權益(並無失去控制權)之間的差額。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《中華人民共和國公司法》及於中國成立的子公司的組織章程細則，本集團須將除稅後純利的10%撥作法定盈餘儲備，此乃根據中國公認會計原則釐定，直至儲備結餘達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後結餘不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 33. RESERVES (CONTINUED)

#### (d) Merger reserve

The merger reserve of the Group represents 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.

#### (e) Asset revaluation reserve

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

#### (f) Equity investments revaluation reserve

The equity investments revaluation reserve represents unrealised fair value gains or losses for equity investments designated at fair value through other comprehensive income.

### 33. 儲備 (續)

#### (d) 合併儲備

本集團的合併儲備指公司重組及重組完成前現時組成本集團的公司當時控股公司的已發行股本及現時組成本集團的若干子公司權益持有人的注資。

#### (e) 資產重估儲備

資產重估儲備源於一項自用物業的用途更改為投資物業。

#### (f) 股權投資重估儲備

股權投資重估儲備為指定為按公允價值計入其他全面收入的股權投資的未變現公允價值收益或虧損。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

#### 34. 具有重大非控股權益的非全資子公司

本集團具有重大非控股權益的子公司詳情載列如下：

	Percentage of effective equity interest held by non-controlling interests 非控股權益持有的實際股權百分比 %	Profit/(loss) for the year allocated to non-controlling interests 分配予非控股權益的年內利潤/(虧損) RMB' 000 人民幣千元	Accumulated balances of non-controlling interests 非控股權益累計結餘 RMB' 000 人民幣千元
<b>31 December 2020 2020年12月31日</b>			
Ruian Hongding Real Estate Co., Ltd. 瑞安市鴻鼎置業有限公司	55	173,602	179,145
Hefei Zeyang Real Estate Co., Ltd. 合肥澤陽置業有限公司	69	109,368	137,905
Shanghai Kaique Enterprise Management Co., Ltd. 上海凱闕企業管理有限公司	49	(30)	979,972
Shanghai Queyang Enterprise Management Co., Ltd. 上海關陽企業管理有限公司	49	(142)	489,858
Wuxi Kaiyang Real Estate Co., Ltd. 無錫凱陽置業有限公司	55	(5,368)	645,749
<b>31 December 2019 2019年12月31日</b>			
Shanghai Kaique Enterprise Management Co., Ltd. 上海凱闕企業管理有限公司	49	(2)	980,002
Shanghai Queyang Enterprise Management Co., Ltd. 上海關陽企業管理有限公司	49	2	490,000

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of Ruian Hongding Real Estate Co., Ltd. The amounts disclosed are before any inter-company eliminations:

For the year ended 31 December

#### 34. 具有重大非控股權益的非全資子公司 (續)

下表載列瑞安市鴻鼎置業有限公司財務資料概要。披露之金額為任何公司間對銷前之金額：

截至12月31日止年度

	2020 2020年 RMB' 000 人民幣千元
Revenue 收益	1,784,834
Total expenses 總開支	(1,319,760)
Income tax expenses 所得稅費用	(147,820)
Profit and total comprehensive income for the year 利潤及年內總全面收入	317,254
Current assets 流動資產	891,579
Non-current assets 非流動資產	27,396
Current liabilities 流動負債	(590,291)
Non-current liabilities 非流動負債	(1,299)
Net Assets 淨資產	327,385
Net cash flows used in operating activities 經營活動所用淨現金流量	(139,450)
Net cash flows used in investing activities 投資活動所用淨現金流量	-
Net cash flows used in financing activities 融資活動所用淨現金流量	-
Net decrease in cash and cash equivalents 現金及現金等價物淨減少	(139,450)

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of Hefei Zeyang Real Estate Co., Ltd. The amounts disclosed are before any inter-company eliminations:

#### 34. 具有重大非控股權益的非全資子公司 (續)

下表載列合肥澤陽置業有限公司財務資料概要。披露之金額為任何公司間對銷前之金額：

	2020 2020年 RMB' 000 人民幣千元
Revenue 收益	1,010,108
Total expenses 總開支	(796,880)
Income tax expenses 所得稅費用	(55,272)
Profit and total comprehensive income for the year 利潤及年內總全面收入	157,956
Current assets 流動資產	688,628
Non-current assets 非流動資產	11,314
Current liabilities 流動負債	(400,772)
Non-current liabilities 非流動負債	(100,000)
Net Assets 淨資產	199,170
Net cash flows generated from operating activities 經營活動所得淨現金流量	340,852
Net cash flows used in investing activities 投資活動所用淨現金流量	-
Net cash flows used in financing activities 融資活動所用淨現金流量	(403,338)
Net decrease in cash and cash equivalents 現金及現金等價物淨減少	(62,486)

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of Shanghai Kaique Enterprise Management Co., Ltd. The amounts disclosed are before any inter-company eliminations:

#### 34. 具有重大非控股權益的非全資子公司 (續)

下表載列上海凱闕企業管理有限公司財務資料概要。披露之金額為任何公司間對銷前之金額：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Revenue 收益	-	-
Total expenses 總開支	(60)	4
Income tax expense 所得稅費用	-	-
Profit or loss and total comprehensive (loss)/income for the year 利潤或虧損及年內總全面(虧損)/收入	(60)	4
Current assets 流動資產	2,000,005	2,000,005
Current liabilities 流動負債	(61)	(1)
Net Assets 淨資產	1,999,944	2,000,004
Net cash flows generated from operating activities 經營活動所得淨現金流量	60	5
Net cash flows used in investing activities 投資活動所用淨現金流量	-	-
Net cash flows used in financing activities 融資活動所用淨現金流量	(60)	-
Net increase in cash and cash equivalents 現金及現金等價物淨增加	-	5

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of Shanghai Queyang Enterprise Management Co., Ltd. The amounts disclosed are before any inter-company eliminations:

#### 34. 具有重大非控股權益的非全資子公司(續)

下表載列上海闕陽企業管理有限公司財務資料概要。披露之金額為任何公司間對銷前之金額：

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Revenue 收益	-	-
Total expenses 總開支	(290)	-
Income tax expense 所得稅費用	-	-
Profit or loss and total comprehensive loss for the year 利潤或虧損及年內總全面虧損	(290)	-
Current assets 流動資產	1,000,001	1,000,001
Current liabilities 流動負債	(291)	(1)
Net Assets 淨資產	999,710	1,000,000
Net cash flows generated form operating activities 經營活動所得淨現金流量	290	-
Net cash flows used in investing activities 投資活動所用淨現金流量	-	-
Net cash flows (used in)/generated from financing activities 融資活動(所用)/所得淨現金流量	(290)	1
Net increase in cash and cash equivalents 現金及現金等價物淨增加	-	1



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following table illustrates the summarised financial information of Wuxi Kaiyang Real Estate Co., Ltd. The amounts disclosed are before any inter-company eliminations:

#### 34. 具有重大非控股權益的非全資子公司 (續)

下表載列無錫凱陽置業有限公司財務資料概要。披露之金額為任何公司間對銷前之金額：

	2020 2020年 RMB'000 人民幣千元
Revenue 收益	218
Total expenses 總開支	(12,972)
Income tax expense 所得稅費用	3,072
Profit or loss and total comprehensive loss for the year 利潤或虧損及年內總全面虧損	(9,682)
Current assets 流動資產	2,844,765
Non-current assets 非流動資產	8,716
Current liabilities 流動負債	(1,688,815)
Net Assets 淨資產	1,164,666
Net cash flows used in operating activities 經營活動所用淨現金流量	(1,241,236)
Net cash flows used in investing activities 投資活動所用淨現金流量	-
Net cash flows generated from financing activities 融資活動所得淨現金流量	1,560,196
Net increase in cash and cash equivalents 現金及現金等價物淨增加	318,960

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 35. BUSINESS COMBINATIONS

#### (a) Acquisition of Xuzhou Kaiyang Real Estate Co., Ltd. (“Xuzhou Kaiyang”)

The Group held equity interests of 43.23% in Xuzhou Kaiyang, which is engaged in property development and was previously accounted for as a joint venture of the Group. The remaining equity interests were held by third parties namely 江蘇通銀實業集團有限公司 (Jiangsu Tongyin Industrial Group Co., Ltd.) (“Jiangsu Tongyin”) and 上海凱瀧企業服務有限公司 (Shanghai Kairong Enterprise Service Co., Ltd.). On 31 March 2020, the Group entered into an agreement with Jiangsu Tongyin, pursuant to which the Group acquired an additional 8% equity interests in Xuzhou Kaiyang from Jiangsu Tongyin for a consideration of RMB1,600,000. As a result, Xuzhou Kaiyang has become a subsidiary of the Group since then as the Group has taken control over Xuzhou Kaiyang.

#### (b) Acquisition of Ruian Hongding Real Estate Co., Ltd. (“Ruian Hongding”)

The Group held equity interests of 35.28% in Ruian Hongding, which is engaged in property development and was previously accounted for as a joint venture of the Group. On 31 March 2020, the Group acquired an additional 10% equity interests in Ruian Hongding for a consideration of RMB1,000,000. As a result, Ruian Hongding has become a subsidiary of the Group since then because the Group held 51% of voting rights in the shareholders’ meetings according to the contractual arrangement and articles of association with the then equity holders, and appointed 3 out of 5 directors in the board of directors, both of which give the Group the current ability to direct the relevant activities of Ruian Hongding. The acquisition was part of the Group’s strategy to expand its market share of property sector.

### 35. 業務合併

#### (a) 收購徐州凱陽置業有限公司 (「徐州凱陽」)

本集團持有徐州凱陽股權的43.23%，徐州凱陽從事物業開發且先前作為本集團的合營企業入賬。餘下股權乃由第三方（即江蘇通銀實業集團有限公司（「江蘇通銀」）及上海凱瀧企業服務有限公司）持有。於2020年3月31日，本集團與江蘇通銀訂立協議，據此本集團以對價人民幣1,600,000元收購徐州凱陽額外8%的股權。因此，由於本集團其後對徐州凱陽擁有控制權，徐州凱陽已成為本集團之子公司。

#### (b) 收購瑞安市鴻鼎置業有限公司 (「瑞安鴻鼎」)

本集團持有瑞安鴻鼎股權的35.28%，瑞安鴻鼎從事物業開發且先前作為本集團的合營企業入賬。於2020年3月31日，本集團以對價人民幣1,000,000元收購瑞安鴻鼎額外10%的股權。因此，由於根據與當時權益持有人的合同安排以及組織章程細則，本集團於股東大會上持有51%的投票權，且於董事會會議上五名董事中就有三名代表本集團（兩者均使本集團目前能夠控制瑞安鴻鼎的相關活動），故瑞安鴻鼎已成為本集團的子公司。該項收購為本集團拓展其於物業開發方面市場份額及營運的策略的一部分。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 35. BUSINESS COMBINATIONS (CONTINUED)

##### (c) Acquisition of Ningbo Hongda Real Estate Co., Ltd. (“Ningbo Hongda”)

The Group held equity interests of 44.27% in Wenzhou Hongrong Real Estate Co., Ltd. (“Wenzhou Hongrong”, the holding company of Ningbo Hongda) which is engaged in property development and was previously accounted for as an associate of the Group. On 8 December 2020, the Group acquired an additional 5.73% equity interests in Wenzhou Hongrong for a consideration of RMB580,000. As a result, Wenzhou Hongrong has become a subsidiary of the Group since then because the Group held 51% of voting rights in the shareholders’ meetings according to the contractual arrangement and articles of association with the then equity holders, and appointed 3 out of 5 directors in the board of directors, both of which give the Group the current ability to direct the relevant activities of Wenzhou Hongrong. Wenzhou Hongrong held equity interests of 100% in Ningbo Hongda. As a result, Wenzhou Hongrong and Ningbo Hongda have become subsidiaries of the Group since then as the Group has taken control over Wenzhou Hongrong and Ningbo Hongda.

#### 35. 業務合併 (續)

##### (c) 收購寧波鴻大置業有限公司 (「寧波鴻大」)

本集團持有溫州鴻融置業有限公司(「溫州鴻融」，為寧波鴻大的控股公司)股權的44.27%，溫州鴻融從事物業開發且先前作為本集團的聯營公司入賬。於2020年12月8日，本集團以對價人民幣580,000元收購溫州鴻融額外5.73%的股權。因此，由於根據與當時權益持有人的合同安排以及組織章程細則，本集團於股東大會上持有51%的投票權，且於董事會會議上五名董事中就有三名代表本集團(兩者均使本集團目前能夠控制溫州鴻融的相關活動)，故溫州鴻融已成為本集團的子公司。溫州鴻融持有寧波鴻大100%的股權。因此，溫州鴻融及寧波鴻大已成為本集團的子公司，因為自此後本集團已控制溫州鴻融及寧波鴻大。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 35. BUSINESS COMBINATIONS (CONTINUED)

The fair values of the identifiable assets and liabilities of the subsidiaries acquired (a to c above) as at the dates of acquisition were as follows:

### 35. 業務合併(續)

所收購子公司(上述a至c)可識別資產及負債於收購日期的價值如下:

	Fair value recognised on acquisition 收購時確認的 公允價值 RMB' 000 人民幣千元
Property, plant and equipment 物業、廠房及設備	361
Deferred tax assets 遞延稅項資產	34,779
Properties under development 在建物業	2,670,100
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	745,446
Restricted cash 受限制現金	343,260
Cash and cash equivalents 現金及現金等價物	195,297
Trade and bills payables 貿易應付款項及應付票據	(8,909)
Other payables and accruals 其他應付款項及應計費用	(412,102)
Contract liabilities 合同負債	(2,966,459)
Interest-bearing bank and other borrowings 計息銀行及其他借貸	(528,000)
Deferred tax liabilities 遞延稅項負債	(29,157)
<b>Total identifiable net assets at fair value 按公允價值計量的總可識別淨資產</b>	<b>44,616</b>
Non-controlling interests 非控股權益	(22,538)
<b>Net assets acquired 所收購淨資產</b>	<b>22,078</b>
Fair value of investments in the joint ventures and an associate held before business combinations 業務合併前所持於合營企業及一家聯營公司的投資的公允價值	18,631
Gain on bargain purchase 議價購買收益	267
<b>Satisfied by cash 以現金支付</b>	<b>3,180</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 35. BUSINESS COMBINATIONS (CONTINUED)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000 人民幣千元
Cash considerations 現金對價	(3,180)
Cash and cash equivalents acquired 所收購現金及現金等價物	195,297
<hr/>	
Net inflow of cash and cash equivalents included in cash flows from investing activities 計入投資活動產生的現金流量的現金及現金等價物淨流入	192,117

#### 35. 業務合併 (續)

有關收購子公司的現金流量分析如下：

#### 36. DISPOSAL OF SUBSIDIARIES

##### (a) Disposal of partial interest in subsidiaries resulting in loss of control

- (i) Disposal of Nanjing Siwei Real Estate Co., Ltd. ("Nanjing Siwei")

Pursuant to the share transfer agreement dated 28 July 2020, the Group disposed of its 100% equity interests in Nanjing Siwei to its associate named 上海愛發置業有限公司 ("Shanghai Aifa Real Estate Co., Ltd."), in which the Group held 52% equity interests, for a consideration of RMB9,617,000 in total. Subsequent to the disposal, the Group held 52% equity interests in Nanjing Siwei. Nanjing Siwei became an associate of the Group thereafter.

#### 36. 出售子公司

##### (a) 出售子公司部分權益導致失去控制權

- (i) 出售南京思緯置業有限公司 (「南京思緯」)

根據日期為2020年7月28日的股份轉讓協議，本集團向其聯營公司上海愛發置業有限公司 (「上海愛發置業有限公司」) 出售其於南京思緯的100%股權，總對價為人民幣9,617,000元。於出售後，本集團於南京思緯持有52%股權。南京思緯於此後成為本集團的聯營公司。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (a) Disposal of partial interest in subsidiaries resulting in loss of control (continued)

- (ii) Disposal of Chengdu Hanwei Real Estate Co., Ltd. (“Chengdu Hanwei”)

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 16 September 2020, the registered capital of Chengdu Hanwei increased from RMB10,000,000 to RMB20,000,000. The additional capital of RMB10,000,000 was injected by other independent third parties. Therefore the Group’s equity interest in Chengdu Hanwei decreased from 100% to 50% and the Group lost control over Chengdu Hanwei. Chengdu Hanwei became a joint venture of the Group in accordance with the shareholders’ agreement since the relevant activities require unanimous consent of all directors.

- (iii) Disposal of Shanghai Yinchang Industrial Development Co., Ltd. (“Shanghai Yinchang”)

Pursuant to the share transfer agreement dated 1 August 2020, the Group disposed its 40.8% and 20% equity interests in Shanghai Yinchang to independent third parties named 江西中奧置業有限公司 (“Jiangxi Zhongao Real Estate Co., Ltd.”) and 江蘇新揚子商貿有限公司 (“Jiangsu Xinyangzi Trading Co., Ltd.”) respectively for nil consideration. Subsequent to the disposal, the Group held 39.2% equity interests in Shanghai Yinchang. Shanghai Yinchang became a joint venture of the Group in accordance with the shareholders’ agreement since the relevant activities require unanimous consent of all directors.

### 36. 出售子公司(續)

#### (a) 出售子公司部分權益導致失去 控制權(續)

- (ii) 出售成都瀚維置業有限公司(「成都瀚維」)

根據日期為2020年9月16日的股東決議案及組織章程細則的修訂，成都瀚維的註冊資本由人民幣10,000,000元增加至人民幣20,000,000元。人民幣10,000,000元的增資則由其他獨立第三方注入。本集團於成都瀚維之股權由100%減少至50%。由於相關活動須經全體董事一致同意，故根據股東協議，於出售後，成都瀚維成為本集團的合營企業。

- (iii) 出售上海垠昶實業發展有限公司(「上海垠昶」)

根據日期為2020年8月1日的股份轉讓協議，本集團分別向獨立第三方江西中奧置業有限公司(「江西中奧置業有限公司」)及江蘇新揚子商貿有限公司(「江蘇新揚子商貿有限公司」)出售其於上海垠昶的40.8%及20%股權，總對價為零。於出售後，本集團於上海垠昶持有39.2%股權。由於相關活動須經全體董事一致同意，故根據股東協議，於出售後，上海垠昶成為本集團的合營企業。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (a) Disposal of partial interest in subsidiaries resulting in loss of control (continued)

- (iv) Disposal of Shanghai Yinfu Real Estate Co., Ltd. ("Shanghai Yinfu")

Pursuant to the share transfer agreement dated 30 July 2020, the Group disposed of its 74% equity interests in Shanghai Yinfu to independent third parties named 福建柯陽股權投資合夥企業(有限合夥) ("Fujian Keyang equity investment partnership") for nil consideration. Subsequent to the disposal, the Group held 26% equity interests in Shanghai Yinfu. Shanghai Yinfu became a joint venture of the Group in accordance with the shareholders' agreement since the relevant activities require unanimous consent of all directors.

The above transactions in (i) to (iv) are accounted for as disposal of partial interest in subsidiaries. Details of the net assets disposed of in respect of the above transactions are summarised below:

### 36. 出售子公司(續)

#### (a) 出售子公司部分權益導致失去控制權(續)

- (iv) 出售上海垠孚實業發展有限公司(「上海垠孚」)

根據日期為2020年7月30日的股份轉讓協議，本集團向獨立第三方福建柯陽股權投資合夥企業(有限合夥)(「福建柯陽股權投資合夥企業」)出售其於上海垠孚的74%股權，總對價為零。於出售後，本集團於上海垠孚持有26%股權。由於相關活動須經全體董事一致同意，故根據股東協議，上海垠孚成為本集團的合營企業。

上述交易(i)至(iv)以出售子公司部分權益列賬。與上述交易有關的出售淨資產概述如下：

	2020 2020年 RMB'000 人民幣千元
Net assets disposed of: 出售淨資產：	
Investment in an associate 於聯營公司的投資	43,964
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	686,441
Cash and cash equivalents 現金及現金等價物	211
Other payables and accruals 其他應付款項及應計費用	(712,351)
	18,265
Fair value of the retained equity interest in an associate and joint ventures 於聯營公司及合營企業的保留股權公允價值	9,752
Gain on disposal of subsidiaries 出售子公司收益	1,104
Satisfied by cash 以現金支付	9,617

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (a) Disposal of partial interest in subsidiaries resulting in loss of control (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries in (i) to (iv) above is as follows:

	2020 2020年 RMB' 000 人民幣千元
Cash consideration 現金對價	9,617
Cash and bank balances disposed of 出售的現金及銀行結餘	(211)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries 有關出售子公司的現金及現金等價物的淨流入	9,406

#### (b) Disposal of subsidiaries

- (i) Disposal of Shanghai Kaiyang Real Estate Co., Ltd. ("Shanghai Kaiyang")

Pursuant to the share transfer agreement dated 27 October 2020, the Group disposed of its 100% equity interest in Shanghai Kaiyang to a third party named 上海邁亮實業發展有限公司("Shanghai Mailiang Industrial Development Company Limited") for a consideration of RMB273,782,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Shanghai Kaiyang disposed of as at 30 November 2020.

### 36. 出售子公司(續)

#### (a) 出售子公司部分權益導致失去控制權(續)

有關出售(i)至(iv)子公司的現金及現金等價物的淨流入分析如下：

#### (b) 出售子公司

- (i) 出售上海凱陽置業有限公司(「上海凱陽」)

根據日期為2020年10月27日的股份轉讓協議，本集團向第三方上海邁亮實業發展有限公司(「上海邁亮實業發展有限公司」)出售其於上海凱陽的100%股權，總對價為人民幣273,782,000元。對價乃經參考所出售上海凱陽的股權於2020年11月30日的相應價值釐定。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (b) Disposal of subsidiaries (continued)

- (i) Disposal of Shanghai Kaiyang Real Estate Co., Ltd. ("Shanghai Kaiyang") (continued)

The carrying values of the assets and liabilities of Shanghai Kaiyang on the date of disposal were as follows:

### 36. 出售子公司 (續)

#### (b) 出售子公司 (續)

- (i) 出售上海凱陽置業有限公司(「上海凱陽」)(續)

上海凱陽的資產及負債於出售日期的賬面值如下：

	2020 2020年 RMB' 000 人民幣千元
Net assets disposed of: 出售淨資產：	
Property, plant and equipment 物業、廠房及設備	7,287
Right-of-use assets 使用權資產	1,592
Investment properties 投資物業	134,600
Deferred tax assets 遞延稅項資產	1,554
Properties held for sale 持作銷售物業	138,328
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	190,810
Tax recoverable 可收回稅項	27,167
Cash and cash equivalents 現金及現金等價物	2,520
Trade and bills payables 貿易應付款項及應付票據	(54,085)
Other payables and accruals 其他應付款項及應計費用	(88,839)
Contract liabilities 合同負債	(55,344)
Tax payable 應付稅項	(26,459)
Lease liabilities within one year 一年內的租賃負債	(1,733)
Deferred tax liabilities 遞延稅項負債	(2,562)
	<b>274,836</b>
Loss on disposal of subsidiaries 出售子公司虧損	<b>(1,054)</b>
Satisfied by cash 以現金支付	<b>273,782</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (b) Disposal of subsidiaries (continued)

- (i) Disposal of Shanghai Kaiyang Real Estate Co., Ltd. (“Shanghai Kaiyang”) (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shanghai Kaiyang is as follows:

	2020 2020年 RMB' 000 人民幣千元
Cash consideration 現金對價	273,782
Cash and bank balances disposed of 出售的現金及銀行結餘	(2,520)
Net inflow of cash and cash equivalents in respect of the disposal of Shanghai Kaiyang 有關出售上海凱陽的現金及現金等價物的淨流入	271,262

- (ii) Disposal of Anqing Yinyi Real Estate Co., Ltd. (“Anqing Yinyi”)

Pursuant to the share transfer agreement dated 17 June 2020, the Group disposed of its 100% equity interest in Anqing Yinyi to a third party named 溫州市瀚盈貿易有限公司 (Wenzhou Hanying Trading Company Limited) for a consideration of RMB344,660,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Anqing Yinyi disposed of as at 31 May 2020.

- (iii) Disposal of Yuyao Kairun Real Estate Co., Ltd. (“Yuyao Kairun”)

Pursuant to the share transfer agreement dated 12 November 2020, the Group disposed of its 88.3% equity interest in Yuyao Kairun to a third party named 寧波市天逸房地產開發有限公司 (Ningbo Tianyi Real Estate Company Limited) for a consideration of RMB11,126,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Yuyao Kairun disposed of as at 31 October 2020.

### 36. 出售子公司(續)

#### (b) 出售子公司(續)

- (i) 出售上海凱陽置業有限公司(「上海凱陽」)(續)

有關出售上海凱陽的現金及現金等價物的淨流入分析如下：

- (ii) 出售安慶市垠壹置業有限公司(「安慶垠壹」)

根據日期為2020年6月17日的股份轉讓協議，本集團向第三方溫州市瀚盈貿易有限公司出售其於安慶垠壹的100%股權，總對價為人民幣344,660,000元。對價乃經參考所出售安慶垠壹的股權於2020年5月31日的相應價值釐定。

- (iii) 出售余姚市凱潤置業有限公司(「余姚凱潤」)

根據日期為2020年11月12日的股份轉讓協議，本集團向第三方寧波市天逸房地產開發有限公司出售其於余姚凱潤的88.3%股權，總對價為人民幣11,126,000元。對價乃經參考所出售余姚凱潤的股權於2020年10月31日的相應價值釐定。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

##### (b) Disposal of subsidiaries (continued)

(iv) Disposal of Wuhu Yinyi Real Estate Co., Ltd. (“Wuhu Yinyi”)

Pursuant to the share transfer agreement dated 13 November 2020, the Group disposed of its 100% equity interest in Wuhu Yinyi to a third party named 蕪湖市垠鳩置業有限公司 (Wuhu Yinzhen Real Estate Company Limited) for a consideration of RMB86,784,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Wuhu Yinyi disposed of as at 30 November 2020.

(v) Disposal of Zhoushan Kaizhou Real Estate Co., Ltd. (“Zhoushan Kaizhou”)

Pursuant to the share transfer agreement dated 13 November 2020, the Group disposed of its 100% equity interest in Zhoushan Kaizhou to a third party named 舟山市卓逸房地產開發有限公司 (Zhoushan Zhuoyi Real Estate Company Limited) for a consideration of RMB66,021,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Zhoushan Kaizhou disposed of as at 30 November 2020.

(vi) Disposal of Jiaxing Kaize Real Estate Co., Ltd. (“Jiaxing Kaize”)

Pursuant to the share transfer agreement dated 27 October 2020, the Group disposed of its 100% equity interest in Jiaxing Kaize to a third party named 嘉興慶森置業有限公司 (Jiaxing Qingmiao Real Estate Company Limited) for a consideration of RMB12,884,000 in total. The consideration was determined by reference to the corresponding value of the equity interest of Jiaxing Kaize disposed of as at 30 November 2020.

#### 36. 出售子公司 (續)

##### (b) 出售子公司 (續)

(iv) 出售蕪湖垠壹置業有限公司 (「蕪湖垠壹」)

根據日期為2020年11月13日的股份轉讓協議，本集團向第三方蕪湖市垠鳩置業有限公司出售其於蕪湖垠壹的100%股權，總對價為人民幣86,784,000元。對價乃經參考所出售蕪湖垠壹的股權於2020年11月30日的相應價值釐定。

(v) 出售舟山凱舟置業有限公司 (「舟山凱舟」)

根據日期為2020年11月13日的股份轉讓協議，本集團向第三方舟山市卓逸房地產開發有限公司出售其於舟山凱舟的100%股權，總對價為人民幣66,021,000元。對價乃經參考所出售舟山凱舟的股權於2020年11月30日的相應價值釐定。

(vi) 出售嘉興市凱澤置業有限公司 (「嘉興凱澤」)

根據日期為2020年10月27日的股份轉讓協議，本集團向第三方嘉興慶森置業有限公司出售其於嘉興凱澤的100%股權，總對價為人民幣12,884,000元。對價乃經參考所出售嘉興凱澤的股權於2020年11月30日的相應價值釐定。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

#### (b) Disposal of subsidiaries (continued)

The carrying values of the assets and liabilities of the subsidiaries disposed of in (ii) to (vi) above at the date of disposal were as follows:

### 36. 出售子公司(續)

#### (b) 出售子公司(續)

於(ii)至(vi)子公司出售日期的資產及負債賬面值如下：

	2020 2020年 RMB' 000 人民幣千元
Net assets disposed of: 出售淨資產：	
Property, plant and equipment 物業、廠房及設備	534
Intangible assets 無形資產	7
Deferred tax assets 遞延稅項資產	112,651
Properties under development 在建物業	1,068,152
Properties held for sale 持作銷售物業	1,630,768
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	539,801
Tax recoverable 可收回稅項	48,626
Cash and cash equivalents 現金及現金等價物	41,501
Trade and bills payables 貿易應付款項及應付票據	(256,509)
Other payables and accruals 其他應付款項及應計費用	(514,248)
Contract liabilities 合同負債	(2,139,187)
Tax payable 應付稅項	(112,116)
Non-controlling interests 非控股權益	(2,200)
	<b>417,780</b>
Gain on disposal of subsidiaries 出售子公司收益	<b>103,695</b>
Satisfied by cash 以現金支付	<b>521,475</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

##### (b) Disposal of subsidiaries (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries in (ii) to (vi) above is as follows:

	2020 2020年 RMB'000 人民幣千元
Cash consideration 現金對價	521,475
Cash and bank balances disposed of 出售的現金及銀行結餘	(41,501)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries 有關出售子公司的現金及現金等價物淨流入	479,974

The directors of the Company consider that not all subsidiaries disposed of in (ii) to (vi) above were significant to the Group, and thus, the individual financial information of some subsidiaries on the disposal date was not disclosed.

#### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

##### (a) Major non-cash transactions

During the year ended 31 December 2020, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,019,000 (2019: RMB3,363,000) and RMB6,019,000 (2019: RMB3,363,000), respectively, in respect of lease arrangements for offices and motor vehicles.

#### 36. 出售子公司 (續)

##### (b) 出售子公司 (續)

有關出售(ii)至(vi)子公司的現金及現金等價物淨流入的分析如下：

本公司董事認為並非所有出售的子公司(ii)至(vi)對本集團而言均屬重大，因此部分子公司於出售日期的個別財務資料並未披露。

#### 37. 綜合現金流量表附註

##### (a) 主要非現金交易

截至2020年12月31日止年度，本集團就辦公室及汽車的租賃安排擁有的使用權資產及租賃負債的非現金添置分別為人民幣6,019,000元(2019年：人民幣3,363,000元)及人民幣6,019,000元(2019年：人民幣3,363,000元)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### 37. 綜合現金流量表附註(續)

#### (b) Changes in liabilities arising from financing activities

#### (b) 融資活動產生的負債變動

	Interest-bearing bank and other borrowings 計息銀行及其他借貸 RMB' 000 人民幣千元	Senior notes 優先票據 RMB' 000 人民幣千元	Interest payable 應付利息 RMB' 000 人民幣千元	Lease liabilities 租賃負債 RMB' 000 人民幣千元	Due to related companies 應付關聯公司款項 RMB' 000 人民幣千元	Total liabilities from financing activities 融資活動產生的總負債 RMB' 000 人民幣千元
At 1 January 2019 於2019年1月1日	5,645,218	–	34,340	9,131	30,473	5,719,162
Cash flows from/(used in) financing activities 融資活動所得/(所用)現金流量	453,931	2,884,614	–	(2,072)	529,866	3,866,339
Cash flows from non-financing activities 非融資活動產生的現金流量	–	109,142	10,907	–	17,059	137,108
At 31 December 2019 於2019年12月31日	6,099,149	2,993,756	45,247	7,059	577,398	9,722,609
Cash flows from/(used in) financing activities 融資活動所得/(所用)現金流量	459,170	2,559,171	–	(8,251)	203,911	3,214,001
Cash flows from/(used in) non-financing activities 非融資活動所得/(所用)現金流量	528,000	9,915	(11,165)	6,273	(1,015)	532,008
At 31 December 2020 於2020年12月31日	<b>7,086,319</b>	<b>5,562,842</b>	<b>34,082</b>	<b>5,081</b>	<b>780,294</b>	<b>13,468,618</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 37. 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:

	2020 2020年 RMB' 000 人民幣千元
Within operating activities 於經營活動	9,417
Within financing activities 於融資活動	8,251
	<b>17,668</b>

### 37. 綜合現金流量表附註(續)

#### (c) 租賃總現金流出

計入現金流量表的租賃總現金流出如下：

### 38. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Notes 附註	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties 向銀行作出的有關授予本集團物業買方融資的擔保	(1)	<b>4,497,483</b>	2,312,685
Guarantees given to banks and other institutions in connection with facilities granted to related companies 向銀行及其他機構作出的有關授予關聯公司融資的擔保	(2)	<b>1,858,500</b>	1,769,700
		<b>6,355,983</b>	4,082,385

### 38. 或然負債

於報告期結束時，未於綜合財務報表內撥備的或然負債如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 38. CONTINGENT LIABILITIES (CONTINUED)

Notes:

- (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 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. 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 reporting period 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 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 joint ventures and associates. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the joint ventures and associates as of 31 December 2020 (2019: Nil) since the fair value is not significant. Further details of the related party transactions are included in note 40.

### 38. 或然負債(續)

附註：

- (1) 本集團就若干銀行向本集團已竣工持作銷售物業買方授出的抵押融資提供擔保。根據擔保安排的條款，如買方拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金連同違約買方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。倘該等買方拖欠抵押還款，則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方獲發房屋所有權證及辦理登記止，有關證明一般會於買方接管相關物業後的半年至兩年內取得。

於報告期，本集團並未就向本集團已竣工持作銷售物業買方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可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) 本集團就向合營企業及聯營公司作出的借貸向銀行及其他機構提供擔保。由於公允價值並不重大，本公司董事認為無需就於2020年12月31日向合營企業及聯營公司提供的擔保(2019年：零)計提撥備。有關關聯方交易的進一步詳情載於附註40。



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 39. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

#### 39. 承擔

本集團於報告期結束時擁有以下資本承擔：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Contracted, but not provided for: 已訂但未撥備：		
Property development activities 物業開發活動	2,877,994	1,942,586
Acquisition of land use rights 收購土地使用權	—	979,610
Capital contributions payable to joint ventures and associates 應付合營企業及聯營公司注資	1,468,935	171,984
	<b>4,346,929</b>	3,094,180

# NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

## 40. RELATED PARTY TRANSACTIONS

## 40. 關聯方交易

### (a) Significant related party transactions:

### (a) 重大關聯方交易：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Advances to related companies: 向關聯公司作出的墊款：		
Joint ventures 合營企業	1,017,402	4,390,911
Associates 聯營公司	1,389,499	1,840,486
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	-	547,950
	<b>2,406,901</b>	6,779,347
Repayment of advances to related companies: 關聯公司償還墊款：		
Joint ventures 合營企業	1,321,946	3,302,545
Associates 聯營公司	881,929	1,512,447
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	-	547,950
	<b>2,203,875</b>	5,362,942
Advances from related companies: 關聯公司墊款：		
Joint ventures 合營企業	640,967	468,267
Associates 聯營公司	781,964	684,690
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	316,462	1,698
	<b>1,739,393</b>	1,154,655
Repayment of advances from related companies: 償還關聯公司墊款：		
Joint ventures 合營企業	458,052	265,313
Associates 聯營公司	760,968	343,637
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	316,462	15,839
	<b>1,535,482</b>	624,789
Purchase equipment from a company controlled by the ultimate controlling shareholders * 向由最終控股股東控制的公司購買設備*	34,917	15,315
Management consulting services to associates and joint ventures * 提供予聯營公司及合營企業的管理諮詢服務*	44,689	42,035
Rental services from a company controlled by the ultimate controlling shareholders * 由最終控股股東控制的公司提供的租賃服務*	1,744	1,744
Property management services provided by companies controlled by the ultimate controlling shareholders * 由最終控股股東控制的公司提供的物業管理服務*	2,892	-

\*: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

\*: 該等交易乃根據參與各方共同協定的條款及條件進行。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 40. RELATED PARTY TRANSACTIONS (CONTINUED)

##### (b) Other transactions with related parties

As at 31 December 2020, the Controlling Shareholders have guaranteed certain of the bank and other borrowings of up to RMB833,926,000 (2019: RMB2,324,807,000).

The Group provided guarantees to banks and other institutions in connection with borrowings made to the joint ventures and associates amounting to RMB1,858,500,000 (2019: RMB1,769,700,000).

Ningbo Lantian Investment Management Partnership Enterprise, which is controlled by senior management of the Group, provided loans to the Group for real estate development with terms of one to two years, and an interest rate of 10% per annum. As at 31 December 2020, the outstanding balances of the aforementioned loans amounted to nil (2019: RMB31,038,000). The loan was fully repaid in 2020.

Pursuant to the share transfer agreement dated 28 July 2020, Shanghai Aifa Real Estate Co., Ltd., an associate of the Group, purchased 100% equity interests in Nanjing Siwei from the Group. Further details are included in note 36(a)(i) to the financial statements.

#### 40. 關聯方交易 (續)

##### (b) 與關聯方的其他交易

於2020年12月31日，控股股東已就若干不超過人民幣833,926,000元(2019年：人民幣2,324,807,000元)的銀行及其他借貸作出擔保。

本集團就向合營企業及聯營公司作出的借貸人民幣1,858,500,000元(2019年：人民幣1,769,700,000元)向銀行及其他機構提供擔保。

寧波覽天投資管理合夥企業(有限合夥)(由本集團高級管理層控制)就房地產開發向本集團提供貸款，期限為一至兩年，年利率為10厘。於2020年12月31日，上述貸款的未償還餘額為零(2019年：人民幣31,038,000元)。該貸款已於2020年悉數償還。

根據日期為2020年7月28日的股份轉讓協議，本集團聯營公司上海愛發置業有限公司向本集團購買南京思緯的100%股權。進一步詳情載於財務報表附註36(a)(i)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 40. RELATED PARTY TRANSACTIONS (CONTINUED)

### 40. 關聯方交易(續)

#### (c) Outstanding balances with related parties

#### (c) 與關聯方的未付結餘

	31 December 2020 2020年 12月31日 RMB' 000 人民幣千元	31 December 2019 2019年 12月31日 RMB' 000 人民幣千元
Due from related companies: 應收關聯公司款項：		
Joint ventures 合營企業	743,691	1,088,368
Associates 聯營公司	1,460,344	940,468
	<b>2,204,035</b>	2,028,836
Due to related companies: 應付關聯公司款項：		
Joint ventures 合營企業	385,877	202,962
Associates 聯營公司	392,476	371,480
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	1,941	2,956
	<b>780,294</b>	577,398

#### (d) Compensation of key management personnel of the Group:

#### (d) 本集團主要管理人員薪酬：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Short-term employee benefits 短期僱員福利	19,342	17,253
Pension scheme contributions 退休金計劃供款	1,072	1,114
Total compensation paid to key management personnel 支付予主要管理人員的總薪酬	<b>20,414</b>	18,367

Further details of directors' emoluments are included in note 8 to the financial statements.

董事酬金的進一步詳情載於財務報表附註8。

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2020

#### Financial assets

### 41. 按類別劃分的金融工具

於報告期結束時各類金融工具的賬面值如下：

2020年12月31日

#### 金融資產

	Financial assets at fair value through profit or loss designated as such upon initial recognition 於初步確認時指定為按公允價值計入損益的金融資產 RMB' 000 人民幣千元	Financial assets at fair value through other comprehensive income-equity investments 按公允價值計入其他全面收入的金融資產－股權投資 RMB' 000 人民幣千元	Financial assets at amortised cost 按攤銷成本列賬的金融資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	-	95,100	-	95,100
Trade receivables 貿易應收款項	-	-	13,860	13,860
Due from related companies 應收關聯公司款項	-	-	2,204,035	2,204,035
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的金融資產	-	-	3,456,730	3,456,730
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	937,053	-	-	937,053
Restricted cash 受限制現金	-	-	2,128,643	2,128,643
Pledged deposits 已質押存款	-	-	1,256,204	1,256,204
Cash and cash equivalents 現金及現金等價物	-	-	3,891,229	3,891,229
	937,053	95,100	12,950,701	13,982,854

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2020

#### Financial liabilities

### 41. 按類別劃分的金融工具 (續)

2020年12月31日

#### 金融負債

	Financial liabilities at amortised cost 按攤銷成本 列賬的金融負債 RMB' 000 人民幣千元
Trade and bills payables 貿易應付款項及應付票據	2,289,005
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	1,512,650
Due to related companies 應付關聯公司款項	780,294
Lease liabilities 租賃負債	5,081
Interest-bearing bank and other borrowings 計息銀行及其他借貸	7,086,319
Senior notes 優先票據	5,562,842
	<b>17,236,191</b>

# NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

### 41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2019

#### Financial assets

### 41. 按類別劃分的金融工具 (續)

2019年12月31日

#### 金融資產

	Financial assets at fair value through profit or loss designated as such upon initial recognition 於初步確認時指定為按公允價值計入損益的金融資產 RMB' 000 人民幣千元	Financial assets at fair value through other comprehensive income-equity investments 按公允價值計入其他全面收入的金融資產－股權投資 RMB' 000 人民幣千元	Financial assets at amortised cost 按攤銷成本列賬的金融資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	–	115,742	–	115,742
Trade receivables 貿易應收款項	–	–	13,528	13,528
Due from related companies 應收關聯公司款項	–	–	2,028,836	2,028,836
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的金融資產	–	–	817,416	817,416
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	596,030	–	–	596,030
Restricted cash 受限制現金	–	–	1,115,487	1,115,487
Pledged deposits 已質押存款	–	–	766,669	766,669
Cash and cash equivalents 現金及現金等價物	–	–	2,811,566	2,811,566
	596,030	115,742	7,553,502	8,265,274

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2019

#### Financial liabilities

### 41. 按類別劃分的金融工具(續)

2019年12月31日

#### 金融負債

	Financial liabilities at amortised cost 按攤銷成本 列賬的金融負債 RMB'000 人民幣千元
Trade and bills payables 貿易應付款項及應付票據	2,247,171
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	927,526
Due to related companies 應付關聯公司款項	577,398
Lease liabilities 租賃負債	7,059
Interest-bearing bank and other borrowings 計息銀行及其他借貸	6,099,149
Senior notes 優先票據	2,993,756
	<b>12,852,059</b>



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 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 the year, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

#### 42. 金融工具的公允價值及公允價值層級

除賬面值與公允價值合理相若的金融工具外，於年末，本集團金融工具的賬面值及公允價值如下：

	Carrying amounts 賬面值		Fair values 公允價值	
	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>Financial assets 金融資產</b>				
Financial assets at fair value through other comprehensive income 按公允價值計入其他全面收入的金融資產	95,100	115,742	95,100	115,742
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	937,053	596,030	937,053	596,030
	<b>1,032,153</b>	711,772	<b>1,032,153</b>	711,772
<b>Financial liabilities 金融負債</b>				
Interest-bearing bank and other borrowings 計息銀行及其他借貸	7,086,319	6,099,149	7,081,380	6,108,270
Senior notes 優先票據	5,562,842	2,993,756	5,560,217	3,007,633
	<b>12,649,161</b>	9,092,905	<b>12,641,651</b>	9,115,903

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department 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 chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For the fair values of listed equity investments, management has estimated the fair value by quoting active market prices, and therefore, the fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 1 of the fair value hierarchy.

For the fair values of the unlisted fund investments under IAS 39 during the year ended 31 December 2020, management has estimated the fair value by the expected future cash flows, and the fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 2 of the fair value hierarchy.

#### 42. 金融工具的公允價值及公允價值層級(續)

管理層已評估現金及現金等價物、已質押存款、受限制現金、應收關聯公司款項、貿易應收款項、計入預付款項的金融資產、其他應收款項及其他資產、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以及應付關聯公司款項的公允價值與其賬面值相若，主要是由於該等工具於短期內到期。

本集團的財務部門由財務經理帶領，負責釐定金融工具公允價值計量的政策及程序。財務經理直接向首席財務官匯報。於各報告日期，財務部門分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由首席財務官審閱及批准。每年就中期及年度財務報告與審計委員會對估值結果進行兩次討論。

金融資產及負債的公允價值以自願交易方(強迫或清盤銷售除外)當前交易中該工具的可交易金額入賬。

就上市股權投資之公允價值而言，管理層通過活躍市場報價估計公允價值，因此按公允價值計入損益的金融資產的公允價值計量於公允價值層級內分類為第一級。

於截至2020年12月31日止年度，就國際會計準則第39號下的非上市基金投資的公允價值而言，管理層通過預期未來現金流量估計公允價值。按公允價值計入損益的金融資產的公允價值計量於公允價值層級內分類為第二級。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has applied the comparable companies' market value approach in determining fair value of unlisted equity investments, which is classified as equity investments designated at FVOCI under IFRS 9, using price to earnings ratio ("P/E") and price to book ratio ("P/B") multiples, which are calculated by using comparable companies' financial statements, to determine the fair value of the unlisted equity investments, and taking into account the marketability discount as the appropriate adjustment. Comparable companies are based on similarity of business nature and profitability. The fair value measurement of the equity investments designated at FVOCI is categorised within 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 2020 was assessed to be insignificant.

The fair values of senior notes are based on market prices. The fair values of 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.

#### 42. 金融工具的公允價值及公允價值層級 (續)

管理層已於釐定非上市股權投資(按國際財務報告準則第9號分類為指定為按公允價值計入其他全面收入的股權投資)的公允價值時應用可資比較公司的市值法,透過市盈率(「市盈率」)及市淨率(「市淨率」)倍數(透過使用可資比較公司之財務報表計算)釐定非上市股權投資的公允價值並經計及作為適當調整的可銷性折讓。可資比較公司乃基於相似的業務性質及盈利能力。指定為按公允價值計入其他全面收入的股權投資的公允價值計量於公允價值層級內分類為第三級。

計息銀行及其他借貸的公允價值乃通過貼現預期未來現金流量計算,並採用現時可用於具類似條款、信貸風險及剩餘期限的工具的貼現率。本集團本身的計息銀行及其他借貸於2020年12月31日的不履約風險被評定為並不重大。

優先票據的公允價值乃基於市場價格。優先票據的公允價值乃透過使用有類似條款、信貸風險及餘下到期日的工具當前可獲得之市率,以折讓預期未來現金流量而計算。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020 and 2019:

#### 42. 金融工具的公允價值及公允價值層級(續)

下表概述於2020年及2019年12月31日金融工具估值的重大不可觀察輸入數據連同定量敏感度分析：

	Valuation technique 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range/ Weighted average 範圍/加權平均	Sensitivity of fair value to the input 公允價值對輸入數據的敏感度
Unlisted equity investments classified as equity investments designated at fair value through other comprehensive income 分類為指定為按公允價值計入其他全面收入的股權投資的非上市股權投資	Market multiples 市場倍數	Discount for lack of marketability 就缺乏可銷性折讓	2020: 14.9% (2019: 14.9%) 2020年: 14.9% (2019年: 14.9%)	5% (2019: 5%) increase/decrease in marketability would result in decrease/increase in fair value by RMB832,548 (2019: RMB1,013,255) 可銷性增加/減少5% (2019年: 5%) 會令公允價值減少/增加人民幣832,548元 (2019年: 人民幣1,013,255元)
		P/E 市盈率	2020: 4.5 – 11.9 (2019: 5.7 – 8.1) 2020年: 4.5 – 11.9 (2019年: 5.7 – 8.1)	5% (2019: 5%) increase/decrease in P/E would result in increase/decrease in fair value by RMB1,990,131 (2019: RMB2,782,738) 市盈率增加/減少5% (2019年: 5%) 會令公允價值增加/減少人民幣1,990,131元 (2019年: 人民幣2,782,738元)

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 42. 金融工具的公允價值及公允價值層級 (續)

	Valuation technique 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range/ Weighted average 範圍／加權平均	Sensitivity of fair value to the input 公允價值對輸入數據的敏感度
		P/B 市淨率	2020: 0.5 – 1.4 (2019: 0.6 – 1.0) 2020年：0.5 – 1.4 (2019年：0.6 – 1.0)	5% (2019: 5%) increase/ decrease in P/B would result in increase/ decrease in fair value by RMB2,764,892 (2019: RMB3,004,377) 市淨率增加／減少5% (2019年：5%)會令公允 價值增加／減少人民幣 2,764,892元 (2019年： 人民幣3,004,377元)

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 42. 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:*

As at 31 December 2020

### 42. 金融工具的公允價值及公允價值層級(續)

#### 公允價值層級

下表說明本集團金融工具的公允價值計量層級：

以公允價值計量的資產：

於2020年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			
	Quoted prices in active markets (Level 1) 於活躍市場的報價(第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察輸入數據(第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據(第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	-	-	95,100	95,100
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	733,086	203,967	-	937,053
	733,086	203,967	95,100	1,032,153

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

##### Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets measured at fair value: (continued)

As at 31 December 2019

#### 42. 金融工具的公允價值及公允價值層級 (續)

##### 公允價值層級 (續)

下表說明本集團金融工具的公允價值計量層級：(續)

以公允價值計量的資產：(續)

於2019年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			Total 總計 RMB' 000 人民幣千元
	Quoted prices in active markets (Level 1) 於活躍 市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB' 000 人民幣千元	
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	–	–	115,742	115,742
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	473,725	122,305	–	596,030
	473,725	122,305	115,742	711,772

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

*Liabilities for which fair values are disclosed:*

As at 31 December 2020

### 42. 金融工具的公允價值及公允價值層級(續)

#### 公允價值層級(續)

下表說明本集團金融工具的公允價值計量層級:(續)

已披露公允價值的負債:

於2020年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			
	Quoted prices in active markets (Level 1) 於活躍市場的報價(第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察輸入數據(第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據(第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Interest-bearing bank and other borrowings 計息銀行及其他借貸	-	7,086,319	-	7,086,319
Senior notes 優先票據	5,562,842	-	-	5,562,842
	5,562,842	7,086,319	-	12,649,161



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

##### Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

*Liabilities for which fair values are disclosed: (continued)*

As at 31 December 2019

#### 42. 金融工具的公允價值及公允價值層級 (續)

##### 公允價值層級 (續)

下表說明本集團金融工具的公允價值計量層級：(續)

已披露公允價值的負債：(續)

於2019年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			
	Quoted prices in active markets (Level 1) 於活躍市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 (第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Interest-bearing bank and other borrowings 計息銀行及其他借貸	–	6,099,149	–	6,099,149
Senior notes 優先票據	2,993,756	–	–	2,993,756
	2,993,756	6,099,149	–	9,092,905

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted cash, pledged deposits, trade and other receivables, and trade 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, senior notes, amounts due to related companies and amounts due from related companies. 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 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 held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5,536,000 for the year ended 31 December 2020 (2019: RMB5,665,000).

#### 43. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及現金等價物、受限制現金、已質押存款、貿易及其他應收款項以及貿易應付款項及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借貸、優先票據、應付關聯公司款項及應收關聯公司款項。該等金融工具的主要目的在於為本集團的運營融資。

本集團金融工具產生的主要風險為利率風險、信貸風險及流動性風險。一般而言，本集團對其風險管理採取保守策略。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。董事會檢討並同意各項風險管理政策，其概述如下：

##### (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所載的本集團計息銀行及其他借貸有關。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貸及其他借貸管理其利息成本。

倘在所有其他變量維持不變情況下銀行及其他借貸的利率上升／下降1%，則本集團截至2020年12月31日止年度的除稅前利潤（透過對浮息借貸的影響）將減少／增加約人民幣5,536,000元（2019年：人民幣5,665,000元）。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

##### *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 as at 31 December. The amounts presented are gross carrying amounts for financial assets.

#### 43. 財務風險管理目標及政策 (續)

##### (b) 信貸風險

本集團僅與認可及信譽超著的第三方進行買賣。本集團的政策為所有有意以信貸期進行買賣之客戶，須接受信貸審核程序。此外，應收款項結餘受持續監管，而本集團承受壞賬的風險並不重大。對於並非以有關營運單位功能貨幣計值的交易，本集團在未經信用控制部門主管特別批准的情況下不會給予信貸期。

##### *最高風險及年末階段*

下表載列12月31日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而獲取，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。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 43. 財務風險管理目標及政策 (續)

#### (b) Credit risk (continued)

#### (b) 信貸風險(續)

Maximum exposure and year-end staging (continued)

最高風險及年末階段(續)

As at 31 December 2020

於2020年12月31日

	12-month ECLs 12個月的 預期 信貸虧損	Lifetime ECLs 整個存續期的預期信貸虧損			Total 總計 RMB' 000 人民幣千元
	Stage 1 第一階段 RMB' 000 人民幣千元	Stage 2 第二階段 RMB' 000 人民幣千元	Stage 3 第三階段 RMB' 000 人民幣千元	Simplified approach 簡易方法 RMB' 000 人民幣千元	
Trade receivables* 貿易應收款項*	-	-	-	13,860	13,860
Due from related companies 應收關聯公司款項	2,204,035	-	-	-	2,204,035
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及 其他資產的金融資產					
- Normal** 正常**	3,456,730	-	-	-	3,456,730
Restricted cash 受限制現金	2,128,643	-	-	-	2,128,643
Pledged deposits 已質押存款	1,256,204	-	-	-	1,256,204
Cash and cash equivalents 現金及現金等價物	3,891,229	-	-	-	3,891,229
	12,936,841	-	-	13,860	12,950,701

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (b) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2019

#### 43. 財務風險管理目標及政策 (續)

##### (b) 信貸風險 (續)

最高風險及年末階段 (續)

於2019年12月31日

	12-month ECLs 12個月的 預期 信貸虧損	Lifetime ECLs 整個存續期的預期信貸虧損			Total 總計 RMB' 000 人民幣千元
	Stage 1 第一階段 RMB' 000 人民幣千元	Stage 2 第二階段 RMB' 000 人民幣千元	Stage 3 第三階段 RMB' 000 人民幣千元	Simplified approach 簡易方法 RMB' 000 人民幣千元	
Trade receivables* 貿易應收款項*	–	–	–	13,528	13,528
Due from related companies 應收關聯公司款項	2,028,836	–	–	–	2,028,836
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及 其他資產的金融資產					
– Normal** 正常**	817,416	–	–	–	817,416
Restricted cash 受限制現金	1,115,487	–	–	–	1,115,487
Pledged deposits 已質押存款	766,669	–	–	–	766,669
Cash and cash equivalents 現金及現金等價物	2,811,566	–	–	–	2,811,566
	7,539,974	–	–	13,528	7,553,502

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (b) Credit risk (continued)

###### Maximum exposure and year-end staging (continued)

- \* For trade receivables to which the Group applies the simplified approach for impairment based on the disclosure in note 24 to the financial statements, there is no significant concentration of credit risk.
- \*\* The credit quality of the financial assets included in prepayments, other receivables and other assets 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.

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Exposure to credit risk arises primarily from its financing activities to customers.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the year ended 31 December 2020.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, restricted cash, pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

#### 43. 財務風險管理目標及政策 (續)

##### (b) 信貸風險(續)

###### 最高風險及年末階段(續)

- \* 就本集團基於財務報表附註24所披露的資料應用簡易方法進行減值的貿易應收款項而言，並無重大信貸風險集中情況。
- \*\* 倘計入預付款項、其他應收款項及其他資產的金融資產並無逾期亦無資料顯示自初步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」。

信貸風險指因交易對手無法或不願履行其合同責任而帶來的虧損風險。信貸風險主要來自向客戶提供融資活動。

鑒於本集團擁有大量客戶，故本集團並無信貸風險集中情況。截至2020年12月31日止年度，本集團並無錄得任何重大壞賬虧損。

本集團其他金融資產(主要包括現金及現金等價物、受限制現金、已質押存款、其他應收款項及應收關聯公司款項)的信貸風險產生自交易對手的違約，最高風險等於該等工具的賬面值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (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, and receipts under securitisation arrangements. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### 43. 財務風險管理目標及政策 (續)

##### (c) 流動性風險

本集團的目標為透過運用計息銀行及其他借貸以及證券化安排的收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。

本集團於報告期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：

	On demand 按要求 RMB'000 人民幣千元	Less than 3 months 三個月以內 RMB'000 人民幣千元	3 to 12 months 三至十二個月 RMB'000 人民幣千元	Over 1 year 超過一年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2020</b> <b>2020年12月31日</b>					
Interest-bearing bank and other borrowings 計息銀行及其他借貸	-	361,082	2,059,683	6,386,226	8,806,991
Trade and bills payables 貿易應付款項及應付票據	2,289,005	-	-	-	2,289,005
Senior notes 優先票據	-	1,519,299	2,274,946	2,515,813	6,310,058
Lease liabilities 租賃負債	2,008	-	-	3,073	5,081
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	1,512,650	-	-	-	1,512,650
Due to related companies 應付關聯公司款項	780,294	-	-	-	780,294
	<b>4,583,957</b>	<b>1,880,381</b>	<b>4,334,629</b>	<b>8,905,112</b>	<b>19,704,079</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 43. 財務風險管理目標及政策 (續)

#### (c) Liquidity risk (continued)

#### (c) 流動性風險(續)

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	按要求	三個月以內	三至十二個月	超過一年	總計
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	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
<b>31 December 2019</b>					
<b>2019年12月31日</b>					
Interest-bearing bank and other borrowings					
計息銀行及其他借貸	–	1,087,867	1,543,053	5,466,962	8,097,882
Trade and bills payables					
貿易應付款項及應付票據	2,247,171	–	–	–	2,247,171
Senior notes 優先票據	–	98,765	1,063,423	2,298,020	3,460,208
Lease liabilities 租賃負債	4,819	–	–	2,397	7,216
Financial liabilities included in other payables and accruals					
計入其他應付款項及應計費用的金融負債	927,526	–	–	–	927,526
Due to related companies					
應付關聯公司款項	577,398	–	–	–	577,398
	3,756,914	1,186,632	2,606,476	7,767,379	15,317,401



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (d) Equity price risk

The Group is exposed to equity price risk arising from its investments in listed equity investments included in financial assets at fair value through profit or loss and unlisted equity investments at fair value through other comprehensive income as at 31 December 2020. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted on the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

If the prices of the respective listed equity investments had been 5% higher/lower, profit and total comprehensive income for the year, net of tax, would increase/decrease by RMB27,491,000 for the Group as a result of the changes in fair value of listed financial assets (2019: RMB17,765,000).

##### (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.

#### 43. 財務風險管理目標及政策 (續)

##### (d) 股權價格風險

於2020年12月31日，本集團就投資於按公允價值計入損益的金融資產之上市股權投資及按公允價值計入其他全面收入之非上市股權投資而面臨股權價格風險。管理層維持具有不同風險之投資組合以管理該等風險。本集團之股權價格風險主要集中於在聯交所報價之上市股權投資。此外，本集團已委派專責團隊監控價格風險，並將於有需要時考慮對沖所面臨之風險。

倘有關上市股權投資之價格上升／下降5%，本集團之年內利潤及總全面收入（扣除稅項）將因上市金融資產公允價值之變動增加／減少人民幣27,491,000元（2019年：人民幣17,765,000元）。

##### (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，本集團或會調整派予股東的股息、返還股東資本或發行新股。

## NOTES TO FINANCIAL STATEMENTS (Continued)

財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (e) Capital management (continued)

The Group monitors capital using a net gearing ratio, which is calculated as net debt divided by the total equity. Net debt includes total interest-bearing bank and other borrowings, and senior notes less cash and bank balances. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
Interest-bearing bank and other borrowings 計息銀行及其他借貸	7,086,319	6,099,149
Senior notes 優先票據	5,562,842	2,993,756
Less: Restricted cash 減：受限制現金	(2,128,643)	(1,115,487)
Pledged deposits 已質押存款	(1,256,204)	(766,669)
Cash and cash equivalents 現金及現金等價物	(3,891,229)	(2,811,566)
Net debt 淨債務	5,373,085	4,399,183
Total equity 總權益	8,786,568	5,657,483
Net gearing ratio 淨負債率	61%	78%

### 43. 財務風險管理目標及政策 (續)

#### (e) 資本管理(續)

本集團採用淨負債率(按淨債務除以總權益計算)來監控資本。淨債務包括計息銀行及其他借貸總額以及優先票據減現金及銀行結餘。於報告期結束時的淨負債率如下：

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 44. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2021, the Company issued senior notes with a principal amount of USD180,000,000 due in 2022. The senior notes bear interest at 9.95% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 18 January 2022. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 27 January 2021, the Company redeemed in full all the outstanding principal and interest of the January 2020 Notes. The January 2020 Notes were cancelled and delisted from the Stock Exchange.

#### 44. 報告期後事項

於2021年1月19日，本公司發行於2022年到期本金總額為180,000,000美元的優先票據。該等優先票據按年利率9.95厘計息，須每半年期末支付一次。該等優先票據的到期日為2022年1月18日。於到期日前，本公司可隨時選擇按預先釐定之贖回價贖回該等優先票據。贖回價之詳情披露於相關發售備忘錄。

於2021年1月27日，本公司已悉數贖回2020年1月票據之所有未償還本金及利息。2020年1月票據已遭註銷並從聯交所退市。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2020 2020年12月31日

#### 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 45. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

於報告期結束有關本公司財務狀況表的資料如下：

	2020 2020年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>		
Investment in a subsidiary 於子公司的投資	439,442	439,442
Total non-current assets 總非流動資產	439,442	439,442
<b>CURRENT ASSETS 流動資產</b>		
Due from subsidiaries 應收子公司款項	5,609,207	3,743,383
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	19,941	550
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	733,086	473,725
Cash and cash equivalents 現金及現金等價物	412,960	43,324
Total current assets 總流動資產	6,775,194	4,260,982
<b>CURRENT LIABILITIES 流動負債</b>		
Other payables and accruals 其他應付款項及應計費用	49,648	83,740
Due to subsidiaries 應付子公司款項	48,611	48,612
Interest-bearing bank borrowings 計息銀行借貸	206,730	156,711
Senior notes 優先票據	3,217,164	843,395
Total current liabilities 總流動負債	3,522,153	1,132,458
<b>NET CURRENT ASSETS 淨流動資產</b>	<b>3,253,041</b>	3,128,524
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>	<b>3,692,483</b>	3,567,966
<b>NON-CURRENT LIABILITIES 非流動負債</b>		
Senior notes 優先票據	2,345,678	2,150,361
Total non-current liabilities 總非流動負債	2,345,678	2,150,361
<b>Net assets 淨資產</b>	<b>1,346,805</b>	1,417,605
<b>EQUITY 權益</b>		
Share capital 股本	730	730
Reserves (note) 儲備(附註)	1,346,075	1,416,875
Total equity 總權益	1,346,805	1,417,605

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註 (續)

31 DECEMBER 2020 2020年12月31日

#### 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED) 45. 本公司財務狀況表 (續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司儲備概要如下：

	Share premium 股份溢價 RMB' 000 人民幣千元	Retained profits 保留利潤 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 31 December 2018 and 1 January 2019 於2018年12月31日及2019年1月1日	1,249,269	(46,284)	1,202,985
Total comprehensive income for the year 年內總全面收入	–	397,309	397,309
Dividends and distributions 股息及分派	–	(183,419)	(183,419)
At 31 December 2019 and 1 January 2020 於2019年12月31日及2020年1月1日	1,249,269	167,606	1,416,875
Total comprehensive income for the year 年內總全面收入	–	13,644	13,644
Dividends and distributions 股息及分派	–	(84,444)	(84,444)
At 31 December 2020 於2020年12月31日	<b>1,249,269</b>	<b>96,806</b>	<b>1,346,075</b>

#### 46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2021.

#### 46. 批准財務報表

財務報表已於2021年3月25日獲董事會批准及授權刊發。

# INDEPENDENT AUDITOR'S REPORT

## 獨立審計師報告



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**To the shareholders of DaFa Properties Group Limited**  
(Incorporated in the Cayman Islands with limited liability)

**致大发地产集团有限公司股東**  
(於開曼群島註冊成立的有限公司)

### OPINION

We have audited the consolidated financial statements of DaFa Properties Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 123 to 294, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the 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.

### 意見

吾等已審計第123至294頁所載大发地产集团有限公司(「**貴公司**」)及其子公司(「**貴集團**」)之綜合財務報表，此等綜合財務報表包括於2019年12月31日之綜合財務狀況表與截至該日止年度之綜合損益表及綜合全面收入表、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。

吾等認為，綜合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**」)頒佈之國際財務報告準則(「**國際財務報告準則**」)真實公平地反映 貴集團於2019年12月31日之綜合財務狀況以及截至該日止年度之綜合財務表現及綜合現金流量，並已按照香港公司條例之披露規定妥為編製。

### 意見的基礎

吾等根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審計準則(「**香港審計準則**」)進行審計。吾等在該等準則下承擔的責任已在報告審計師就審計綜合財務報表須承擔的責任一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師職業道德守則(「**守則**」)，吾等獨立於 貴集團，並已根據守則履行其他職業道德責任。吾等相信，吾等所獲得的審計憑證能充足及適當地為吾等的意見提供基礎。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告(續)

#### 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.

#### 關鍵審計事項

關鍵審計事項是指根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在吾等審計整體綜合財務報表及出具意見時進行處理的，且吾等不會對該等事項提供單獨的意見。有關吾等的審計如何處理下述各項事項的描述乃以此為背景。

吾等已履行報告審計師就審計綜合財務報表須承擔的責任一節中所述責任，包括有關該等事項的責任。因此，吾等的審計包括執行為應對綜合財務報表重大錯報風險的評估而設的程序。審計程序(包括下文處理事項進行之程序)之結果為隨附之綜合財務報表的審計意見提供基礎。

# INDEPENDENT AUDITOR'S REPORT *(Continued)*

## 獨立審計師報告(續)

### KEY AUDIT MATTERS (CONTINUED)

### 關鍵審計事項(續)

#### Key audit matters

#### 關鍵審計事項

#### *Valuation of investment properties* 投資物業之估值

The Group owns investment properties in Mainland China which are measured at fair value and the aggregate carrying amount was approximately RMB2,798,600,000 as at 31 December 2019, representing 10.10% and 49.47% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2019.

貴集團在中國內地擁有多項按公允價值計量的投資物業，該等物業於2019年12月31日的總賬面值約為人民幣2,798,600,000元，分別佔 貴集團總資產及淨資產的10.10%及49.47%。貴集團已聘請外部估值師於2019年12月31日對該等物業進行估值。

Significant judgement is required to determine the fair values of the investment properties, which reflect market conditions as at the end of the year. 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.

在釐定投資物業的公允價值時需要作出重大判斷，該等公允價值反映年末的市況。採用不同的估值技術及假設可能導致公允價值估計出現重大差異。因此，投資物業的估值被確定為關鍵審計事項。

The accounting policies and disclosures of the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

有關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14。

#### How our audit addressed the key audit matters

#### 吾等的審計如何處理關鍵審計事項

We performed the following procedures to address valuation of investment properties:

吾等已執行以下程序以對投資物業進行評估：

- evaluating the competency, independence and objectivity of the external valuer, and assessing the valuation approach used by the external valuer;
- 評估外部估值師的能力、獨立性及客觀性，並評估外部估值師所使用的估值方法；
- with the assistance of our internal valuation experts, assessing the reasonableness of the assumptions such as the capitalisation rate, vacancy rate and sale prices used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors;
- 經考慮兼容性及市場因素後，透過將其與可用行業數據進行對比，在內部估值專家的協助下，評估估值所用假設（如資本化率、空置率及售價等）的合理性；
- testing the accuracy of the property related data used as inputs for the valuations; and
- 測試用作估值輸入數據的物業相關數據的正確性；及
- evaluating the disclosures on the valuation of the investment properties.
- 評估對投資物業估值所作的披露。



# INDEPENDENT AUDITOR'S REPORT *(Continued)*

## 獨立審計師報告(續)

### KEY AUDIT MATTERS (CONTINUED)

### 關鍵審計事項(續)

#### Key audit matters

#### 關鍵審計事項

#### *Provision for land appreciation tax 土地增值稅撥備*

The Group is a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax (“LAT”) in Mainland China is 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. At the end of each reporting period, the management of the Group estimates the provision for LAT based on its 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. When the LAT is subsequently determined, the actual payments may be different from the estimates.

貴集團為一家中國內地的物業開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。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分之一。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。於各報告期末，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、借貸成本及開發支出)作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。

The disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

有關土地增值稅撥備的披露載於綜合財務報表附註3及10。

#### How our audit addressed the key audit matters

#### 吾等的審計如何處理關鍵審計事項

We performed the following procedures to address provision for land appreciation tax:

吾等已執行以下程序，以處理土地增值稅撥備：

- with the assistance of internal tax specialists, performing a review on the LAT position, including the review of the estimates and assumptions used by the Group;
- 在內部稅務專家的協助下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；
- forming an independent view on the tax exposure based on communications between the Group and the relevant tax authorities; and
- 根據貴集團與相關稅務部門間的溝通形成有關稅務風險的獨立意見；及
- recalculating the tax computation and comparing our calculations with the amounts recorded by the Group.
- 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。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告(續)

#### 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.

#### 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審計師報告。

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。

就吾等審計綜合財務報表而言，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計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。於此方面，吾等並無任何報告。

#### 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的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

## INDEPENDENT AUDITOR'S REPORT *(Continued)*

### 獨立審計師報告(續)

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

#### 董事就綜合財務報表須承擔的責任(續)

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。

審計委員會協助貴公司董事履行其監督貴集團財務報告程序的責任。

#### 審計師就審計綜合財務報表須承擔的責任

吾等的目標為合理確定此等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審計師報告。本報告的編製，僅向全體股東報告，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。

**INDEPENDENT AUDITOR'S REPORT** *(Continued)***獨立審計師報告 (續)****AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

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.

**審計師就審計綜合財務報表須承擔的責任 (續)**

合理確定屬高層次的核證，惟根據香港審計準則進行的審計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該等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計的過程中，吾等運用專業判斷，並於整個審計過程中保持專業懷疑態度。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、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，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。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。

# INDEPENDENT AUDITOR'S REPORT *(Continued)*

## 獨立審計師報告(續)

### 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.

### 審計師就審計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，並根據所獲取的審計憑證，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，則有必要在審計師報告中提請使用者注意綜合財務報表中的相關披露，或倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至審計師報告日期止所取得的審計憑證而作出。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計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督及執行。吾等就審計意見承擔全部責任。

## INDEPENDENT AUDITOR'S REPORT (Continued)

### 獨立審計師報告(續)

#### 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, related safeguards.

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 Ho Wai Ling.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
30 March 2020

#### 審計師就審計綜合財務報表須承擔的責任(續)

吾等與審計委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現進行溝通,該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向審計委員會作出聲明,指出吾等已符合有關獨立性的相關道德要求,並與其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,以及相關防範措施(如適用)。

從與審計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計至關重要的事項,因而構成關鍵審計事項。吾等在審計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。

出具本獨立審計師報告的審計項目合夥人為Ho Wai Ling。

安永會計師事務所  
執業會計師  
香港  
2020年3月30日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>REVENUE 收益</b>	5	<b>7,398,245</b>	5,946,047
Cost of sales 銷售成本		<b>(5,701,515)</b>	(4,364,068)
<b>GROSS PROFIT 毛利</b>		<b>1,696,730</b>	1,581,979
Finance income 融資收入		<b>18,262</b>	17,740
Other income and gains 其他收入及收益	5	<b>21,706</b>	37,672
Selling and distribution expenses 銷售及分銷開支		<b>(269,258)</b>	(176,814)
Administrative expenses 行政開支		<b>(393,259)</b>	(375,071)
Other expenses 其他開支		<b>(35,690)</b>	(20,284)
Impairment losses on financial assets, net 淨金融資產減值虧損		<b>(423)</b>	(395)
Fair value gains, net: 公允價值淨收益:			
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產		<b>58,363</b>	–
Fair value gains on investment properties 投資物業的公允價值收益		<b>57,476</b>	61,295
Finance costs 融資成本	7	<b>(249,760)</b>	(132,711)
Share of profits and losses of: 分佔利潤及虧損:			
Joint ventures 合營企業		<b>(23,176)</b>	–
Associates 聯營公司		<b>70,235</b>	(3,969)
<b>PROFIT BEFORE TAX 除稅前利潤</b>	6	<b>951,206</b>	989,442
Income tax expense 所得稅費用	10	<b>(350,466)</b>	(500,067)
<b>PROFIT FOR THE YEAR 年內利潤</b>		<b>600,740</b>	489,375
Attributable to: 以下人士應佔:			
Owners of the parent 母公司擁有人		<b>515,821</b>	476,817
Non-controlling interests 非控股權益		<b>84,919</b>	12,558
		<b>600,740</b>	489,375
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
母公司普通權益持有人應佔每股盈利			
Basic and diluted 基本及攤薄	12	<b>RMB0.62</b> <b>人民幣0.62元</b>	RMB0.73 人民幣0.73元

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收入表

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>PROFIT FOR THE YEAR 年內利潤</b>	<b>600,740</b>	489,375
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods: 後續期間並無重新分類為損益的其他全面收入／(虧損)：		
Equity investments designated at fair value through other comprehensive income: 指定為按公允價值計入其他全面收入的股權投資：		
Changes in fair value 公允價值變動	9,342	(13,200)
Income tax effect 所得稅項影響	(2,335)	3,300
	<b>7,007</b>	(9,900)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods 後續期間並無重新分類為損益的其他淨全面收入／(虧損)	<b>7,007</b>	(9,900)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX 年內其他全面收入／(虧損) · 扣除稅項	<b>7,007</b>	(9,900)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR 年內總全面收入	<b>607,747</b>	479,475
Attributable to: 以下人士應佔：		
Owners of the parent 母公司擁有人	522,828	466,917
Non-controlling interests 非控股權益	84,919	12,558
	<b>607,747</b>	479,475



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

31 DECEMBER 2019 2019年12月31日

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>			
Property, plant and equipment 物業、廠房及設備	13	130,976	160,088
Investment properties 投資物業	14	2,798,600	2,582,000
Right-of-use assets 使用權資產	15(a)	6,964	–
Intangible assets 無形資產	16	10,053	5,353
Investments in joint ventures 於合營企業的投資	17	92,794	–
Investments in associates 於聯營公司的投資	18	1,783,333	24,091
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	21	115,742	106,400
Deferred tax assets 遞延稅項資產	19	271,877	231,075
<b>Total non-current assets 總非流動資產</b>		<b>5,210,339</b>	3,109,007
<b>CURRENT ASSETS 流動資產</b>			
Properties under development 在建物業	22	9,844,872	11,003,293
Completed properties held for sale 已竣工持作銷售物業	23	2,864,311	1,094,172
Trade receivables 貿易應收款項	24	13,528	33,531
Due from related companies 應收關聯公司款項	38	2,028,836	570,396
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	25	2,121,365	1,067,063
Tax recoverable 可收回稅項		328,254	195,219
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20	596,030	20,899
Restricted cash 受限制現金	26	1,115,487	650,574
Pledged deposits 已質押存款	26	766,669	26,321
Cash and cash equivalents 現金及現金等價物	26	2,811,566	1,487,075
<b>Total current assets 總流動資產</b>		<b>22,490,918</b>	16,148,543
<b>CURRENT LIABILITIES 流動負債</b>			
Trade and bills payables 貿易應付款項及應付票據	27	2,247,171	1,424,969
Other payables and accruals 其他應付款項及應計費用	28	1,887,152	863,436
Contract liabilities 合同負債	29	7,062,738	6,986,306
Due to related companies 應付關聯公司款項	38	577,398	30,473
Interest-bearing bank and other borrowings 計息銀行及其他借貸	30	2,476,816	2,194,208
Senior notes 優先票據	31	843,395	–
Lease liabilities 租賃負債	15(b)	4,819	–
Tax payable 應付稅項	10	752,152	664,766
<b>Total current liabilities 總流動負債</b>		<b>15,851,641</b>	12,164,158
<b>NET CURRENT ASSETS 淨流動資產</b>		<b>6,639,277</b>	3,984,385
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>		<b>11,849,616</b>	7,093,392

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)**綜合財務狀況表(續)**

31 DECEMBER 2019 2019年12月31日

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>NON-CURRENT LIABILITIES 非流動負債</b>			
Interest-bearing bank and other borrowings 計息銀行及其他借貸	30	3,622,333	3,451,010
Senior notes 優先票據	31	2,150,361	–
Lease liabilities 租賃負債	15(b)	2,240	–
Deferred tax liabilities 遞延稅項負債	19	417,199	396,417
Total non-current liabilities 總非流動負債		6,192,133	3,847,427
<b>Net assets 淨資產</b>		<b>5,657,483</b>	3,245,965
<b>EQUITY 權益</b>			
<b>Equity attributable to owners of the parent 母公司擁有人應佔權益</b>			
Share capital 股本	32	730	730
Reserves 儲備	33	3,422,225	3,082,302
		3,422,955	3,083,032
<b>Non-controlling interests 非控股權益</b>		<b>2,234,528</b>	162,933
<b>Total equity 總權益</b>		<b>5,657,483</b>	3,245,965

**Mr. Ge Yiyang**

葛一陽先生

Director

董事

**Mr. Liao Lujiang**

廖魯江先生

Director

董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Attributable to owners of the parent 母公司擁有人應佔										
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Equity investments revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	資產重估儲備	股權投資重估儲備	保留利潤	總計	非控股權益	總權益
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	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	人民幣千元	人民幣千元
	Note 32	Note 33(a)	Note 33(d)	Note 33(b)	Note 33(c)	Note 33(e)	Note 33(f)				
	附註32	附註33(a)	附註33(d)	附註33(b)	附註33(c)	附註33(e)	附註33(f)				
At 1 January 2018 於2018年1月1日	-	-	584,900	(6,621)	101,398	15,134	5,700	1,294,418	1,994,929	(1,201)	1,993,728
Profit for the year 年內利潤	-	-	-	-	-	-	-	476,817	476,817	12,558	489,375
Other comprehensive loss for the year: 年內其他全面虧損:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax 指定為按公允價值計入其他全面收入的 股權投資公允價值變動，扣除稅項	-	-	-	-	-	-	(9,900)	-	(9,900)	-	(9,900)
Total comprehensive income for the year 年內總全面收入	-	-	-	-	-	-	(9,900)	476,817	466,917	12,558	479,475
Issuance of new shares 發行新股	730	1,249,269	-	-	-	-	-	-	1,249,999	-	1,249,999
Capital contribution from non- controlling shareholders of subsidiaries 子公司非控股股東注資	-	-	-	-	-	-	-	-	-	151,049	151,049
Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries 本集團向子公司當時權益 持有人收購子公司	-	-	(627,900)	-	-	-	-	-	(627,900)	-	(627,900)
Acquisition of a non-controlling interest 收購非控股權益	-	-	-	(913)	-	-	-	-	(913)	(4,818)	(5,731)
Disposal of subsidiaries 出售子公司	-	-	-	-	-	-	-	-	-	5,345	5,345
Appropriations to statutory surplus reserve 轉撥至法定盈餘儲備	-	-	-	-	90,367	-	-	(90,367)	-	-	-
At 31 December 2018 於2018年12月31日	730	1,249,269*	(43,000)*	(7,534)*	191,765*	15,134*	(4,200)*	1,680,868*	3,083,032	162,933	3,245,965

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

## 綜合權益變動表(續)

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Attributable to owners of the parent 母公司擁有人應佔											
	Share capital 股本 RMB' 000 人民幣千元 Note 32 附註32	Share premium 股份溢價 RMB' 000 人民幣千元 Note 33(a) 附註33(a)	Merger reserve 合併儲備 RMB' 000 人民幣千元 Note 33(d) 附註33(d)	Capital reserve 資本儲備 RMB' 000 人民幣千元 Note 33(b) 附註33(b)	Statutory surplus reserve 法定盈餘儲備 RMB' 000 人民幣千元 Note 33(c) 附註33(c)	Asset revaluation reserve 資產重估儲備 RMB' 000 人民幣千元 Note 33(e) 附註33(e)	Equity investments		Retained profits 保留利潤 RMB' 000 人民幣千元 Note 33(f) 附註33(f)	Total 總計 RMB' 000 人民幣千元	Non-controlling interests 非控股權益 RMB' 000 人民幣千元	Total equity 總權益 RMB' 000 人民幣千元
							revaluation reserve 重估儲備	revaluation reserve 重估儲備				
							revaluation reserve 重估儲備	revaluation reserve 重估儲備				
At 1 January 2019 於2019年1月1日	730	1,249,269	(43,000)	(7,534)	191,765	15,134	(4,200)	1,680,868	3,083,032	162,933	3,245,965	
Profit for the year 年內利潤	-	-	-	-	-	-	-	515,821	515,821	84,919	600,740	
Other comprehensive income for the year: 年內其他全面收入:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax 指定為按公允價值計入其他全面收入的股權投資公允價值變動，扣除稅項	-	-	-	-	-	-	7,007	-	7,007	-	7,007	
Total comprehensive income for the year 年內總全面收入	-	-	-	-	-	-	7,007	515,821	522,828	84,919	607,747	
Capital contribution from non-controlling shareholders of subsidiaries 子公司非控股股東注資	-	-	-	-	-	-	-	-	-	1,985,055	1,985,055	
Acquisition of non-controlling interests 收購非控股權益	-	-	-	(349)	-	-	-	-	(349)	-	(349)	
Disposal of subsidiaries 出售子公司	-	-	-	-	-	-	-	-	-	2,383	2,383	
Disposal of partial interests in subsidiaries without losing control 出售子公司部分權益而無失去控制權	-	-	-	863	-	-	-	-	863	(762)	101	
Appropriations to statutory surplus reserve 轉撥至法定盈餘儲備	-	-	-	-	110,165	-	-	(110,165)	-	-	-	
Dividends and distributions 股息及分派	-	-	-	-	-	-	-	(183,419)	(183,419)	-	(183,419)	
At 31 December 2019 於2019年12月31日	730	1,249,269*	(43,000)*	(7,020)*	301,930*	15,134*	2,807*	1,903,105*	3,422,955	2,234,528	5,657,483	

\* These reserve accounts comprise the consolidated reserves of RMB3,422,225,000 (2018: RMB3,082,302,000) in the consolidated statement of financial position.

\* 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣3,422,225,000元(2018年: 人民幣3,082,302,000元)。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>經營活動產生的現金流量</b>			
Profit before tax 除稅前利潤		<b>951,206</b>	989,442
Adjustments for: 調整:			
Depreciation of items of property, plant and equipment 物業、廠房及設備項目折舊	6,13	<b>18,020</b>	17,091
Depreciation of right-of-use assets 使用權資產折舊	6,15(a)	<b>5,530</b>	–
Amortisation of intangible assets 無形資產攤銷	6,16	<b>1,198</b>	458
Loss on disposal of items of property, plant and equipment, net 出售物業、廠房及設備項目淨虧損		<b>475</b>	2
Gain on disposal of an associate 出售聯營公司收益	5	<b>–</b>	(4,634)
Gain on disposal of subsidiaries, net 淨出售子公司收益	34	<b>(2,362)</b>	(22,301)
Share of profits and losses of: 分佔利潤及虧損:			
Joint ventures 合營企業		<b>23,176</b>	–
Associates 聯營公司		<b>(70,235)</b>	3,969
Changes in fair value of investment properties 投資物業的公允價值變動	14	<b>(57,476)</b>	(61,295)
Fair value gains, net: 公允價值淨收益:			
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產		<b>(58,363)</b>	–
Impairment losses on financial assets, net 淨金融資產減值虧損		<b>423</b>	395
Finance costs 融資成本	7	<b>249,760</b>	132,711
Finance income 融資收入		<b>(18,262)</b>	(17,740)
		<b>1,043,090</b>	1,038,098
Decrease/(increase) in properties under development 在建物業減少/(增加)		<b>1,344,564</b>	(2,751,817)
(Increase)/decrease in completed properties held for sale 已竣工持作銷售物業(增加)/減少		<b>(1,670,416)</b>	294,501
Decrease in trade receivables 貿易應收款項減少		<b>20,003</b>	5,064
(Increase)/decrease in prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產(增加)/減少		<b>(1,754,297)</b>	69,929
Increase in amounts due from related parties 應收關聯方款項增加		<b>(42,035)</b>	–
Increase in restricted cash 受限制現金增加		<b>(464,913)</b>	(439,464)
Decrease/(increase) in pledged deposits 已質押存款減少/(增加)		<b>4,254</b>	(9,550)
Increase in trade and bills payables 貿易應付款項及應付票據增加		<b>822,392</b>	266,321
Increase in other payables and accruals 其他應付款項及應計費用增加		<b>1,834,631</b>	652,674
Increase in contract liabilities 合同負債增加		<b>76,432</b>	1,988,321
Increase/(decrease) in amounts due to a related company 應付關聯公司款項增加/(減少)		<b>1,744</b>	(1,728)

**CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**綜合現金流量表 (續)**

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Cash generated from operating activities</b> 經營活動所得現金		<b>1,215,449</b>	1,112,349
Interest received 已收利息		<b>15,968</b>	10,786
Interest paid 已付利息		<b>(712,417)</b>	(443,569)
Tax paid 已付稅項		<b>(418,470)</b>	(250,187)
<b>Net cash flows from operating activities</b> 經營活動所得淨現金流量		<b>100,530</b>	429,379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>投資活動產生的現金流量</b>			
Purchases of items of property, plant and equipment 購置物業、廠房及設備項目		<b>(20,764)</b>	(48,163)
Purchase of intangible assets 購買無形資產		<b>(5,898)</b>	(4,438)
Purchase of investment properties 購買投資物業		<b>(2,856)</b>	(4,069)
Acquisition of financial assets at fair value through profit or loss 收購按公允價值計入損益的金融資產		<b>(1,409,530)</b>	(510,899)
Disposal of subsidiaries 出售子公司	34	<b>(3,086)</b>	8,575
Disposal of an associate 出售聯營公司		<b>-</b>	5,600
Disposal of financial assets at fair value through profit or loss 出售按公允價值計入損益的金融資產		<b>892,762</b>	730,000
Investments in joint ventures 於合營企業的投資		<b>(115,970)</b>	-
Investments in associates 於聯營公司的投資		<b>(1,689,007)</b>	(27,216)
Disposal of items of property, plant and equipment 出售物業、廠房及設備項目		<b>781</b>	-
Dividends and interest received 股息及已收利息		<b>7,279</b>	6,954
Repayment of advances to a shareholder 股東償還墊款	38	<b>-</b>	600
Repayment of advances to related companies 關聯公司償還墊款	38	<b>5,362,942</b>	2,179,079
Advances to related companies 向關聯公司作出的墊款	38	<b>(6,779,347)</b>	(1,948,393)
<b>Net cash flows (used in)/from investing activities</b> 投資活動(所用)/所得淨現金流量		<b>(3,762,694)</b>	387,630

**CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**綜合現金流量表(續)**

YEAR ENDED 31 DECEMBER 2019 截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>融資活動產生的現金流量</b>			
Proceeds from issue of new shares 發行新股所得款項		-	1,285,103
Share issue expenses 股份發行開支		-	(35,104)
Capital contribution from non-controlling shareholders of subsidiaries 子公司非控股股東注資		<b>1,985,055</b>	151,049
Dividends paid to the equity holders of the Company 向本公司權益持有人支付的股息		<b>(119,889)</b>	-
Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries 本集團向子公司當時權益持有人收購子公司		-	(627,900)
Acquisition of non-controlling interests 收購非控股權益		<b>(349)</b>	(5,731)
Disposal of partial interests in subsidiaries without losing control 出售子公司部分權益而無失去控制權		<b>101</b>	-
Dividends paid to the then equity holder of subsidiaries 向子公司當時權益持有人支付的股息		-	(146,492)
Advances from related companies 關聯公司墊款	38	<b>1,154,655</b>	68,478
Repayment of an advance from related companies 償還關聯公司墊款	38	<b>(624,789)</b>	(38,107)
Increase in pledged deposits 已質押存款增加		<b>(744,602)</b>	(1,838)
Principal portion of lease payments 租賃付款的本金部分		<b>(2,072)</b>	-
Proceeds from issue of senior notes 發行優先票據所得款項		<b>2,884,614</b>	-
Proceeds from interest-bearing bank and other borrowings 計息銀行及其他借貸所得款項		<b>4,221,333</b>	2,418,372
Repayment of interest-bearing bank and other borrowings 償還計息銀行及其他借貸		<b>(3,767,402)</b>	(2,774,954)
<b>Net cash flows from financing activities 融資活動所得淨現金流量</b>		<b>4,986,655</b>	292,876
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
現金及現金等價物淨增加		<b>1,324,491</b>	1,109,885
Cash and cash equivalents at beginning of year 年初現金及現金等價物		<b>1,487,075</b>	377,190
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
年末現金及現金等價物		<b>2,811,566</b>	1,487,075
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
<b>現金及現金等價物結餘分析</b>			
Cash and bank balances 現金及銀行結餘	26	<b>4,693,722</b>	2,163,970
Less: Restricted cash 減：受限制現金	26	<b>1,115,487</b>	650,574
Pledged deposits 已質押存款	26	<b>766,669</b>	26,321
Cash and cash equivalents as stated in the statement of cash flows 現金流量表所列現金及現金等價物		<b>2,811,566</b>	1,487,075

## NOTES TO FINANCIAL STATEMENTS

### 財務報表附註

31 DECEMBER 2019 2019年12月31日

#### 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 December 2017. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 October 2018. The registered office of the Company is located at 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing, providing property management services and management consulting services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Splendid Sun Limited, which was incorporated in the British Virgin Islands.

#### 1. 公司及集團資料

本公司於2017年12月18日在開曼群島註冊成立為獲豁免有限公司。本公司股份於2018年10月11日在香港聯合交易所有限公司（「聯交所」）主板上市。本公司的註冊辦事處地址為27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands。

於年內，本集團主要從事物業開發、物業租賃、提供物業管理服務及管理諮詢服務。

董事認為，本公司的控股公司及最終控股公司為Splendid Sun Limited，該公司於英屬處女群島註冊成立。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries

## 有關子公司的資料

Particulars of the Company's principal subsidiaries are set out below:

本公司主要子公司的詳情載列如下：

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
<b>Directly held: 直接持有：</b>				
DaFa Blooms Limited	British Virgin Islands 英屬處女群島	US\$200 200美元	100%	Investment holding 投資控股
<b>Indirectly held: 間接持有：</b>				
YinYi Holdings (Hong Kong) Limited 垠壹香港有限公司	Hong Kong 香港	HK\$200 200港元	100%	Investment holding 投資控股
溫州凱揚企業管理有限公司 Wenzhou Kaiyang Group Co., Ltd.* ("Wenzhou Kaiyang") 溫州凱揚企業管理有限公司*(「溫州凱揚」)	People's Republic of China (「PRC」)/Mainland China 中華人民共和國 (「中國」)/中國內地	US\$70,000,000 70,000,000美元	100%	Investment holding 投資控股
上海大發房地產集團有限公司 Shanghai Dafa Land Group Co., Ltd. 上海大發房地產集團有限公司	PRC/Mainland China 中國／中國內地	RMB500,000,000 人民幣500,000,000元	100%	Property development and property leasing 物業開發及物業租賃
安慶市凱潤房地產開發有限公司 Anqing Kairun Property Development Co., Ltd. 安慶市凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
南京凱鴻房地產開發有限公司 Nanjing Kaihong Real Estate Development Co., Ltd. 南京凱鴻房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB56,000,000 人民幣56,000,000元	100%	Property development and property leasing 物業開發及物業租賃

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
南京凱潤房地產開發有限公司 Nanjing Kairun Real Estate Development Co., Ltd. 南京凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB56,000,000 人民幣56,000,000元	100%	Property development and property leasing 物業開發及物業租賃
南京凱洺置業有限公司 Nanjing Kaixuan Real Estate Co., Ltd. 南京凱洺置業有限公司	PRC/Mainland China 中國／中國內地	RMB58,000,000 人民幣58,000,000元	100%	Property development 物業開發
南京凱洲置業有限公司 Nanjing Kaizhou Real Estate Co., Ltd. 南京凱洲置業有限公司	PRC/Mainland China 中國／中國內地	RMB50,020,000 人民幣50,020,000元	100%	Property development 物業開發
上海凱暘置業有限公司 Shanghai Kaiyang Real Estate Co., Ltd. 上海凱暘置業有限公司	PRC/Mainland China 中國／中國內地	RMB260,210,000 人民幣260,210,000元	100%	Property development 物業開發
上海垠壹置業有限公司 Shanghai Yinyi Real Estate Co., Ltd. 上海垠壹置業有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
溫州市凱潤置業有限公司 Wenzhou Kairun Real Estate Co., Ltd. 溫州市凱潤置業有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
溫州市垵壹置業有限公司 Wenzhou Yinyi Real Estate Co., Ltd. ** 溫州市垵壹置業有限公司**	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	96%	Property development 物業開發
溫州市貴垵置業有限公司 Wenzhou Guiyin Real Estate Co., Ltd. ** 溫州市貴垵置業有限公司**	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	90%	Property development 物業開發
寧波凱陽置業有限公司 Ningbo Kaiyang Real Estate Co., Ltd. ** 寧波凱陽置業有限公司**	PRC/Mainland China 中國／中國內地	RMB338,000,000 人民幣338,000,000元	98%	Property development 物業開發
溫州市凱澤置業有限公司 Wenzhou Kaize Real Estate Co., Ltd. 溫州市凱澤置業有限公司	PRC/Mainland China 中國／中國內地	RMB365,470,000 人民幣365,470,000元	100%	Property development 物業開發
舟山凱舟置業有限公司 Zhoushan Kaizhou Real Estate Co., Ltd. 舟山凱舟置業有限公司	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	100%	Property development 物業開發
安慶市垵壹置業有限公司 Anqing Yinyi Real Estate Co., Ltd. 安慶市垵壹置業有限公司	PRC/Mainland China 中國／中國內地	RMB476,078,400 人民幣476,078,400元	100% (Note) (附註)	Property development 物業開發
南京沚垵置業有限公司 Nanjing Xuanyin Real Estate Co., Ltd. ** 南京沚垵置業有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
蕪湖垠壹置業有限公司 Wuhu Yinyi Real Estate Co., Ltd. 蕪湖垠壹置業有限公司	PRC/Mainland China 中國／中國內地	RMB262,678,000 人民幣262,678,000元	100%	Property development 物業開發
蕪湖齊垠置業有限公司 Wuhu Qiyin Real Estate Co., Ltd. 蕪湖齊垠置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
邳州垠壹置業有限公司 Pizhou Yinyi Real Estate Co., Ltd. ** 邳州垠壹置業有限公司**	PRC/Mainland China 中國／中國內地	RMB100,000,000 人民幣100,000,000元	91%	Property development 物業開發
長興垠壹置業有限公司 Changxing Yinyi Real Estate Co., Ltd. *** 長興垠壹置業有限公司***	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	32%	Property development 物業開發
合肥凱潤房地產開發有限公司 Hefei Kairun Property Development Co., Ltd. 合肥凱潤房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
句容沚垠置業有限公司 Jurong Xuanyin Real Estate Co., Ltd. *** 句容沚垠置業有限公司***	PRC/Mainland China 中國／中國內地	RMB40,000,000 人民幣40,000,000元	47%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
射陽煜關置業有限公司 Sheyang Yuque Real Estate Co., Ltd. ** 射陽煜關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	91%	Property development 物業開發
寧波餘姚市凱潤置業有限公司 Ningbo Yuyao Kairun Real Estate Co., Ltd. ** 寧波餘姚市凱潤置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	88%	Property development 物業開發
嘉興市凱澤置業有限公司 Jiaxing Kaize Real Estate Co., Ltd. ** 嘉興市凱澤置業有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	90%	Property development 物業開發
英德市煜關置業有限公司 Yingde Yuque Real Estate Co., Ltd. ** 英德市煜關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
邛崃市瀚顏房地產開發有限公司 Qionglai Hanyan Property Development Co., Ltd. ** 邛崃市瀚顏房地產開發有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
重慶融關置業有限公司 Chongqing Rongque Real Estate Co., Ltd. ** 重慶融關置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	91%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
新鄭市成美房地產開發有限公司 Xinzheng Chengmei Property Development Co., Ltd. ** 新鄭市成美房地產開發有限公司**	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	90%	Property development 物業開發
無錫凱暘置業有限公司 Wuxi Kaiyang Real Estate Co., Ltd. 無錫凱暘置業有限公司	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
太倉緯世置業有限公司 Taicang Weishi Real Estate Co., Ltd. 太倉緯世置業有限公司	PRC/Mainland China 中國/中國內地	RMB210,000,000 人民幣210,000,000元	100%	Property development 物業開發
永康凱濱置業有限公司 Yongkang Kaibin Real Estate Co., Ltd. *** 永康凱濱置業有限公司***	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	45% (Note) (附註)	Property development 物業開發
南京凱澤投資有限公司 Nanjing Kaize Investment Management Co., Ltd. 南京凱澤投資有限公司	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海凱暘實業發展有限公司 Shanghai Kaiyang Industrial Development Co., Ltd. 上海凱暘實業發展有限公司	PRC/Mainland China 中國/中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海凱沅貿易有限公司 Shanghai Kaiyuan Trading Co., Ltd.** 上海凱沅貿易有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	96%	Property development 物業開發
上海融關實業發展有限公司 Shanghai Rongque Industrial Development Co., Ltd. 上海融關實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海貴垠實業發展有限公司 Shanghai Guiyin Industrial Development Co., Ltd.** 上海貴垠實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	90%	Property development 物業開發
上海望垠實業發展有限公司 Shanghai Wangyin Industrial Development Co., Ltd.** 上海望垠實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	93%	Property development 物業開發
上海瀚楷實業發展有限公司 Shanghai Hankai Industrial Development Co., Ltd. 上海瀚楷實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海煜關實業發展有限公司 Shanghai Hankai Industrial Development Co., Ltd.** 上海煜關實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
上海瀚沅實業發展有限公司 Shanghai Hanxuan Industrial Development Co., Ltd.** 上海瀚沅實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	91%	Property development 物業開發
南京齊垠置業有限公司 Nanjing Qiyin Real Estate Co., Ltd.** 南京齊垠置業有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	82%	Property development 物業開發
南京齊城置業有限公司 Nanjing Qicheng Real Estate Co., Ltd.** 南京齊城置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	91%	Property development 物業開發
合肥煜關房地產開發有限公司 Hefei Yuque Property Development Co., Ltd. 合肥煜關房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
南京齊珂置業有限公司 Nanjing Qike Real Estate Co., Ltd.** 南京齊珂置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	90%	Property development 物業開發



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
上海瀚本實業發展有限公司 Shanghai Hanben Industrial Development Co., Ltd. 上海瀚本實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
寧波凱澤置業有限公司 Ningbo Kaize Real Estate Co., Ltd.** 寧波凱澤置業有限公司**	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	88%	Property development 物業開發
溫州市沅垠置業有限公司 Wenzhou Xuanyin Real Estate Co., Ltd. 溫州市沅垠置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海瀚由實業發展有限公司 Shanghai Hanyou Industrial Development Co., Ltd. 上海瀚由實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
上海瀚顏實業發展有限公司 Shanghai Hanyan Industrial Development Co., Ltd. 上海瀚顏實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
合肥融闕房地產開發有限公司 Hefei Rongque Property Development Co., Ltd. 合肥融闕房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海瀚房實業發展有限公司 Shanghai Hanfang Industrial Development Co., Ltd. 上海瀚房實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
寧波凱元置業有限公司 Ningbo Kaiyuan Real Estate Co., Ltd. 寧波凱元置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海垠珏置業有限公司 Shanghi Yinjue Real Estate Co., Ltd. 上海垠珏置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
湖州市垠望置業有限公司 Huzhou Yinwang Real Estate Co., Ltd. 湖州市垠望置業有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
深圳市瀚從實業發展有限公司 Shenzhen Hancong Industrial Development Co., Ltd. 深圳市瀚從實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
溫州市凱沅置業有限公司 Wenzhou Kaixuan Real Estate Co., Ltd. 溫州市凱沅置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海本瀚實業發展有限公司 Shanghai Benhan Industrial Development Co., Ltd.** 上海本瀚實業發展有限公司**	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	60%	Property development 物業開發
陝西凱望房地產開發有限公司 Shanxi Kaiwang Property Development Co., Ltd. 陝西凱望房地產開發有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海瀚關實業發展有限公司 Shanghai Hanque Industrial Development Co., Ltd. 上海瀚關實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發
溫州凱陽房地產有限公司 Wenzhou Kaiyang Property Development Co., Ltd. 溫州凱陽房地產有限公司	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下:(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立/註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 /註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
無錫齊珂置業有限公司 Wuxi Qike Real Estate Co., Ltd.*** 無錫齊珂置業有限公司***	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣20,000,000元	46%	Property development 物業開發
徐州瀚瀾置業有限公司 Xuzhou Hanlan Real Estate Co., Ltd. 徐州瀚瀾置業有限公司	PRC/Mainland China 中國/中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
泰安金暘華房地產開發有限公司 Taian Jinyanghua Property Development Co., Ltd.*** 泰安金暘華房地產開發有限公司***	PRC/Mainland China 中國/中國內地	RMB251,000,000 人民幣251,000,000元	31%	Property development 物業開發
寧波壹暘投資有限公司 Ningbo Yiyang Investment Co., Ltd. 寧波壹暘投資有限公司	PRC/Mainland China 中國/中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發
寧波翰凱建築有限公司 Ningbo Hankai Construction Co., Ltd. 寧波翰凱建築有限公司	PRC/Mainland China 中國/中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發
寧波凱天置業有限公司 Ningbo Kaitian Real Estate Co., Ltd. 寧波凱天置業有限公司	PRC/Mainland China 中國/中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
寧波垵場投資有限公司 Ningbo Yinyang Investment Co., Ltd. 寧波垵場投資有限公司	PRC/Mainland China 中國／中國內地	RMB1,200,000,000 人民幣1,200,000,000元	100%	Property development 物業開發
寧波凱銘置業有限公司 Ningbo Kaiming Real Estate Co., Ltd.** 寧波凱銘置業有限公司**	PRC/Mainland China 中國／中國內地	RMB162,000,000 人民幣162,000,000元	51%	Property development 物業開發
寧波凱發置業有限公司 Ningbo Kaifa Real Estate Co., Ltd. 寧波凱發置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
合肥陽發置業有限公司 Hefei Yangfa Real Estate Co., Ltd.*** 合肥陽發置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	42%	Property development 物業開發
合肥澤陽置業有限公司 Hefei Zeyang Real Estate Co., Ltd.*** 合肥澤陽置業有限公司***	PRC/Mainland China 中國／中國內地	RMB50,000,000 人民幣50,000,000元	31%	Property development 物業開發
常熟弘陽正發房地產開發有限公司 Changshu Hongyang Zhengfa Property Development Co., Ltd.*** 常熟弘陽正發房地產開發有限公司***	PRC/Mainland China 中國／中國內地	RMB108,750,000 人民幣108,750,000元	25%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
寧波翰沅建築有限公司 Ningbo Hanxuan Construction Co., Ltd. 寧波翰沅建築有限公司	PRC/Mainland China 中國／中國內地	RMB1,500,000,000 人民幣1,500,000,000元	100%	Property development 物業開發
台州興德置業有限公司 Taizhou Xingde Real Estate Co., Ltd.*** 台州興德置業有限公司***	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	41%	Property development 物業開發
寧波凱律置業有限公司 Ningbo Kailv Real Estate Co., Ltd. 寧波凱律置業有限公司	PRC/Mainland China 中國／中國內地	RMB10,000,000 人民幣10,000,000元	100%	Property development 物業開發
上海垠邦實業發展有限公司 Shanghai Yinbang Industrial Development Co., Ltd. 上海垠邦實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
上海垠孚實業發展有限公司 Shanghai Yinfu Industrial Development Co., Ltd. 上海垠孚實業發展有限公司	PRC/Mainland China 中國／中國內地	RMB20,000,000 人民幣20,000,000元	100%	Property development 物業開發
桐鄉市澤陽房地產開發有限公司 Tongxiang Zeyang Property Development Co., Ltd.*** 桐鄉市澤陽房地產開發有限公司***	PRC/Mainland China 中國／中國內地	RMB645,000,000 人民幣645,000,000元	32%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## 1. 公司及集團資料(續)

## Information about subsidiaries (continued)

## 有關子公司的資料(續)

Particulars of the Company's principal subsidiaries are set out below: (continued)

本公司主要子公司的詳情載列如下：(續)

Subsidiaries 子公司	Place of incorporation/ registration and business 註冊成立／註冊地點 及營業地點	Issued ordinary/ registered share capital 已發行普通股 ／註冊股本	Actual percentage of equity attributable to the Company 本公司應佔股權 實際百分比	Principal activities 主要業務
青海恒創房地產開發有限公司 Qinghai Hengchuang Property Development Co., Ltd.** 青海恒創房地產開發有限公司**	PRC/Mainland China 中國／中國內地	RMB101,527,700 人民幣101,527,700元	60%	Property development 物業開發
大連貴垠投資有限公司 Dalian Guiyin Investment Co., Ltd. 大連貴垠投資有限公司	PRC/Mainland China 中國／中國內地	RMB1,200,000,000 人民幣1,200,000,000元	100%	Property development 物業開發
大連翰法建築工程有限公司 Ningbo Hanxuan Construction Co., Ltd. 大連翰法建築工程有限公司	PRC/Mainland China 中國／中國內地	RMB600,000,000 人民幣600,000,000元	100%	Property development 物業開發
大連凱陽置業有限公司 Dalian Kaiyang Real Estate Co., Ltd. 大連凱陽置業有限公司	PRC/Mainland China 中國／中國內地	RMB700,000,000 人民幣700,000,000元	100%	Property development 物業開發
上海凱關企業管理有限公司 Shanghai Kaique Enterprise Management Co., Ltd.** 上海凱關企業管理有限公司**	PRC/Mainland China 中國／中國內地	RMB2,000,000,000 人民幣2,000,000,000元	51%	Property development 物業開發
上海關陽企業管理有限公司 Shanghai Queyang Enterprise Management Co., Ltd.** 上海關陽企業管理有限公司**	PRC/Mainland China 中國／中國內地	RMB1,000,000,000 人民幣1,000,000,000元	51%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (continued)

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names. The legal form of these principal PRC subsidiaries disclosed above are limited liability companies.

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.

Note:

The Group legally transferred the equity interests in the following subsidiaries as collateral to companies as at 31 December 2019.

	Percentage of equity pledged as at 31 December 2019 於2019年12月31日的質押權益百分比
Anqing Yinyi Real Estate Co., Ltd. 安慶市垵壹置業有限公司	20.18%
Yongkang Kaibin Real Estate Co., Ltd. 永康凱濱置業有限公司	40.07%
* Wenzhou Kaiyang is registered as a wholly-foreign-owned enterprise under PRC law.	* 溫州凱陽已根據中國法律註冊為外商獨資企業。
** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.	** 該等公司為本公司的非全資子公司的子公司，因本公司於該等公司擁有控制權而入賬列為子公司。
*** As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities, including, but not limited to the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.	*** 由於本集團因參與該等公司而享有或有權享有可變回報，且能通過其於該等公司的多數投票權影響上述回報並有權指導該等公司的相關活動，包括但不限於預算、定價及推廣策略，本集團對該等公司擁有控制權，故該等公司列作本集團的子公司。

## 1. 公司及集團資料(續)

## 有關子公司的資料(續)

所有於中國註冊的集團公司的英文名稱乃由本公司管理層盡最大努力對該等公司中文名稱翻譯所得，乃因其並無正式英文名稱。上文所披露的該等主要中國子公司的法律形式為有限公司。

上表列述董事認為主要影響本集團年度業績或構成本集團大部分淨資產的本公司子公司。董事認為，提供其他子公司的詳情會導致詳情過長。

附註：

於2019年12月31日，本集團將於下列子公司的股權合法轉讓予公司作為抵押物。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.1 BASIS OF PREPARATION

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 2019. 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).

## 2.1 編製基準

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」）及常務詮釋委員會詮釋）及香港公司條例的披露規定編製。其乃根據歷史成本法編製，惟已按公允價值計量的投資物業及按公允價值計入損益的金融資產除外。該等財務報表以人民幣（「人民幣」）呈列，除文義另有所指外，所有金額均經四捨五入調整至最近的千位數。

## 綜合基準

綜合財務報表包括本公司及其子公司（統稱「本集團」）截至2019年12月31日止年度的財務報表。子公司指由本公司直接或間接控制的實體（包括結構性實體）。當本集團對參與投資對象業務的可變回報承擔風險或享有權利以及能通過對投資對象的權力（即本集團獲賦予現有能以主導投資對象有關活動的既存權利）影響該等回報時，即取得控制權。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.1 BASIS OF PREPARATION  
(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.

**2.1 編製基準(續)****綜合基準(續)**

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象的其他投票權持有人的合同安排；
- (b) 其他合同安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

子公司與本公司之財務報表之報告期相同，並採用一致之會計政策編製。子公司之業績由本集團獲得控制權當日起綜合入賬，並繼續綜合入賬直至有關控制權終止當日為止。

損益及其他全面收入之各個組成部分歸屬於本集團母公司之擁有人及非控股權益，即使此舉會導致非控股權益有虧絀結餘。所有有關本集團各成員公司間交易之集團內部資產及負債、權益、收入、開支及現金流量均會於綜合入賬時全數抵銷。

倘事實及情況顯示上述三項控制因素之一項或多項出現變化，本集團會重新評估其是否控制投資對象。於子公司的所有權權益變動，惟並無失去控制權，則以權益交易入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

2.1 BASIS OF PREPARATION  
(CONTINUED)

## Basis of consolidation (continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES  
AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to IFRSs 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

## 2.1 編製基準(續)

## 綜合基準(續)

倘本集團失去對子公司之控制權，則終止確認(i)該子公司之資產(包括商譽)及負債、(ii)任何非控股權益之賬面值及(iii)於權益內記錄之累計交易差額；及確認(i)已收對價之公允價值、(ii)所保留任何投資之公允價值及(iii)損益中任何因此產生之盈餘或虧損。先前已於其他全面收入內確認之本集團應佔部分重新分類至損益或保留利潤(如適當)，基準與本集團直接出售相關資產或負債所需使用之基準相同。

## 2.2 會計政策的變動及披露

本集團已就本年度之財務報表首次採納下列新訂及經修訂國際財務報告準則。

國際財務報告準則第9號的修訂	具有負補償的提早還款特性
國際財務報告準則第16號	租賃
國際會計準則第19號的修訂	計劃修訂、縮減或清償
國際會計準則第28號的修訂	於聯營公司及合營企業的長期權益
國際財務報告詮釋委員會詮釋第23號	所得稅處理的不確定性
國際財務報告準則年度改進(2015年至2017年週期)	對國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號的修訂

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

## 2.2 會計政策的變動及披露(續)

除國際財務報告準則第9號及國際會計準則第19號的修訂以及國際財務報告準則年度改進(2015年至2017年週期)與編製本集團的財務報表並無關係外，新訂及經修訂的國際財務報告準則的性質及影響載列如下：

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、常設詮釋委員會第15號經營租賃－優惠及常設詮釋委員會第27號評估牽涉租賃的法律形式的交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人將所有租賃按單一的資產負債表內模式入賬，以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理。出租人將繼續使用與國際會計準則第17號類似的原則將租賃分類為經營或融資租賃。因此，國際財務報告準則第16號對本集團作為出租人的租賃並無產生任何財務影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## 2.2 會計政策的變動及披露(續)

## (a) (continued)

## (a) (續)

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

本集團透過採用經修訂追溯採納法採納國際財務報告準則第16號，並於2019年1月1日首次應用。在此方法下，該準則已獲追溯應用，並將首次採納的累計影響確認為對於2019年1月1日保留利潤的期初結餘的調整，且2018年比較資料並無重列，並繼續根據國際會計準則第17號及相關詮釋呈報。

*New definition of a lease**租賃的新定義*

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC- Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

根據國際財務報告準則第16號，倘合同為換取對價而給予在一段時間內控制使用已識別資產的權利，則該合同為租賃或包含租賃。當客戶有權從使用已識別資產獲得絕大部分經濟利益以及指示使用已識別資產時，即擁有控制權。本集團選擇使用過渡性可行權宜方式，以允許該準則於首次應用日期僅適用於先前已根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號識別為租賃的合同。根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號尚未識別為租賃的合同並無重新評估。因此，國際財務報告準則第16號項下的租賃定義已僅應用於在2019年1月1日或之後訂立或更改的合同。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## (a) (continued)

*As a lessee – Leases previously classified as operating leases*

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of offices and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“**short-term leases**”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

## 2.2 會計政策的變動及披露(續)

## (a) (續)

*作為承租人 – 先前分類為經營租賃的租賃*

採納國際財務報告準則第16號的影響性質

本集團擁有多個辦公室及汽車項目的租賃合同。作為承租人，本集團先前根據有關租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃（按個別租賃基準選擇）及租期為12個月或以下的租賃（「**短期租賃**」）（按相關資產類別選擇）的兩項選擇性豁免除外。本集團確認使用權資產折舊（及減值，如有）及尚未償還租賃負債之應計利息（為融資成本），而非於自2019年1月1日開始之租期內按直線法於經營租賃項下確認租金開支。

過渡影響

於2019年1月1日的租賃負債按餘下租賃付款現值確認，使用2019年1月1日的增量借款利率貼現。大部分租賃的使用權資產按租賃負債金額計量，並就與緊接2019年1月1日前於財務狀況表確認的租賃有關的任何預付或應計租賃付款金額作出調整。

NOTES TO FINANCIAL STATEMENTS *(Continued)*

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## (a) (continued)

*As a lessee – Leases previously classified as operating leases (continued)*

Impacts on transition (continued)

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

## 2.2 會計政策的變動及披露(續)

## (a) (續)

*作為承租人 – 先前分類為經營租賃的租賃(續)*

過渡影響(續)

所有該等資產於當日均已根據國際會計準則第36號就任何減值作出評估。本集團選擇於財務狀況表中單獨呈報使用權資產。

對於先前包括在投資物業及按公允價值計量的租賃土地及樓宇(為賺取租金收入及/或為資本增值而持有者)，於2019年1月1日，本集團繼續將其包括在投資物業。其繼續應用國際會計準則第40號按公允價值計量。

於2019年1月1日應用國際財務報告準則第16號時，本集團已使用以下選擇性可行權宜方式：

- 就租期自首次應用日期起12個月內終止的租賃應用短期租賃豁免
- 倘合同包含延期/終止租賃的選擇權，則使用事後方式釐定租期

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)****(a) (continued)***Financial impact at 1 January 2019*

The impacts arising from the adoption of IFRS 16 at 1 January 2019 are as follows:

**2.2 會計政策的變動及披露(續)****(a) (續)***於2019年1月1日的財務影響*

於2019年1月1日採納國際財務報告準則第16號所產生的影響如下：

	Increase 增加 RMB' 000 人民幣千元
<b>Assets 資產</b>	
Increase in right-of-use assets 使用權資產增加	9,131
Increase in total assets 總資產增加	9,131
<b>Liabilities 負債</b>	
Increase in lease liabilities 租賃負債增加	(9,131)
Increase in total liabilities 總負債增加	(9,131)
Decrease in retained profits 保留利潤減少	-



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## 2.2 會計政策的變動及披露(續)

## (a) (continued)

## (a) (續)

*Financial impact at 1 January 2019 (continued)*

於2019年1月1日的財務影響(續)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

於2019年1月1日的租賃負債與於2018年12月31日的經營租賃承擔對賬如下：

	RMB' 000 人民幣千元
<b>Operating lease commitments as at 31 December 2018</b>	
於2018年12月31日的經營租賃承擔	<b>19,914</b>
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	
減：與短期租賃及餘下租期於2019年12月31日或之前屆滿的該等租賃有關的承擔	(8,733)
Commitments relating to leases of low-value assets	
低價值資產租賃相關之承擔	(1,411)
	9,770
Weighted average incremental borrowing rate as at 1 January 2019	
於2019年1月1日的加權平均增量借款利率	7%
Discounted operating lease commitments as at 1 January 2019	
於2019年1月1日的已貼現經營租賃承擔	9,131
Lease liabilities as at 1 January 2019 於2019年1月1日的租賃負債	9,131

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

#### 2.2 會計政策的變動及披露(續)

(b) 國際會計準則第28號的修訂澄清國際財務報告準則第9號的範圍豁免僅包括應用權益法的聯營公司或合營企業之權益，且不包括實質上構成聯營公司或合營企業淨投資額一部分的長期權益（尚未對其應用權益法）。因此，計算此類長期利益時，實體應用國際財務報告準則第9號（包括國際財務報告準則第9號項下的減值規定）而非國際會計準則第28號。只有在確認聯營公司或合營企業的虧損及聯營公司或合營企業淨投資減值的情況下，國際會計準則第28號才會被應用於淨投資（包括長期權益）。於2019年1月1日採納該等修訂後，本集團評估了其聯營公司及合營企業長期權益的業務模式，並得出結論，聯營公司及合營企業的長期權益將繼續根據國際財務報告準則第9號按攤銷成本計量。因此，該等修訂對本集團的財務狀況或表現並無任何影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

## 2.2 會計政策的變動及披露(續)

(c) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “**uncertain tax positions**”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

(c) 國際財務報告詮釋委員會詮釋第23號提出於稅務處理涉及會影響國際會計準則第12號應用的不確定性因素(常稱為「**不確定課稅情況**」)時將所得稅(即期及遞延)入賬的會計處理方法。該詮釋並不適用於國際會計準則第12號範疇以外的稅項或徵費，亦無特別載列與不確定稅務處理的相關利息及罰款有關的規定。詮釋具體處理(i)實體有否單獨考慮不確定稅務處理；(ii)實體就稅務當局調查稅務處理作出的假設；(iii)實體如何釐定應課稅利潤或稅務虧損、稅基、未動用稅務虧損、未動用稅務抵免及稅率；以及(iv)實體如何考慮事實及情況變動。採納該詮釋後，本集團考慮對其集團內銷售的轉移定價是否引起任何不確定課稅情況。基於本集團的稅務合規與轉移定價調查，本集團確定其轉移定價政策有可能獲稅務當局認可。因此，該詮釋對本集團的財務狀況或表現並無任何影響。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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.

Amendments to IFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of liabilities as Current or Non-current</i> <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

## 2.3 已頒佈但尚未生效之國際財務報告準則

本集團於該等財務報表中並未採納下列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號的修訂	<i>業務的定義</i> <sup>1</sup>
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號的修訂	<i>利率基準改革</i> <sup>1</sup>
國際財務報告準則第10號及國際會計準則第28號的修訂	<i>投資者與其聯營公司或合營企業之間的資產出售或注資</i> <sup>3</sup>
國際財務報告準則第17號	<i>保險合同</i> <sup>2</sup>
國際會計準則第1號及國際會計準則第8號的修訂	<i>重大的定義</i> <sup>1</sup>
國際會計準則第1號的修訂	<i>將負債分類為即期或非即期</i> <sup>4</sup>

<sup>1</sup> 於2020年1月1日或之後開始的年度期間生效

<sup>2</sup> 於2021年1月1日或之後開始的年度期間生效

<sup>3</sup> 尚未釐定強制生效日期，惟可供採納

<sup>4</sup> 於2022年1月1日或之後開始的年度期間生效

**NOTES TO FINANCIAL STATEMENTS** *(Continued)***財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)**

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur 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 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

**2.3 已頒佈但尚未生效之國際財務報告準則(續)**

預期將適用於本集團的該等國際財務報告準則的進一步資料如下。

國際財務報告準則第3號的修訂澄清並就業務的定義提供額外指引。該等修訂澄清，一系列綜合活動及資產需至少包括對實質性產出能力有重大貢獻的投入及實質性進程方可被視為一項業務。業務可不包括創造輸出所需的所有投入及進程而存在。該等修訂取消了對市場參與者是否有能力獲得業務並繼續產生輸出的評估。相反，重點是所獲得投入及所取得實質性進程是否共同對創造輸出的能力有重大貢獻。該等修訂亦縮小了輸出的定義，重點關注向客戶提供的商品或服務、投資收入或自日常業務產生的其他收入。此外，該等修訂對評估所取得的進程是否屬實質性提供了指引，並引入可選的公允價值集中測試，以簡化對所獲得的一系列活動及資產是否屬業務的評估。本集團預期將自2020年1月1日起前瞻性地採納該等修訂。由於該等修訂預期適用於首次應用日期或之後發生的交易或其他事件，故本集團於過渡日期將不受該等修訂影響。

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號的修訂解決銀行同業拆息改革對財務申報之影響。該等修訂提供可在替換現行利率基準前的不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響的對沖關係的額外資料。該等修訂於2020年1月1日或之後開始的年度期間生效，並允許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)**

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 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

**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10號及國際會計準則第28號的修訂處理國際財務報告準則第10號及國際會計準則第28號於處理投資者與其聯營公司或合營企業間之資產出售或投入方面之規定之不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業間之資產出售或投入構成一項業務時，須全面確認收益或虧損。對於涉及並無構成一項業務之資產之交易而言，該項交易產生之收益或虧損於投資者之損益中確認，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。該等修訂將按前瞻基準應用。國際會計準則理事會已於2015年12月剔除國際財務報告準則第10號及國際會計準則第28號的修訂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，該等修訂可於現時採納。

國際會計準則第1號及國際會計準則第8號的修訂為重大提供了新的定義。該新定義指出，倘遺漏、失實陳述或隱藏某項資料可合理預期將對通用財務報表的主要用戶依據該等財務報表做出的決策產生影響，則該項資料屬重大。該等修訂澄清，重要性將取決於資料的性質或程度。倘可合理預期資料的失實陳述將對主要用戶做出的決策產生影響，則該項失實陳述屬重大。本集團預期自2020年1月1日起前瞻性地採納該等修訂。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。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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 are included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the 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.

**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之訂約方據此對合營企業之淨資產擁有權利。共同控制指按照合同協定對一項安排所共有之控制，共同控制僅在有相關活動要求享有控制權之訂約方作出一致同意之決定時存在。

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淨資產減任何減值虧損於綜合財務狀況表列賬。倘會計政策存在任何不一致，則會作出相應調整。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入計入綜合損益表。此外，倘直接於聯營公司或合營企業的權益確認一項變動，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所產生的未變現收益及虧損以本集團於聯營公司或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。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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.

**Business combinations and goodwill**

Business combinations 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.

**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，本集團按其公允價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允價值之間的任何差額乃於損益確認。

**業務合併及商譽**

業務合併乃以收購法入賬。轉讓的對價乃以收購日期的公允價值計量，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團對被收購方的前擁有人承擔的負債，及本集團發行以換取被收購方控制權的股權的總和。於每項業務合併中，本集團選擇是否以公允價值或被收購方可識別淨資產的應佔比例，計量於被收購方屬現時所有權權益並賦予持有人權利於清盤時按比例分佔淨資產的非控股權益。非控股權益的所有其他部分乃按公允價值計量。收購相關成本於產生時列為開支。



**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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.

**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，其會根據合同條款以及於收購日期的經濟環境及相關條件，評估所承擔的金融資產及負債，以作出適合的分類及指定。此包括將被收購方主合同中的嵌入式衍生工具進行分離。

倘業務合併分階段進行，先前持有的股權按收購日期的公允價值重新計量，所產生的任何收益或虧損於損益確認。

收購方將予轉讓的任何或然對價於收購日期按公允價值確認。分類為一項資產或負債的或然對價按公允價值計量，公允價值的變動於損益確認。分類為權益的或然對價不會重新計量，其後結算於權益中入賬。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Fair value measurement**

The Group measures its investment properties, derivative financial instruments and equity investments 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.

**2.4 重大會計政策概要(續)****公允價值的計量**

本集團於各報告期結束時按公允價值計量其投資物業、衍生金融工具及股權投資。公允價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。公允價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)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。資產或負債的公允價值乃採用市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照其最佳經濟利益行事)。

非金融資產公允價值的計量計及市場參與者最大限度使用該資產達致最佳用途或將該資產出售予最大限度使用該資產達致最佳用途的另一市場參與者而產生經濟利益的能力。

本集團使用適用於不同情況的估值方法，而其有足夠數據計量公允價值，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。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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 inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group 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.

## 2.4 重大會計政策概要(續)

### 公允價值的計量(續)

於財務報表中計量或披露公允價值的所有資產及負債，均基於對公允價值計量整體而言屬重大的最低級別輸入數據在下述公允價值層級內進行分類：

- 第一級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 – 基於對公允價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
- 第三級 – 基於對公允價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

就按經常性基準於財務報表確認的資產及負債而言，本集團通過於各報告期結束時重新評估分類(基於對公允價值計量整體而言屬重大的最低級別輸入數據)，釐定層級內級別之間是否出現轉移。

### 非金融資產減值

倘存在減值跡象，或當須每年就資產(存貨、合同資產、遞延稅項資產、金融資產、投資物業及非流動資產／分類為持作銷售的處置組別除外)進行減值測試，則會估計資產的可收回金額。資產的可收回金額為資產或現金產生單位的使用價值與其公允價值減出售成本兩者的較高者，並就個別資產而釐定，除非資產並不產生在很大程度上獨立於其他資產或資產組別的現金流入，於此情況下，可收回金額就資產所屬現金產生單位而釐定。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

#### 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 the statement of 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 the statement of 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.

#### 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金額的情況下，方會確認減值虧損。於評估使用價值時，估計未來現金流量按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其現值。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表扣除。

會在各報告期結束時評估是否有跡象顯示先前所確認的減值虧損已不在或可能減少。倘出現有關跡象，則會估計可收回金額。僅當用以釐定資產(商譽除外)可收回金額的估計有變時，方會撥回該資產先前確認的減值虧損，但撥回後的金額不得超過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表，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入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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;

## 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的關係密切家庭成員，而該人士

(i) 擁有本集團的控制權或共同控制權；

(ii) 對本集團具有重大影響力；或

(iii) 為本集團或本集團母公司的主要管理人員的一名成員；

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、子公司或同系子公司)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) 一實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Related parties (continued)**

(b) (continued)

- (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. 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.

**2.4 重大會計政策概要(續)****關聯方(續)**

(b) (續)

- (v) 該實體提供一項僱傭後福利計劃予本集團或本集團關聯實體的僱員作為福利；
- (vi) 該實體受(a)所述人士控制或共同控制；
- (vii) (a)(i)所述人士對實體具有重大影響力或屬該實體(或該實體母公司)主要管理人員的一名成員；及
- (viii) 向本集團或本集團的母公司提供主要管理人員服務的實體或為其一部分的任何集團成員公司。

**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。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。

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,通常於支出期間計入損益。倘符合確認標準,主要檢查支出會作為重置,於資產賬面值中資本化。倘大部分物業、廠房及設備須不時重置,本集團確認該等部分為個別具有特定可使用年期的資產及相應地對其作出折舊。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

	Annual depreciation rates 年折舊率
Buildings 樓宇	3%
Motor vehicles 汽車	16%-24%
Office equipment and electronic devices 辦公設備及電子裝置	19%-32%
Leasehold improvements 租賃物業裝修	13%-33%

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 is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents an office building under decoration, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2.4 重大會計政策概要(續)

## 物業、廠房及設備與折舊(續)

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計算。主要估計可使用年期及年折舊率如下：

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末檢討，並作出調整(如適用)。

物業、廠房及設備項目(包括初步確認的任何重大部分)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。因出售或報廢而於該資產終止確認年度的損益確認的任何收益或虧損乃有關資產淨銷售所得款項與賬面值的差額。

在建工程乃指按成本減任何減值虧損列賬且未予折舊的正在裝修的辦公樓。成本包括建設期間所產生的直接建造成本及與借貸資金有關的資本化借貸成本。在建工程於完工及可予使用時重新分類至物業、廠房及設備的適當類別。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Investment properties**

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (2018: leasehold property under an operating lease) 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 the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

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.

**2.4 重大會計政策概要(續)****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銷售的土地及樓宇權益（包括持作使用權資產的租賃物業（2018年：經營租賃下的租賃物業），而有關物業在其他方面符合投資物業的定義）。該等物業初步按成本（包括交易成本）計量。於初步確認後，投資物業按反映報告期結束時市況的公允價值入賬。

投資物業公允價值變動所產生的收益或虧損於產生年度計入損益。

報廢或出售投資物業的任何收益或虧損於報廢或出售年度在損益確認。

由投資物業轉為自用物業或存貨時，該物業其後會計的認定成本為改變用途日期的公允價值。如本集團的自用物業轉為投資物業，本集團直至改變用途日期前會就自用物業根據「物業、廠房及設備與折舊」項下所述政策將該物業入賬及／或就持作使用權資產的物業根據「使用權資產」項下所述政策將該物業入賬，而物業於當日的賬面值與公允價值的任何差額則會根據上述「物業、廠房及設備與折舊」項下所述政策列作重估。由存貨轉為投資物業時，該物業於當日的公允價值與先前的賬面值的任何差額於損益確認。



**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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 except for those that 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 cost**

Land costs are allocated to each unit according to their respective saleable gross floor area ("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.

**2.4 重大會計政策概要(續)****在建物業**

在建物業擬於竣工後持作銷售。

在建物業按成本與可變現淨值的較低者列賬，而成本包括土地成本、建設成本、借貸成本、專業費用及於開發期內與有關物業直接相關的其他成本。

在建物業分類為流動資產，惟不能於正常營運週期內落成者除外。物業於竣工時轉撥至已竣工持作銷售物業。

**已竣工持作銷售物業**

已竣工持作銷售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。成本按未出售物業應佔土地及樓宇總成本的分攤比例釐定。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。

**物業開發成本分配**

土地成本根據各單位的可銷售建築面積(「建築面積」)佔可銷售總建築面積的比例分配至各單位。單位相關建設成本按個別情況識別及分配。一般建設成本按與土地成本相若的方式根據可銷售建築面積分配。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 lives of 5 years.

**Leases (applicable from 1 January 2019)**

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.

**2.4 重大會計政策概要(續)****無形資產(商譽除外)**

無形資產(商譽除外)單獨購入的無形資產於初步確認時按成本計量。通過業務合併購入的無形資產的成本為收購日期的公允價值。無形資產的可使用年期被評估為有限期或無限期。有限期的無形資產隨後於可使用經濟年期內攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。具有有限可使用年期的無形資產的攤銷期及攤銷方法至少於各財政年末檢討一次。

軟件按成本減任何減值虧損列賬，並於五年的估計可使用年期內按直線法攤銷。

**租賃(自2019年1月1日起適用)**

本集團於合同開始時評估合同是否為租賃或包含租賃。倘合同為換取對價而給予在一段時間內控制使用已識別資產的權利，則該合同為租賃或包含租賃。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019)  
(continued)*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. 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 policies for "properties under development" and "completed properties held for sale". 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:

Offices	2 to 3 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## 2.4 重大會計政策概要(續)

租賃(自2019年1月1日起適用)  
(續)*本集團作為承租人*

本集團對所有租賃採用單一確認及計量方法，短期租賃及低價值資產租賃除外。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

## (a) 使用權資產

於租賃開始日期(即相關資產可供使用的日期)確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。根據本集團有關「在建物業」及「已竣工持作銷售物業」的政策，倘使用權資產與持作存貨的租賃土地的權益有關，則其按成本與可變現淨值兩者的較低者進行後續計量。使用權資產成本包括已確認租賃負債款額、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃優惠。使用權資產於資產的租期及估計可使用年內(以較短者為準)按直線法折舊。

辦公室	2至3年
汽車	2至3年

倘租賃資產的所有權在租期結束時轉讓至本集團或成本反映購買選擇權的行使，則使用資產的估計可使用年期計算折舊。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases (applicable from 1 January 2019)  
(continued)***Group as a lessee (continued)*

## (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

**2.4 重大會計政策概要(續)****租賃(自2019年1月1日起適用)  
(續)***本集團作為承租人(續)*

## (b) 租賃負債

於租賃開始日期按租期內將作出的租賃付款現值確認租賃負債。租賃付款包括定額付款(含實質定額款項)減任何應收租賃優惠、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及有關終止租賃的違約金付款(倘租期反映本集團行使終止選擇權)。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

於計算租賃付款的現值時，倘租賃內含利率無法輕易確定，則本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額就反映利息增長而增加及因所作出的租賃付款而減少。此外，倘存在修改、租期變動、租賃付款變動(如由指數或利率變動引起的未來租賃付款變動)或購買相關資產選擇權的評估變動，則重新計量租賃負債的賬面值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019)  
(continued)*Group as a lessee (continued)*

## (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 (that is 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 and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. 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 the statement of 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.

## 2.4 重大會計政策概要(續)

租賃(自2019年1月1日起適用)  
(續)*本集團作為承租人(續)*

## (c) 短期租賃及低價值資產租賃

本集團對短期辦公設備租賃(即自開始日期起租期為12個月或以下且不含購買選擇權的租賃)應用短期租賃確認豁免,並對其認為屬低價值的辦公設備及手提電腦租賃應用低價值資產租賃確認豁免。

當本集團就低價值資產訂立租賃時,本集團會因應個別租賃決定是否將租賃資本化。有關短期租賃及低價值資產租賃的租賃付款於租期內按直線基準確認為開支。

*本集團作為出租人*

倘本集團作為出租人,其在租賃開始時(或發生租賃更改時)將其各項租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃分類為經營租賃。倘合同包含租賃及非租賃組成部分時,本集團按相對獨立售價基準將合同中的對價分配至各組成部分。租金收入於租期內按直線法列賬並因其經營性質計入損益表的收益內。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值,並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases (applicable from 1 January 2019) (continued)***Group as a lessor (continued)*

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.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

**2.4 重大會計政策概要(續)****租賃(自2019年1月1日起適用)(續)***本集團作為出租人(續)*

將相關資產所有權所附帶的絕大部分風險及回報轉移至承租人的租賃列作融資租賃。

將本集團資產所有權(法定業權除外)的絕大部分回報與風險轉移至本集團的租賃乃列作融資租賃。於融資租賃開始時，租賃資產的成本乃按最低租賃付款的現值資本化及與債務(利息除外)一同記錄，以反映是項購置及融資。根據資本化融資租賃持有的資產(包括融資租賃下預付土地租賃付款)乃計入物業、廠房及設備，並按資產的租期及估計可使用年期(以較短者為準)折舊。該等租賃的融資成本乃自損益表扣除，以便在租期內反映平均的費用率。

以融資性質租購合同購入的資產乃列作融資租賃，惟會於其估計可使用年期內折舊。

凡資產所有權的絕大部分回報與風險歸由出租人承擔的租賃均列作經營租賃。如本集團為出租人，本集團按經營租賃出租的資產包括在非流動資產中，而經營租賃項下的應收租金於租期內以直線法計入損益表。如本集團為承租人，經營租賃項下的應付租金經扣除從出租人收取的任何優惠後乃於租期內以直線法自損益表扣除。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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 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 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.

## 2.4 重大會計政策概要(續)

## 投資及其他金融資產

*初步確認及計量*

金融資產於初步確認時分類為其後按攤銷成本、按公允價值計入其他全面收入及按公允價值計入損益計量。

於初步確認時，金融資產分類取決於金融資產的合同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就其應用實際權宜之計（即不對重大融資成分的影響作出調整）的貿易應收款項外，本集團初步按公允價值加上（倘金融資產並非按公允價值計入損益）交易成本計量金融資產。並無重大融資成分或本集團已就其應用實際權宜之計的貿易應收款項根據下文「收益確認」所載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允價值計入其他全面收入進行分類及計量，需產生僅支付本金及未償還本金的利息（「SPPI」）的現金流量。現金流量並非SPPI的金融資產按公允價值計入損益分類及計量，不論業務模式。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Investments and other financial assets (continued)***Initial recognition and measurement (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 the statement of profit or loss when the asset is derecognised, modified or impaired.

**2.4 重大會計政策概要(續)****投資及其他金融資產(續)***初步確認及計量(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同現金流量、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同現金流量的業務模式中持有，而按公允價值計入其他全面收入分類及計量的金融資產於旨在持有以收取合同現金流量及出售的業務模式中持有。並非以上述業務模式持有的金融資產按公允價值計入損益分類及計量。

金融資產的所有常規買賣於交易日(即本集團承諾買賣該資產之日)確認。常規買賣需在一般市場規定或慣例規定的期間內交付資產的金融資產買賣。

*後續計量*

不同類別金融資產的後續計量如下：

*按攤銷成本列賬的金融資產(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，並可能受減值影響。當資產終止確認、經修訂或已減值時，收益及虧損於損益表中確認。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Investments and other financial assets (continued)

*Financial assets designated at fair value through other comprehensive income (equity investments)*

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

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

*Financial assets at fair value through profit or loss*

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

## 2.4 重大會計政策概要(續)

## 投資及其他金融資產(續)

*指定為按公允價值計入其他全面收入的金融資產(股權投資)*

於初步確認時，本集團可選擇於股權投資符合國際會計準則第32號*金融工具：呈報*項下的股本定義且並非持作買賣時，將其股權投資不可撤回地分類為指定為按公允價值計入其他全面收入的股權投資。分類乃按個別工具基準釐定。

該等金融資產的收益及虧損概不會被重新計入損益表。當確立支付權，而與股息有關的經濟利益可能流入本集團且股息金額能可靠計量時，股息會於損益表中確認為其他收入，惟當本集團於作為收回金融資產一部分成本的所得款項中獲益時則除外，在此等情況下，該等收益於其他全面收入入賬。指定為按公允價值計入其他全面收入的股權投資不受減值評估影響。

*按公允價值計入損益的金融資產*

按公允價值計入損益的金融資產按公允價值於財務狀況表列賬，而公允價值變動淨額於損益表中確認。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Derecognition of financial assets**

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay 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.

**2.4 重大會計政策概要(續)****金融資產的終止確認**

金融資產(或(倘適用)金融資產的一部分或一組類似金融資產的一部分)主要於出現以下情況時終止確認(即從本集團綜合財務狀況表中剔除):

- 從資產收取現金流量的權利已到期; 或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利, 或已承擔向第三方無重大延誤全額支付所收現金流量的義務; 及(a)本集團已轉讓該項資產的絕大部分風險及回報; 或(b)本集團並無轉讓或保留該項資產絕大部分風險及回報, 但已轉讓該項資產的控制權。

倘本集團已轉讓從資產收取現金流量的權利或已訂立轉手安排, 其會評估有否保留資產所有權的風險及回報及保留的程度。倘本集團並無轉讓或保留資產的絕大部分風險及回報, 亦無轉讓資產控制權, 則本集團繼續以本集團持續參與程度為限確認已轉讓資產。在此情況下, 本集團亦確認相關負債。已轉讓資產及相關負債基於反映本集團所保留權利及義務的基準計量。

以擔保形式對已轉讓資產的持續參與乃按資產原賬面值與本集團可能須償還的最高對價兩者的較低者計量。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Impairment of financial assets

The Group recognises an allowance for 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.

## 2.4 重大會計政策概要(續)

## 金融資產減值

本集團就並非按公允價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同到期的合同現金流量與本集團預期收取並按原始實際利率的相若利率貼現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合同條款所包含的其他信用增強手段所得的現金流量。

*一般辦法*

預期信貸虧損分兩個階段確認。就初步確認以來信貸風險並無顯著增加的信貸敞口而言，本集團會就未來12個月可能發生的違約事件所產生的信貸虧損(12個月預期信貸虧損)計提預期信貸虧損撥備。就初步確認以來信貸風險顯著增加的信貸敞口而言，本集團須就預期於敞口的餘下年期產生的信貸虧損計提虧損撥備，不論違約的時間(整個存續期的預期信貸虧損)。

於各報告日期，本集團評估金融工具信貸風險自初步確認以來是否顯著上升。於評估時，本集團會將於報告日期金融工具發生違約的風險與於初步確認日期金融工具發生違約的風險進行比較，並會考慮毋須花費過度成本或努力即可獲得的合理且可支撐的資料(包括歷史及前瞻性資料)。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of financial assets (continued)***General approach (continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables 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

**2.4 重大會計政策概要(續)****金融資產減值(續)***一般辦法(續)*

本集團會在合同付款逾期90日時認為金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在沒有計及本集團持有的任何信用增強手段前，本集團不大可能全額收取未償還合同款項，則本集團亦可認為金融資產將會違約。倘無法合理預期可收回合同現金流量，則會撇銷金融資產。

按攤銷成本列賬的金融資產須按照一般辦法進行減值，且就計量預期信貸虧損而言，該等金融資產會被分類為如下階段，除下文所詳述應用簡化辦法的貿易應收款項除外。

第一階段 – 信貸風險自初步確認以來並無顯著增加及按相當於12個月預期信貸虧損金額計量虧損撥備的金融工具

第二階段 – 信貸風險自初步確認以來顯著增加(但並非信貸減值金融資產)及按相當於整個存續期預期信貸虧損金額計量虧損撥備的金融工具

第三階段 – 於報告日期已信貸減值(但並非購入或源生信貸減值)及按相當於整個存續期的預期信貸虧損金額計量虧損撥備的金融資產

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of financial assets (continued)***Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables 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 fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, 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.

**2.4 重大會計政策概要(續)****金融資產減值(續)***簡化辦法*

就不包含重大融資部分或本集團應用實際權宜之計(即不對重大融資部分的影響作出調整)的貿易應收款項而言,本集團應用簡化辦法計算預期信貸虧損。根據簡化辦法,本集團並無追蹤信貸風險的變化,反而於各報告日期根據整個存續期的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評估預期虧損率,並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資部分及租賃應收款項的貿易應收款項而言,本集團將採用簡化辦法及按照上文所述政策計算預期信貸虧損作為其會計政策。

**金融負債***初步確認及計量*

金融負債於初步確認時分類為按公允價值計入損益的金融負債、貸款及借貸、應付款項,或指定為於有效對沖中作對沖工具的衍生工具(倘適用)。

所有金融負債初步按公允價值確認,而貸款及借貸以及應付款項則須扣除直接應佔交易成本。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial liabilities (continued)***Initial recognition and measurement (continued)*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, 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 trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

*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, interest-bearing 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.

**2.4 重大會計政策概要(續)****金融負債(續)***初步確認及計量(續)*

金融負債於初步確認時分類為按公允價值計入損益的金融負債、貸款及借貸、應付款項，或指定為於有效對沖中作對沖工具的衍生工具(倘適用)。

所有金融負債初步按公允價值確認，而貸款及借貸以及應付款項則須扣除直接應佔交易成本。

本集團的金融負債包括貿易及其他應付款項、應付最終控股公司款項、衍生金融工具以及計息銀行及其他借貸。

*後續計量*

不同類別金融負債的後續計量如下：

*按攤銷成本列賬的金融負債(貸款及借貸)*

於初步確認後，計息貸款及借貸隨後以實際利率法按攤銷成本計量，除非貼現影響為微不足道，在該情況下則按成本列賬。當負債終止確認及按實際利率法進行攤銷程序時，其收益及虧損於損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益的融資成本內。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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.

*Senior notes*

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

## 2.4 重大會計政策概要(續)

## 金融負債(續)

*財務擔保合同*

本集團發出的財務擔保合同為因特定債務人未能根據債務工具的條款於債務到期時還款，而本集團須向有關持有人作出彌償虧損的合同。財務擔保合同初步按公允價值確認為負債，並就作出擔保所直接應佔交易成本作出調整。初步確認後，本集團會以下列兩者之較高者計量財務擔保合同：(i)根據「金融資產減值」所載政策釐定之預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)已確認的累計收入金額。

*優先票據*

本公司發行含有負債及提前贖回選擇權(與主合同並無密切關連)的優先票據在初步確認時分作不同類別。於發行日，負債及提前贖回選擇權部分均按公允價值確認。

在其後期間，優先票據的負債部分使用實際利率法按攤銷成本列賬。提前贖回選擇權按公允價值計量，其公允價值變動於損益確認。

與發行優先票據有關的交易成本按有關公允價值的比例分配予負債及提前贖回選擇權部分。與提前贖回選擇權有關的交易成本即時計入損益。與負債部分有關的交易成本計入負債部分的賬面值，並使用實際利率法在優先票據期內攤銷。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 重大會計政策概要(續)****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 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 assets and settle the liabilities 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.

**金融負債的終止確認**

當金融負債的責任已履行、取消或屆滿時，該負債會被終止確認。

當現有金融負債被另一項來自同一貸款人且條款大不相同的金融負債所取代，或當現有負債的條款被重大修訂，該取代或修訂被視為對原有負債的終止確認及對新負債的確認，而各自賬面值的差額於損益確認。

**抵銷金融工具**

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債並於財務狀況表內呈報淨金額。

**現金及現金等價物**

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要求償還的銀行透支，並構成本集團現金管理不可或缺的部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行現金（包括定期存款及與現金性質相似的資產）。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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 finance costs in the statement of profit or loss.

## Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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.

## 2.4 重大會計政策概要(續)

## 撥備

倘因過往事件導致產生現時責任(法定或推定責任)，且日後可能須撥出資源以履行責任，並能可靠估計責任的數額，則會確認撥備。

當貼現影響屬重大時，確認撥備的金額為預期清償責任所需的未來開支於報告期結束時的現值。因時間流逝而增加的貼現值金額會記入損益表的融資成本項下。

## 所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外的其他全面收入確認或直接於權益確認。

即期稅項資產及負債乃按預期自稅務機關收回或支付予其的金額，根據於報告期結束前已頒佈或實質上已頒佈的稅率(及稅法)，經考慮本集團經營所在國家通行的詮釋及慣例計量。

遞延稅項採用負債法就於報告期結束時資產及負債的稅基與兩者用作財務報告的賬面值之間的所有暫時差額計提撥備。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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, joint ventures and associates, 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, joint ventures and associates, 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.

**2.4 重大會計政策概要(續)****所得稅(續)**

遞延稅項負債乃就所有應課稅暫時差額而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初步確認商譽或資產或負債而產生，且於交易時並不影響會計利潤或應課稅利潤或虧損；及
- 就與於子公司、合營企業及聯營公司的投資相關的應課稅暫時差額而言，暫時差額的撥回時間為可控制，且該等暫時差額於可預見將來可能不會撥回。

遞延稅項資產乃就所有可扣減暫時差額以及未動用稅項抵免及任何未動用稅項虧損的結轉而確認。遞延稅項資產以可能有應課稅利潤用作對銷可扣減暫時差額、未動用稅項抵免及未動用稅項虧損的結轉為限予以確認，惟下列情況除外：

- 與可扣減暫時差額有關的遞延稅項資產乃因在一項並非業務合併的交易中初步確認資產或負債而產生，且於交易時並不影響會計利潤或應課稅利潤或虧損；及
- 就與於子公司、合營企業及聯營公司的投資相關的可扣減暫時差額而言，遞延稅項資產僅於暫時差額於可預見將來有可能撥回以及將有應課稅利潤用作對銷暫時差額的情況下，方予確認。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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 the 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.

## 2.4 重大會計政策概要(續)

## 所得稅(續)

於各報告期結束時審閱遞延稅項資產的賬面值，並在不再可能有足夠應課稅利潤以動用全部或部分遞延稅項資產時，相應扣減該賬面值。未被確認的遞延稅項資產會於各報告期結束時重新評估，並在可能有足夠應課稅利潤以收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於報告期結束前已頒佈或實質上已頒佈的稅率(及稅法)計算。

當且僅當本集團有可合法執行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收回時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債的不同應課稅實體徵收的所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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 is measured at the fair value of the consideration received or receivable for the sales of properties and services provided in the ordinary course of the Group's activities. Revenue is shown, net of taxes.

#### 2.4 重大會計政策概要(續)

##### 政府補助

倘能合理確定將會收取政府補助且符合所有附帶條件，則有關補助將按公允價值予以確認。倘補助與開支項目有關，即於擬補償成本的支銷期間內系統地確認為收入。

倘補助與資產有關，公允價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。

##### 收益確認

收益乃按本集團於日常業務過程中就物業銷售及所提供服務而已收或應收對價的公允價值計量。收益乃經扣除稅項後列示。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Revenue recognition (continued)

*Sales of properties*

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

## 2.4 重大會計政策概要(續)

## 收益確認(續)

*物業銷售*

收益於資產控制權轉移至買方時確認。資產的控制權是在一段時間內抑或在某一時點轉移，取決於合同的條款與適用於合同的法律規定。資產的控制權會在一段時間內轉移，前提是本集團的履約行為

- 提供買方同時取得及消耗的益；或
- 創造及改良買方在本集團履約時控制的資產；或
- 並無創造對本集團有替代用途的資產，且本集團具有就迄今為止已完成的履約部分獲得付款的可強制執行權利。

如果資產的控制權在一段時間內轉移，收益確認會按在整個合同期間已完成該履約義務的進度進行。否則，收益會於買方獲得資產控制權的時點確認。

已完成履約義務的進度按本集團為完成履約義務而發生的支出或投入計量，有關支出或投入最能反映本集團完成履約義務的表現。

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。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue recognition (continued)***Sales of properties (continued)*

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

*Property management service income*

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 entity's performance as the entity performs.

*Management consulting service income*

Management consulting services income derived from the provision of support services in connection with 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.

*Revenue from other sources*

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.

**2.4 重大會計政策概要(續)****收益確認(續)***物業銷售(續)*

對於在某一時點轉移物業控制權的物業開發及銷售合同，收益於買方獲得實物所有權或已竣工物業的法定所有權且本集團已獲得現時收款權並很可能收回對價時確認。

*物業管理服務收入*

自提供物業維護及管理服務產生的物業管理服務收入於提供相關服務且客戶同時收到並消耗有關實體履約時所提供的利益時予以確認。

*管理諮詢服務收入*

自就物業項目開發提供支持服務產生的管理諮詢服務收入於提供相關服務且客戶同時收到並消耗本集團所提供的利益時予以確認。

*其他來源收益*

租金收入於租賃期間按時間比例基準確認。不取決於指數或利率的可變租賃付款在其產生的會計期間內確認為收入。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue recognition (continued)***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 the 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).

**Employee benefits**

The employees of the Group's 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.

**2.4 重大會計政策概要(續)****收益確認(續)***其他收入*

利息收入乃透過採用於金融工具預期年內將估計未來現金收入貼現至金融資產淨賬面值的利率以實際利率法按應計基準確認。

股息收入於股東收取款項的權利確立、與股息有關的經濟利益可能流入本集團且股息金額能可靠計量時確認。

**合同負債**

合同負債於本集團轉讓相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。合同負債於本集團履行合同(即將相關貨品或服務的控制權轉讓予客戶)時確認為收益。

**僱員福利**

本集團於中國內地營運的子公司的僱員須參加當地市政府實施的中央退休金計劃。該等子公司須按工資成本的一定比例向中央退休金計劃供款。該等供款於根據中央退休金計劃的規則成為應付款項時自損益表扣除。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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.

**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 simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**Foreign currencies**

Since the majority of the assets and operations of the Group are located in the Mainland China, the financial statements are presented in RMB, which is the functional currency of the Company. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

**2.4 重大會計政策概要(續)****借貸成本**

收購、建造或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)直接應佔的借貸成本資本化作為該等資產成本的一部分。當資產大致可作擬定用途或出售時,則停止將該等借貸成本資本化。特定借貸於用作合資格資產支出前的暫時性投資所賺取的投資收入,於已資本化的借貸成本中扣除。所有其他借貸成本均於產生期間支銷。借貸成本包括實體就借取資金產生的利息及其他成本。

**股息**

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

由於本公司組織章程大綱及細則授予董事宣派中期股息的權力,故中期股息於建議時同時宣派。因此,中期股息於建議及宣派時即確認為負債。

**外幣**

由於本集團的大部分資產及營運位於中國內地,故其財務報表以本公司的功能貨幣人民幣呈列。本集團實體錄得的外幣交易初步使用交易日期其各自的功能貨幣當前利率入賬。以外幣計值的貨幣資產及負債按報告期結束時功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的差額在損益確認。



**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Foreign currencies (continued)**

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.

**2.4 重大會計政策概要(續)****外幣(續)**

以外幣為單位而按歷史成本計量的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公允價值計量的非貨幣項目按計量公允價值當日的匯率換算。換算按公允價值計量的非貨幣項目產生的收益或虧損按與確認項目公允價值變動的收益或虧損一致的方式處理(即公允價值收益或虧損於其他全面收入或損益中確認的項目的匯兌差額亦分別於其他全面收入或損益中確認)。

在終止確認預付對價相關的非貨幣性資產或非貨幣性負債時，為釐定初步確認相關資產、費用或收入的匯率，首次交易日為本集團初步確認預付對價產生的非貨幣性資產或非貨幣性負債之日。如有多次支付或收取預付款項，本集團會釐定各項支付或收取預付對價的交易日期。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**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:

*Property lease classification – Group as lessor*

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

**3. 重大會計判斷及估計**

編製本集團的財務資料時，管理層須作出會影響收益、開支、資產及負債的呈報金額及其隨附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確定因素可能導致日後須就受影響的資產或負債賬面值作出重大調整的結果。

**判斷**

在應用本集團的會計政策時，除涉及估計的判斷外，管理層已作出下列判斷，其對財務報表的已確認金額影響至為重大：

*物業租賃分類 – 本集團作為出租人*

本集團就其投資物業組合訂有商業物業租約。本集團基於對有關安排的條款及條件作出的評估（例如租期不構成商業物業之經濟年期的主要部分且最低租賃付款現值不等於商業物業之絕大部分公允價值），決定保留其租出的該等物業所有權附帶的絕大部分重大風險及回報，並將有關合同以經營租賃入賬。

NOTES TO FINANCIAL STATEMENTS *(Continued)*

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)****Judgements (continued)***Significant judgement in determining the lease term of contracts with renewal options*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

*Classification between investment properties and owner-occupied properties*

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. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

**3. 重大會計判斷及估計(續)****判斷(續)***在釐定有重續選擇權的合同的租期時作出重大判斷*

本集團擁有多份包含續租及終止選擇權的租賃合同。本集團於評估是否行使重續或終止租賃的選擇權時運用判斷，即其會考慮產生行使重續或終止選擇權的經濟誘因的所有相關因素。於開始日期後，如出現在本集團控制範圍內及影響其行使或不行使重續或終止選擇權的能力的重大事件或情況變動(例如進行大量租賃物業裝修或大量定制租賃資產)，本集團會重新評估租期。

*投資物業及業主自用物業的分類*

本集團會釐定物業是否合資格作為投資物業，並已制訂作出該判斷的標準。投資物業為持有以賺取租金或資本增值或兩者兼有的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。某些物業部分為賺取租金或資本增值而持有，而另一部分為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部分可以分開出售(或根據融資租賃分開出租)，本集團會將有關部分分開入賬。倘若該等部分無法分開出售，則只會在用於生產或供應貨品或服務或作行政用途而持有的部分並不重要時，有關物業才會列作投資物業。本集團對各項物業個別作出判斷，以決定配套服務是否重要到使物業不符合投資物業的資格。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)****Judgements (continued)***Classification between investment properties and completed properties held for sale*

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

**3. 重大會計判斷及估計(續)****判斷(續)***投資物業及已竣工持作銷售物業的分類*

本集團開發持作銷售物業及為賺取租金及／或為資本增值而持有的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售物業。本集團於某項物業開發初期考慮其持有相關物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業入賬列作在建物業，計入流動資產。然而，倘物業擬為賺取租金及／或為資本增值而持有，有關物業則入賬列作在建投資物業，計入投資物業。待物業落成後，持作銷售物業轉撥至已竣工持作銷售物業項下，並按成本列賬，而為賺取租金及／或為資本增值而持有的物業則轉撥至已竣工投資物業項下。投資物業(不論在建或已竣工)均須於各報告期結束時重新估值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets*

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the financial statements, respectively.

## 3. 重大會計判斷及估計(續)

## 估計不確定因素

對導致就下個財政年度內資產及負債賬面值作出大幅調整構成重大風險的有關未來的主要假設以及於報告期結束時存在的估計不確定因素的其他主要來源載於下文。

*貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損撥備*

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即按地理位置、產品類型、客戶類型及評級,以及信用證及其他形式的信貸保險的覆蓋範圍劃分)的逾期天數。

預期虧損率最初基於本集團歷史可觀察違約率。本集團將根據前瞻性資料調整矩陣以調整歷史信貸虧損經驗。例如,如預測經濟狀況(即國內生產總值)將在未來一年惡化,這可能導致房地產行業違約數量增加,則調整歷史違約率。於各報告日期,更新歷史可觀察違約率並分析前瞻性估計的變化。

對歷史可觀察違約率、預測經濟狀況與預期信貸虧損之間的相關性評估是一項重要估計。預期信貸虧損的數量對環境變化及預測經濟狀況敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦或無法代表客戶的未來實際違約情況。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損的資料分別於財務報表附註24及附註25中披露。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

## Estimation uncertainty (continued)

*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.

*Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## 3. 重大會計判斷及估計(續)

## 估計不確定因素(續)

*在建物業及已竣工持作銷售物業的撥備*

本集團的在建物業及已竣工持作銷售物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計在建物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就在建物業及已竣工持作銷售物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

*租賃 – 估算增量借款利率*

本集團無法輕易確定租賃內含利率，因此，其使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品於類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之子公司而言）或當需對利率進行調整以反映租賃之條款及條件時（如當租賃並非以子公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據可用時，本集團使用可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計（如子公司的單獨信用等級）。

NOTES TO FINANCIAL STATEMENTS *(Continued)*

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)****Estimation uncertainty (continued)***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 estimation 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 all 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.

**3. 重大會計判斷及估計(續)****估計不確定因素(續)***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。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

*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。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業開發項目竣工後由稅務機關釐定。本集團尚未就其所有物業開發項目與稅務機關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不同，且任何差額將會影響差額變現期間的土地增值稅開支及相關撥備。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (continued)

##### *Estimation of fair value of investment properties*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

At 31 December 2019, the carrying amount of investment properties was RMB2,798,600,000 (2018: RMB2,582,000,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

### 3. 重大會計判斷及估計(續)

#### 估計不確定因素(續)

##### *投資物業公允價值估計*

倘活躍市場上並無類似物業的當前價格，則本集團會考慮各方面資料，包括：

- (a) 不同性質、狀況或地點的物業於活躍市場的當前價格，並進行調整以反映有關差異；
- (b) 相似物業於較不活躍市場的近期價格，並進行調整以反映自按該等價格進行交易當日以來經濟狀況出現的任何變動；及
- (c) 根據未來現金流量進行的可靠估計而預測的貼現現金流量，而該等預測乃基於任何現有租約與其他合同的條款及(如可能)外在憑證(如地點及狀況相同的類似物業當前市值租金)，並採用足以反映當前市場對無法肯定的有關現金流量金額及時間進行評估的貼現率計算。

於2019年12月31日，投資物業的賬面值為人民幣2,798,600,000元(2018年：人民幣2,582,000,000元)。包括用於公允價值計量的主要假設在內的進一步詳情載於財務報表附註14。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

## Estimation uncertainty (continued)

*Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

*Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the 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.

## 3. 重大會計判斷及估計(續)

## 估計不確定因素(續)

*非金融資產(商譽除外)減值*

本集團於各報告期結束時評估所有非金融資產(包括使用權資產)有否任何減值跡象。無限年期的無形資產每年及於出現減值跡象的其他時間測試減值。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產或現金產生單位的賬面值超逾其可收回金額(即公允價值減出售成本與使用價值的較高者),則視為已減值。公允價值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算,則管理層須估計資產或現金產生單位的預期未來現金流量,選取合適的貼現率以計算該等現金流量的現值。

*遞延稅項資產*

倘可能具有應課稅利潤抵銷虧損,則會就未動用稅項虧損確認遞延稅項資產。管理層在釐定可予以確認的遞延稅項資產金額時,須根據未來應課稅利潤可能出現的時間及水平連同未來稅務計劃策略作出重大判斷。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)****Estimation uncertainty (continued)***Fair value of unlisted equity investments*

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 39 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2019 was RMB115,742,000 (2018: RMB106,400,000). Further details are included in note 21 to the financial statements.

**4. OPERATING SEGMENT INFORMATION**

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are similar as well, and thus all locations were aggregated as one reportable operating segment.

**3. 重大會計判斷及估計(續)****估計不確定因素(續)***非上市股權投資的公允價值*

非上市股權投資已根據財務報表附註39所詳述的市場基準估值技術進行估值。有關估值需要本集團確定可資比較的公眾公司(同業公司)及選擇價格倍數。此外,本集團就流動性不足及規模差異的貼現作出估計。本集團將該等投資的公允價值分類為第三級。於2019年12月31日,非上市股權投資的公允價值為人民幣115,742,000元(2018年:人民幣106,400,000元)。進一步詳情載於財務報表附註21。

**4. 經營分部資料**

管理層按項目位置監控本集團業務(包括物業管理及租賃及商業物業管理)的經營業績,以就資源分配及表現評估作出決策,而並無任何單一位置的收益、純利或總資產分別超過本集團綜合收益、純利或總資產的10%。因所有位置具備類似經濟特徵及物業開發及租賃與管理的性質、上述業務流程的性質、上述業務的客戶類型或級別以及分配財產或提供服務所用方法類似,因而所有位置被歸總為一個可報告經營分部。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

## Geographical information

No geographical information 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 sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue from contracts with customers 客戶合同收益	7,343,810	5,880,835
Revenue from other sources 其他來源收益		
Gross rental income from investment property operating leases: 投資物業經營租賃租金收入總額:		
Lease payments, including fixed payments 租賃付款, 包括定額付款	54,435	65,212
	<b>7,398,245</b>	5,946,047

## 4. 經營分部資料(續)

## 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所得且本集團並無非流動資產位於中國內地境外, 故並無呈列地區資料。

## 有關主要客戶的資料

於報告期結束時, 對單一客戶或共同控制下的一組客戶的銷售並無佔本集團收益的10%或以上。

## 5. 收益、其他收入及收益

對收益的分析如下:

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Revenue from contracts with customers

(i) Disaggregated revenue information

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Types of goods or services: 商品或服務類型：</b>		
Sale of properties 物業銷售	7,294,137	5,879,356
Property management service income 物業管理服務收入	7,638	1,479
Management consulting service income 管理諮詢服務收入	42,035	–
Total revenue from contracts with customers 客戶合同總收益	7,343,810	5,880,835
<b>Timing of revenue recognition: 收益確認時間：</b>		
Properties transferred at a point in time 於某一時點轉讓的物業	7,294,137	5,879,356
Services transferred over time 於一段時間內轉讓的服務	49,673	1,479
Total revenue from contracts with customers 客戶合同總收益	7,343,810	5,880,835

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:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period: 計入報告期初合同負債的已確認收益：	5,327,644	3,380,055

## 5. 收益、其他收入及收益(續)

## 客戶合同收益

(i) 分列收益資料

下表載列於本報告期確認並於報告期初計入合同負債的收益金額及因過往期間履行履約責任而確認的收益金額：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Revenue from contracts with customers (continued)

## (ii) Performance obligations

The Group's performance obligations are related to property sales contracts and property management service contracts and management consulting service contracts. For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property. For property management service and management consulting service contracts, the Group recognises revenue equal to the right-to-invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the property management service contracts do not have a fixed term. The Group has elected the practical expedient for not to disclose the remaining performance obligations for both types of contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within one year 一年內	5,701,592	4,678,543
More than one year 一年以上	1,270,456	4,170,750
	<b>6,972,048</b>	8,849,293

## 5. 收益、其他收入及收益 (續)

## 客戶合同收益(續)

## (ii) 履約責任

本集團的履約責任與物業銷售合同、物業管理服務合同及管理諮詢服務合同有關。對於物業銷售合同，本集團於買方獲得已竣工物業的實物所有權或法定所有權時確認等於合同金額的收益。對於物業管理服務及管理諮詢服務合同，本集團於按月基準的收益與本集團迄今為止對客戶的履約價值直接相符一致時確認等於有權收取的發票金額的收益。大多數物業管理服務合同並無固定期限。本集團已選擇不披露此兩種合同的剩餘履約責任的實際權宜之計。

於12月31日分配予剩餘履約責任(未履行或部分未履行)的交易價格金額如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers  
(continued)

(ii) Performance obligations (continued)

5. 收益、其他收入及收益  
(續)

## 客戶合同收益(續)

(ii) 履約責任(續)

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Other income 其他收入</b>		
Others 其他	793	736
<b>Gains 收益</b>		
Gain on disposal of subsidiaries (note 34) 出售子公司收益(附註34)	2,362	22,471
Gain on foreign exchange 匯兌收益	6,859	6,296
Gain on disposal of an associate 出售聯營公司收益	-	4,634
Deposit forfeiture 按金沒收	4,717	3,213
Dividend income from financial assets at fair value through profit or loss 按公允價值計入損益的金融資產的股息收入	4,985	-
Government grants 政府補助	1,898	322
Gain on disposal of items of property, plant and equipment 出售物業、廠房及設備項目收益	92	-
	<b>20,913</b>	36,936
	<b>21,706</b>	37,672

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

## 6. 除稅前利潤

本集團除稅前利潤乃自以下各項扣除後達致：

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Cost of properties sold 已出售存貨成本	23	5,673,545	4,354,317
Cost of rental service 租賃服務成本		8,865	9,331
Cost of property management service 物業管理服務成本		2,292	420
Cost of management consulting service 管理諮詢服務成本		16,813	–
Depreciation of items of property, plant and equipment 物業、廠房及設備項目折舊	13	18,020	17,091
Depreciation of right-of-use assets 使用權資產折舊	15(a)	5,530	–
Amortisation of intangible assets 無形資產攤銷	16	1,198	458
Loss on disposal of items of property, plant and equipment 出售物業、廠房及設備項目虧損		567	2
Lease payments not included in the measurement of lease liabilities 未計入租賃負債計量的租賃付款		6,310	–
Auditor's remuneration 審計師酬金		6,928	4,025
Employee benefit expense (including directors' and chief executives' remuneration (note 8)): 僱員福利開支(包括董事及最高行政人員薪酬(附註8)):			
Wages and salaries 工資及薪金		218,493	125,868
Pension scheme contributions and social welfare 退休金計劃供款及社會福利		41,696	27,536

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Interest on bank and other borrowings and senior notes 銀行及其他借貸及優先票據的利息	762,969	487,607
Interest expense arising from revenue contracts 收益合同產生的利息開支	219,926	205,300
Interest on lease liabilities 租賃負債的利息	875	–
Total interest expense on financial liabilities not at fair value through profit or loss 並非按公允價值計入損益的金融負債的利息總開支	983,770	692,907
Less: Interest capitalised 減：資本化利息	(734,010)	(560,196)
	249,760	132,711

## 7. 融資成本

融資成本的分析如下：

## 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:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Fees 袍金	2,027	507
Other emoluments: 其他酬金：		
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	5,460	792
Performance-related bonuses* 表現掛鈎花紅*	2,540	2,451
Pension scheme contributions and social welfare 退休金計劃供款及社會福利	340	326
	8,340	3,569
	10,367	4,076

## 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2部披露的董事及最高行政人員的年度薪酬如下：

\* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

\* 本公司若干執行董事有權獲得花紅付款，花紅付款與本集團除稅後利潤相關聯。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

## 8. 董事及最高行政人員薪酬(續)

## (a) Independent non-executive directors

## (a) 獨立非執行董事

The fees paid to independent non-executive directors during the year were as follows:

年內向獨立非執行董事支付的袍金如下：

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
– Mr. Gu Jiong – 顧炯先生	180	45
– Mr. Sun Bing – 孫冰先生	180	45
– Mr. Fok Ho Yin Thomas – 霍浩然先生	180	45
	<b>540</b>	135

There were no other emoluments payable to the independent non-executive directors for the year ended 31 December 2019 (2018: Nil).

截至2019年12月31日止年度並無其他應付獨立非執行董事的酬金(2018年：無)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

## 8. 董事及最高行政人員薪酬(續)

## (b) Executive directors and the chief executive

## (b) 執行董事及最高行政人員

	Fees 袍金 RMB' 000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼 及實物福利 RMB' 000 人民幣千元	Performance related bonuses 表現掛鈎花紅 RMB' 000 人民幣千元	Pension scheme contributions and social welfare 退休金計劃 供款及社會福利 RMB' 000 人民幣千元	Total remuneration 總薪酬 RMB' 000 人民幣千元
<b>2019</b>					
<b>2019年</b>					
Executive directors: 執行董事:					
- Mr. Ge Yiyang - 葛一暘先生	755	3,021	930	100	4,806
- Mr. Liao Lujiang - 廖魯江先生	263	2,022	710	100	3,095
- Mr. Chi Jingyong - 池淨勇先生	263	201	450	100	1,014
- Mr. Yang Yongwu - 楊永武先生	206	216	450	40	912
	<b>1,487</b>	<b>5,460</b>	<b>2,540</b>	<b>340</b>	<b>9,827</b>
<b>2018</b>					
<b>2018年</b>					
Executive directors: 執行董事:					
- Mr. Ge Yiyang - 葛一暘先生	189	471	915	96	1,671
- Mr. Liao Lujiang - 廖魯江先生	66	102	690	96	954
- Mr. Chi Jingyong - 池淨勇先生	66	102	438	96	702
- Mr. Yang Yongwu - 楊永武先生	51	117	408	38	614
	<b>372</b>	<b>792</b>	<b>2,451</b>	<b>326</b>	<b>3,941</b>

Mr. Liao Lujiang is the chief executive officer 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 year.

廖魯江先生為本公司的首席執行官兼執行董事。年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the year ended 31 December 2019 included four directors (2018: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year ended 31 December 2019 of the remaining one (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	1,344	336
Performance related bonuses 表現掛鈎花紅	808	1,207
Pension scheme contributions and social welfare 退休金計劃供款及社會福利	-	192
	<b>2,152</b>	1,735

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 僱員人數	
	2019 2019年	2018 2018年
Nil to HK\$1,000,000 零至1,000,000港元	-	1
HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 to HK\$2,000,000 1,500,001港元至2,000,000港元	-	-
HK\$2,000,001 to HK\$2,500,000 2,000,001港元至2,500,000港元	1	-
	<b>1</b>	2

## 9. 五名最高薪酬僱員

截至2019年12月31日止年度的五名最高薪酬僱員包括四名董事(2018年:三名董事),其薪酬詳情載於上文附註8。截至2019年12月31日止年度,並非本公司董事或最高行政人員的餘下一名(2018年:兩名)最高薪酬僱員的薪酬詳情分別如下:

薪酬位於以下範圍的非董事及非最高行政人員的最高薪酬僱員人數如下:

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 10. INCOME TAX EXPENSE

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 subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2019.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax rate of 25% for the year ended 31 December 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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

## 10. 所得稅費用

本集團須就本集團成員公司註冊及經營所在稅務司法管轄區產生及源自其的利潤按實體基準繳納所得稅。根據開曼群島及英屬處女群島的規則及規例，本公司及本集團於開曼群島及英屬處女群島註冊成立的子公司無須繳納任何所得稅。本集團於香港註冊成立的子公司無須繳納所得稅，因為該公司於截至2019年12月31日止年度並無現時於香港產生的任何應課稅利潤。

本集團於中國內地經營的子公司於截至2019年12月31日止年度須按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、借貸成本及其他物業開發開支)。本集團根據有關中國內地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。

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current tax: 即期稅項：		
PRC CIT 中國企業所得稅	343,450	362,177
PRC LAT 中國土地增值稅	29,371	195,571
Deferred tax (note 19) 遞延稅項(附註19)	(22,355)	(57,681)
Total tax charge for the year 年內總稅項支出	<b>350,466</b>	500,067

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 10. INCOME TAX EXPENSE (CONTINUED)

## 10. 所得稅費用(續)

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 is as follows:

本公司及其大部分子公司註冊所在司法管轄區按法定稅率計算的除稅前利潤適用的所得稅費用與按實際所得稅率計算的所得稅費用對賬如下：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Profit before tax 除稅前利潤	951,206	989,442
Tax at the statutory income tax rate 按法定所得稅率計算的稅項	237,802	247,361
Profits and losses attributable to joint ventures and associates 合營企業及聯營公司應佔利潤及虧損	(11,765)	992
Income not subject to tax 無須課稅收入	(10,934)	(1,727)
Expenses not deductible for tax 不可扣稅開支	8,075	4,163
Tax losses and deductible temporary differences utilised from previous years 過往年度利用的稅項虧損及可扣減暫時差額	(9,126)	(496)
Tax losses and deductible temporary differences not recognised 未確認稅項虧損及可扣減暫時差額	114,386	103,096
Provision for LAT 土地增值稅撥備	29,371	195,571
Tax effect on LAT 土地增值稅的稅務影響	(7,343)	(48,893)
Tax charge at the Group's effective rate 按本集團實際稅率計算的稅項支出	350,466	500,067

The share of tax charge attributable to joint ventures and associates amounting to RMB27,886,000 is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss for the year ended 31 December 2019 (2018: Nil). The share of tax credit attributable to joint ventures and associates amounting to RMB12,200,000 is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss for the year ended 31 December 2019 (2018: RMB1,323,000).

截至2019年12月31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27,886,000元(2018年：無)，計入綜合損益表內「分佔合營企業及聯營公司利潤及虧損」項下。截至2019年12月31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12,200,000元(2018年：人民幣1,323,000元)，計入綜合損益表內「分佔合營企業及聯營公司利潤及虧損」項下。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**10. INCOME TAX EXPENSE (CONTINUED)****10. 所得稅費用(續)**

Tax payable in the consolidated statement of financial position represents the following:

以下為綜合財務狀況表內的應付稅項：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
PRC CIT payable 應付中國企業所得稅	476,876	376,233
PRC LAT payable 應付中國土地增值稅	275,276	288,533
Total tax payable 應付總稅項	<b>752,152</b>	664,766

**11. DIVIDENDS****11. 股息**

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Interim – RMB7.7 cents (2018: Nil) per ordinary share 中期股息 – 每股普通股人民幣7.7分(2018年：無)	63,530	–
Proposed final – RMB6.8 cents (2018: 16.9 HK cents) per ordinary share 建議末期股息 – 每股普通股人民幣6.8分(2018年：16.9港仙)	56,296	119,889
	<b>119,826</b>	119,889

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

建議年度末期股息須待本公司股東於應屆股東週年大會上批准後方可作實。

**12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT****12 母公司普通權益持有人應佔每股盈利**

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 827,880,000 (2018: 649,743,641) in issue during the year.

每股基本盈利乃根據母公司普通權益持有人應佔年內利潤以及年內已發行普通股加權平均數827,880,000股(2018年：649,743,641股)計算。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2019 and 2018 was based on the allotment of 100 ordinary shares of the Company as at 1 January 2018, the allotment of 100 ordinary shares as at 20 April 2018, the issuance of 200,000,000 new ordinary shares as the Company listed on the Stock Exchange on 11 October 2018, the capitalisation issue of 599,999,800 ordinary shares as at 11 October 2018, which were considered existent from the beginning of the year and the allotment and issuance of 27,880,000 additional shares by partially exercising the over-allotment as at 30 October 2018.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

The calculation of the basic and diluted earnings per share amounts is based on:

## 12 母公司普通權益持有人應佔每股盈利(續)

計算截至2019年及2018年12月31日止年度每股基本盈利所用的普通股加權平均數乃基於以下各項計算：於2018年1月1日配發100股本公司普通股；於2018年4月20日配發100股普通股；於2018年10月11日發行200,000,000股本公司於聯交所上市的新普通股；於2018年10月11日資本化發行599,999,800股普通股，自年初起被視為存在；及於2018年10月30日部分行使超額配股權而配發及發行27,880,000股額外股份。

由於本集團於截至2019年及2018年12月31日止年度並無已發行潛在攤薄普通股，故並未就截至2019年及2018年12月31日止年度呈列之每股基本盈利作出攤薄調整。

每股基本及攤薄盈利的計算乃基於：

	2019 2019年	2018 2018年
<b>Earnings 盈利</b>		
Profit attributable to ordinary equity holders of the parent (RMB'000) 母公司普通權益持有人應佔利潤(人民幣千元)	515,821	476,817
<b>Shares 股份</b>		
Weighted average number of ordinary shares in issue during the year 年內已發行普通股的加權平均數	827,880,000	649,743,641
<b>Earnings per share 每股盈利</b>		
Basic and diluted 基本及攤薄	RMB0.62 人民幣0.62元	RMB0.73 人民幣0.73元

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

	Buildings 樓宇 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Office equipment and electronic devices 辦公設備 及電子裝置 RMB' 000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
<b>31 December 2019</b> <b>2019年12月31日</b>					
At 31 December 2018 and 1 January 2019: 於2018年12月31日及2019年1月1日:					
Cost 成本	109,021	28,468	13,384	52,131	203,004
Accumulated depreciation 累計折舊	(8,152)	(19,730)	(5,212)	(9,822)	(42,916)
Net carrying amount 淨賬面值	100,869	8,738	8,172	42,309	160,088
At 1 January 2019, net of accumulated depreciation 於2019年1月1日，扣除累計折舊	100,869	8,738	8,172	42,309	160,088
Additions 添置	-	5,865	1,431	13,468	20,764
Disposals 出售	-	(1,227)	(29)	-	(1,256)
Disposal of subsidiaries (note 34) 出售子公司(附註34)	-	-	(244)	-	(244)
Transfer to investment properties (note 14) 轉入投資物業(附註14)	-	-	-	(30,356)	(30,356)
Depreciation provided during the year 年內折舊撥備	(3,452)	(2,008)	(1,872)	(10,688)	(18,020)
At 31 December 2019, net of accumulated depreciation 於2019年12月31日，扣除累計折舊	97,417	11,368	7,458	14,733	130,976
At 31 December 2019: 於2019年12月31日:					
Cost 成本	109,021	28,558	14,229	35,243	187,051
Accumulated depreciation 累計折舊	(11,604)	(17,190)	(6,771)	(20,510)	(56,075)
Net carrying amount 淨賬面值	97,417	11,368	7,458	14,733	130,976



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 13. 物業、廠房及設備(續)

	Buildings 樓宇 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Office equipment and electronic devices 辦公設備 及電子裝置 RMB' 000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
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## 31 December 2018

2018年12月31日

At 31 December 2017 and 1 January 2018:

於2017年12月31日及2018年1月1日:

Cost 成本	108,174	25,164	8,525	80,035	221,898
Accumulated depreciation 累計折舊	(4,295)	(19,437)	(5,086)	(24,966)	(53,784)
Net carrying amount 淨賬面值	103,879	5,727	3,439	55,069	168,114
At 1 January 2018, net of accumulated depreciation 於2018年1月1日·扣除累計折舊	103,879	5,727	3,439	55,069	168,114
Additions 添置	847	5,468	6,801	35,047	48,163
Disposals 出售	-	-	(2)	-	(2)
Disposal of subsidiaries 出售子公司	-	(633)	(281)	(38,182)	(39,096)
Depreciation provided during the year 年內折舊撥備	(3,857)	(1,824)	(1,785)	(9,625)	(17,091)
At 31 December 2018, net of accumulated depreciation 於2018年12月31日·扣除累計折舊	100,869	8,738	8,172	42,309	160,088
At 31 December 2018: 於2018年12月31日:					
Cost 成本	109,021	28,468	13,384	52,131	203,004
Accumulated depreciation 累計折舊	(8,152)	(19,730)	(5,212)	(9,822)	(42,916)
Net carrying amount 淨賬面值	100,869	8,738	8,172	42,309	160,088

At 31 December 2019, the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB88,346,000 (2018: RMB89,094,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

本集團於2019年12月31日總賬面值約人民幣88,346,000元(2018年: 人民幣89,094,000元)的物業、廠房及設備已質押, 為本集團獲授的計息銀行及其他借貸作抵押(附註30)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 14. INVESTMENT PROPERTIES

## 14. 投資物業

	Completed 已竣工 RMB' 000 人民幣千元	Under construction 在建 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Carrying amount at 1 January 2018 於2018年1月1日的賬面值	2,497,000	–	2,497,000
Transferred from properties under development (note 22) 轉自在建物業(附註22)	–	19,636	19,636
Addition 添置	–	4,069	4,069
Net gain from a fair value adjustment 公允價值調整所得淨收益	45,500	15,795	61,295
Carrying amount at 31 December 2018 and 1 January 2019 於2018年12月31日及2019年1月1日的賬面值	2,542,500	39,500	2,582,000
Addition 添置	–	2,856	2,856
Transferred from properties held for sale (note 23) 轉自持作銷售物業(附註23)	125,912	–	125,912
Transferred from property, plant and equipment (note 13) 轉自物業、廠房及設備(附註13)	30,356	–	30,356
Transfer 轉讓	42,356	(42,356)	–
Net gain from a fair value adjustment 公允價值調整所得淨收益	57,476	–	57,476
Carrying amount at 31 December 2019 於2019年12月31日的賬面值	2,798,600	–	2,798,600

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB2,798,600,000 (2018: RMB2,582,000,000). The Group's chief financial officer decides, after approval from the board of directors of the Company, to appoint which 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.

本集團的投資物業位於中國內地。本集團的投資物業乃基於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」)的評估於2019年12月31日重估為人民幣2,798,600,000元(2018年：人民幣2,582,000,000元)。本集團的首席財務官經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的首席財務官已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

14. INVESTMENT PROPERTIES  
(CONTINUED)

At 31 December 2019, the Group's investment properties with an aggregate carrying amount of approximately RMB2,542,300,000 (2018: RMB1,120,100,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

## Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

## 14. 投資物業(續)

本集團於2019年12月31日的總賬面值約人民幣2,542,300,000元(2018年:人民幣1,120,100,000元)的投資物業已質押,為本集團獲授的計息銀行及其他借貸作抵押(附註30)。

## 公允價值層級

下表說明本集團投資物業的公允價值計量層級:

Recurring fair value measurement for 就以下項目進行的經常性公允價值計量	Fair value measurement as at 31 December 2019 using 於2019年12月31日使用以下級別的公允價值計量			
	Quoted prices in active markets 於活躍 市場的報價 (Level 1) (第一級) RMB' 000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第二級) RMB' 000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Commercial properties completed 已竣工商業物業	-	-	2,798,600	2,798,600
Recurring fair value measurement for 就以下項目進行的經常性公允價值計量	Fair value measurement as at 31 December 2018 using 於2018年12月31日使用以下級別的公允價值計量			
	Quoted prices in active markets 於活躍 市場的報價 (Level 1) (第一級) RMB' 000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第二級) RMB' 000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第三級) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Commercial properties 商業物業				
Completed 已竣工	-	-	2,542,500	2,542,500
Under construction 在建	-	-	39,500	39,500
	-	-	2,582,000	2,582,000

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

14. 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 transfer into or out of Level 3 (2018: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

## 14. 投資物業(續)

## 公允價值層級(續)

於年內，第一級與第二級之間並無公允價值計量的轉撥，亦無轉撥至或轉撥自第三級(2018年：無)。

以下為投資物業估值所用的估值技術及主要輸入數據概要：

	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range or weighted average 範圍或加權平均 31 December 12月31日	
			2019 2019年	2018 2018年
Completed commercial properties 已竣工商業物業	Income approach 收益法	Estimated rental value (per square meter and per month) 估計租金價值 (每平方米及每月)	<b>RMB69-609</b> 人民幣69-609元	RMB111-603 人民幣111-603元
		Capitalisation rate 資本化率	<b>3.5%-6.25%</b>	4%-6.25%
		Long term vacancy rate 長期空置率	<b>2%-10%</b>	4%-5%
Commercial properties under construction 在建商業物業	Comparison method 比較法	Expected profit margin 預期利潤率	<b>N/A</b> 不適用	10% 10%

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

14. INVESTMENT PROPERTIES  
(CONTINUED)

## Fair value hierarchy (continued)

The fair value of completed commercial properties is determined by 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 long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming that it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher estimated construction cost would result in the lower fair value of the investment properties under construction.

The higher expected profit margin would result in the lower fair value of the investment properties under construction.

## 14. 投資物業(續)

## 公允價值層級(續)

已竣工商業物業的公允價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允價值。在適當情況下，吾等亦曾考慮參考相關市場可資比較的銷售交易。

估計租金價值大幅增加(減少)將導致投資物業的公允價值大幅增加(減少)。長期空置率及資本化率單獨大幅增加(減少)將導致投資物業的公允價值大幅減少(增加)。

在建商業物業的公允價值使用比較法釐定，經參考有關市場上可資比較的銷售個案並(如適用)經扣除以下項目後得出物業的公允價值(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及專業費用；及
- 市場參與者持有及開發物業至竣工所需的估計利潤率。

估計建設成本越高，將會導致在建投資物業公允價值越低。

預期利潤率越高，將導致在建投資物業的公允價值越低。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**15. LEASES****The Group as a lessee**

The Group has lease contracts for various items of offices, motor vehicles and other equipment used in its operations. Leases of offices and motor vehicles generally have lease terms between 1 and 3 years. Other equipment generally have lease terms of 12 months or less and/or are 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:

	<b>Offices</b> 辦公室 RMB' 000 人民幣千元	<b>Motor vehicles</b> 汽車 RMB' 000 人民幣千元	<b>Total</b> 總計 RMB' 000 人民幣千元
As at 1 January 2019 於2019年1月1日	7,855	1,276	9,131
Additions 添置	3,363	-	3,363
Depreciation charge 折舊開支	(4,822)	(708)	(5,530)
As at 31 December 2019 於2019年12月31日	6,396	568	6,964

**15. 租賃****本集團作為承租人**

本集團擁有多個辦公室、汽車項目及其經營所用設備的租賃合同。辦公室及汽車的租期通常介乎一至三年。其他設備的租期通常為12個月或以下及／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*

本集團於年內的使用權資產賬面值及變動如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 15. 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:

	2019 2019年 RMB' 000 人民幣千元
Carrying amount at 1 January 2019 於2019年1月1日的賬面值	9,131
New leases 新租賃	3,363
Accretion of interest recognised during the year 年內確認的利息增幅	875
Payments 付款	(6,310)
Carrying amount at 31 December 2019 於2019年12月31日的賬面值	7,059
Analysed into: 分析：	
Current portion 流動部分	4,819
Non-current portion 非流動部分	2,240

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

## 15. 租賃(續)

## 本集團作為承租人(續)

## (b) 租賃負債

年內的租賃負債賬面值及變動如下：

租賃負債的到期分析披露於財務報表附註40。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 15. LEASES (CONTINUED)

## The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 2019年 RMB'000 人民幣千元
Interest on lease liabilities 租賃負債的利息	875
Depreciation charge of right-of-use assets 使用權資產折舊開支	5,530
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses) 與短期租賃及餘下租期於2019年12月31日或之前屆滿的其他租賃有關的開支(計入行政開支)	5,887
<b>Total amount recognised in profit or loss 於損益確認的總額</b>	<b>12,292</b>

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 35(c) and 37, respectively, to the financial statements.

## The Group as a lessor

The Group leases its investment properties (note 14) consisting of 6 commercial properties Mainland China 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 RMB54,435,000 (2018: RMB65,212,000), details of which are included in note 5 to the financial statements.

## 15. 租賃(續)

## 本集團作為承租人(續)

(c) 於損益中確認的租賃相關款項如下：

	2019 2019年 RMB'000 人民幣千元
Interest on lease liabilities 租賃負債的利息	875
Depreciation charge of right-of-use assets 使用權資產折舊開支	5,530
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses) 與短期租賃及餘下租期於2019年12月31日或之前屆滿的其他租賃有關的開支(計入行政開支)	5,887
<b>Total amount recognised in profit or loss 於損益確認的總額</b>	<b>12,292</b>

(d) 租賃現金流出總額及尚未開始的租賃相關未來現金流出分別披露於財務報表附註35(c)及37。

## 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14)，包括中國內地的6個商業物業。該等租賃的條款通常要求租戶支付擔保按金並根據現行市況進行定期租金調整。年內，本集團的已確認租金收入為人民幣54,435,000元(2018年：人民幣65,212,000元)，詳情載於財務報表附註5。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 15. LEASES (CONTINUED)

## The Group as a lessor (continued)

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within one year 一年以內	58,500	57,891
After one year but within two years 一年以上但兩年以內	51,582	52,998
After two years but within three years 兩年以上但三年以內	41,875	47,612
After three years but within four years 三年以上但四年以內	38,348	41,787
After four years but within five years 四年以上但五年以內	36,838	38,201
After five years 五年以上	258,291	280,154
	<b>485,434</b>	518,643

## 15. 租賃(續)

## 本集團作為出租人(續)

於2019年12月31日，本集團根據與其租戶的不可撤銷經營租賃未來期間應收未貼現租賃付款如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 16. INTANGIBLE ASSETS

## 16. 無形資產

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Software 軟件</b>		
At the beginning of the year: 年初 :		
Cost 成本	8,117	4,394
Accumulated amortisation 累計攤銷	(2,764)	(2,818)
Net carrying amount 淨賬面值	5,353	1,576
Carrying amount at the beginning of the year 年初賬面值	5,353	1,576
Additions 添置	5,898	4,438
Disposal of a subsidiary 出售子公司	-	(203)
Amortisation provided during the year 年內已撥備攤銷	(1,198)	(458)
Carrying amount at the end of the year 年末賬面值	10,053	5,353
At the end of the year: 年末 :		
Cost 成本	14,015	8,117
Accumulated amortisation 累計攤銷	(3,962)	(2,764)
Net carrying amount 淨賬面值	10,053	5,353

## 17. INVESTMENTS IN JOINT VENTURES

## 17. 於合營企業的投資

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Share of net assets 分佔淨資產	92,794	-

The Group's balances with joint ventures are disclosed in note 38 to the financial statements.

本集團與合營企業的結餘於財務報表附註38披露。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES  
(CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

## 17. 於合營企業的投資(續)

下表列示本集團合營企業的非個別重大總財務資料：

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Share of the joint ventures' loss and total comprehensive loss for the year 分佔年內合營企業虧損及總全面虧損	(23,176)	-
Aggregate carrying amount of the Group's investments in the joint ventures 本集團於合營企業的投資的總賬面值	92,794	-

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in joint ventures are considered fully recoverable (2018: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

本公司董事認為，於2019年12月31日無須計提減值撥備(2018年：無)，原因是於合營企業的投資被認為可悉數收回。合營企業已於該等財務報表中使用權益法入賬。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 18. INVESTMENTS IN ASSOCIATES

## 18. 於聯營公司的投資

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Share of net assets 分佔淨資產	1,783,333	24,091

The Group's balances with associates are disclosed in note 38 to the financial statements.

本集團與聯營公司的結餘於財務報表附註38披露。

(a) Particulars of the Group's material associates are as follows:

(a) 本集團主要聯營公司的詳情載列如下：

Name of company 公司名稱	Place and year of registration 註冊地點及年份	Registered share capital RMB' 000 註冊股本 人民幣千元	Actual percentage of ownership interest attributable to the Group 本集團應佔所有權 權益實際百分比	Principal activities 主要業務
常州億隆房地產開發有限公司 Changzhou Yilong Property Development Co., Ltd.	Changzhou, PRC 中國常州 2018 2018年	61,000	30.91%	Property development 物業開發
上海力關企業管理有限公司 Shanghai Lique Corporate Management Co., Ltd.	Shanghai, PRC 中國上海 2019 2019年	2,000,000	49.00%	Property development 物業開發
上海弘汴企業管理有限公司 Shanghai Hongbian Corporate Management Co., Ltd.	Shanghai, PRC 中國上海 2019 2019年	1,000,000	49.00%	Property development 物業開發

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES  
(CONTINUED)

(b) Changzhou Yilong Property Development Co., Ltd., Shanghai Lique Corporate Management Co., Ltd. and Shanghai Hongbian Corporate Management Co., Ltd., which are considered material associates of the Group for 31 December 2019, develop property development projects with the other associate partners in Mainland China and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Changzhou Yilong Property Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

## 18. 於聯營公司的投資(續)

(b) 常州億隆房地產開發有限公司、上海力闕企業管理有限公司及上海弘汴企業管理有限公司被視作本集團於2019年12月31日的主要聯營公司，與中國內地的其他聯營夥伴開發物業開發項目，並使用權益法入賬。

下表說明有關常州億隆房地產開發有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內之賬面值對賬：

	31 December 2019 2019年 12月31日 RMB' 000 人民幣千元
Cash and cash equivalents 現金及現金等價物	149,984
Other current assets 其他流動資產	235,619
Current assets 流動資產	385,603
Non-current assets 非流動資產	13,818
Other current liabilities 其他流動負債	(228,766)
Current liabilities 流動負債	(228,766)
Net assets 淨資產	170,655
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬：	
Proportion of the Group's ownership 本集團所有權的比例	30.91%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	52,749
Carrying amount of the investment 投資的賬面值	52,749
Revenue 收益	1,159,117
Expenses 開支	(937,946)
Tax 稅項	(50,516)
Profit and total comprehensive income for the year 年內利潤及總全面收入	170,655

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES  
(CONTINUED)

(b) (continued)

The following table illustrates the summarised financial information in respect of Shanghai Lique Corporate Management Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Cash and cash equivalents 現金及現金等價物	510
Other current assets 其他流動資產	2,000,000
Current assets 流動資產	2,000,510
Other current liabilities 其他流動負債	(510)
Current liabilities 流動負債	(510)
Net assets 淨資產	2,000,000
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬:	
Proportion of the Group's ownership 本集團所有權的比例	49.00%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	980,000
Carrying amount of the investment 投資的賬面值	980,000
Revenue 收益	-
Expenses 開支	-
Tax 稅項	-
Profit and total comprehensive income for the year 年內利潤及總全面收入	-

## 18. 於聯營公司的投資(續)

(b) (續)

下表說明上海力闕企業管理有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內的賬面值對賬：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES  
(CONTINUED)

(b) (continued)

The following table illustrates the summarised financial information in respect of Shanghai Hongbian Corporate Management Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Cash and cash equivalents 現金及現金等價物	2
Other current assets 其他流動資產	1,000,000
Current assets 流動資產	1,000,002
Other current liabilities 其他流動負債	(2)
Current liabilities 流動負債	(2)
Net assets 淨資產	1,000,000
Reconciliation to the Group's interest in the associate: 與本集團於聯營公司權益的對賬:	
Proportion of the Group's ownership 本集團所有權的比例	49.00%
Group's share of net assets of the associate 本集團分佔聯營公司的淨資產	490,000
Carrying amount of the investment 投資的賬面值	490,000
Revenue 收益	-
Expenses 開支	-
Tax 稅項	-
Profit and total comprehensive income for the year 年內利潤及總全面收入	-

## 18. 於聯營公司的投資(續)

(b) (續)

下表說明上海弘汭企業管理有限公司的財務資料概要，已就會計政策的任何差別作出調整及與綜合財務報表內的賬面值對賬：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES  
(CONTINUED)

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Share of the associates' profit or loss and total comprehensive income or loss 分佔聯營公司利潤或虧損及總全面收入或虧損	17,486	(3,969)
Aggregate carrying amount of the Group's investments in the associates 本集團於聯營公司的投資的總賬面值	260,584	24,091

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in associates are considered fully recoverable (2018: Nil). The associates have been accounted for using the equity method in these financial statements.

## 18. 於聯營公司的投資(續)

(c) 下表列示本集團聯營公司的非個別重大總財務資料：

本公司董事認為，於2019年12月31日無須計提減值撥備(2018年：無)，原因是於聯營公司的投資被認為可悉數收回。聯營公司已於該等財務報表中使用權益法入賬。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

## Deferred tax assets

	Lease liabilities 租賃負債 RMB' 000 人民幣千元	Losses available for offsetting against future taxable profits 可供抵銷未來應課稅利潤的虧損 RMB' 000 人民幣千元	Advertising fee for offsetting against future taxable profits 抵銷未來應課稅利潤的廣告費 RMB' 000 人民幣千元	Payroll and welfare accrued 應計工資及福利 RMB' 000 人民幣千元	Accrued construction cost 應計建設成本 RMB' 000 人民幣千元	Unrealised revenue in contract liabilities 合同負債中的未變現收益 RMB' 000 人民幣千元	Accrued LAT 應計土地增值稅 RMB' 000 人民幣千元	Impairment losses on financial assets 金融資產減值虧損 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2018 於2018年1月1日	-	9,669	2,814	-	40,899	108,680	45,097	-	207,159
Deferred tax credited/(charged) to profit or loss during the year 年內計入/(扣除自)損益的遞延稅項	-	947	(1,687)	134	(3,045)	49,505	26,982	168	73,004
At 31 December 2018 於2018年12月31日	-	10,616	1,127	134	37,854	158,185	72,079	168	280,163
Effect of adoption of IFRS 16 採納國際財務報告準則第16號的影響	2,283	-	-	-	-	-	-	-	2,283
At 1 January 2019 (restated) 於2019年1月1日(經重述)	2,283	10,616	1,127	134	37,854	158,185	72,079	168	282,446
Deferred tax credited/(charged) to profit or loss during the year 年內計入/(扣除自)損益的遞延稅項	(518)	(6,550)	(1,127)	(134)	11,265	36,469	(3,260)	37	36,182
At 31 December 2019 於2019年12月31日	<b>1,765</b>	<b>4,066</b>	<b>-</b>	<b>-</b>	<b>49,119</b>	<b>194,654</b>	<b>68,819</b>	<b>205</b>	<b>318,628</b>

## 19. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

## 遞延稅項資產

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 19. DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities during the year is as follows: (continued)

## Deferred tax liabilities

## 19. 遞延稅項(續)

遞延稅項資產及負債於年內的變動如下：  
(續)

## 遞延稅項負債

	Fair value adjustments arising from investment properties 投資物業產生的公允價值調整 RMB' 000 人民幣千元	Fair value adjustments of equity investments at fair value through other comprehensive income 按公允價值計入其他全面收入的股權投資產生的公允價值調整 RMB' 000 人民幣千元	Right-of-use assets 使用權資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2018 於2018年1月1日	431,582	1,900	-	433,482
Deferred tax charged to profit or loss during the year 年內自損益扣除的遞延稅項	15,323	-	-	15,323
Deferred tax credited to other comprehensive income during the year 年內計入其他全面收入的遞延稅項	-	(3,300)	-	(3,300)
At 31 December 2018 於2018年12月31日	446,905	(1,400)	-	445,505
Effect of adoption of IFRS 16 採納國際財務報告準則第16號的影響	-	-	2,283	2,283
At 1 January 2019 (restated) 於2019年1月1日(經重述)	<b>446,905</b>	<b>(1,400)</b>	<b>2,283</b>	<b>447,788</b>
Deferred tax charged/(credited) to profit or loss during the year 年內扣除自/(計入)損益的遞延稅項	<b>14,369</b>	-	<b>(542)</b>	<b>13,827</b>
Deferred tax charged to other comprehensive income during the year 年內自其他全面收入扣除的遞延稅項	-	<b>2,335</b>	-	<b>2,335</b>
At 31 December 2019 於2019年12月31日	<b>461,274</b>	<b>935</b>	<b>1,741</b>	<b>463,950</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 19. DEFERRED TAX (CONTINUED)

For presentation purposes, certain 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:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position 於綜合財務狀況表內確認的淨遞延稅項資產	271,877	231,075
Net deferred tax liabilities recognised in the consolidated statement of financial position 於綜合財務狀況表內確認的淨遞延稅項負債	(417,199)	(396,417)
	<b>(145,322)</b>	(165,342)

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.

## 19. 遞延稅項(續)

就呈列而言，若干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之遞延稅項結餘分析：

根據中國企業所得稅法，於中國內地成立的外商投資企業向外國投資者宣派股息須繳納10%預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後的盈利。倘中國內地與外國投資者的司法管轄區訂有稅收協定，則可應用較低的預扣稅率。就本集團而言，適用稅率為10%。因此，本集團有責任就該等於中國內地成立的子公司自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 19. DEFERRED TAX (CONTINUED)

## Deferred tax liabilities (continued)

At 31 December 2019 and 2018, 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 Company and 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 totalled approximately RMB1,714,311,000 as at 31 December 2019 (2018: RMB1,917,784,000).

Deferred tax assets have not been recognised in respect of the following items:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Tax losses 稅項虧損	186,112	153,586

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. At 31 December 2019, the Group did not recognise deferred income tax assets of approximately RMB186,112,000 (2018: RMB153,586,000), in respect of tax losses amounting to approximately RMB744,450,000 (2018: RMB614,344,000), that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years ending 31 December 2020, 2021, 2022, 2023 and 2024, respectively.

## 19. 遞延稅項(續)

## 遞延稅項負債(續)

於2019年及2018年12月31日，本公司及本集團並無就於中國內地成立的子公司應繳納預扣稅的未匯出盈利而應付的預扣稅確認遞延稅項。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，故該等子公司於可預見將來不大可能分派有關盈利。於2019年12月31日，與於中國內地子公司的投資相關而未確認遞延稅項負債的總暫時差額合共約為人民幣1,714,311,000元(2018年：人民幣1,917,784,000元)。

並無就以下項目確認遞延稅項資產：

倘若相關稅項利益可能透過未來應課稅利潤變現，則會就所結轉的稅項虧損確認遞延稅項資產。於2019年12月31日，本集團並無就約為人民幣186,112,000元(2018年：人民幣153,586,000元)的稅項虧損確認遞延所得稅資產約人民幣744,450,000元(2018年：人民幣614,344,000元)，該等遞延所得稅資產可予結轉以抵銷未來應課稅收入。該等稅項虧損將分別於截至2020年、2021年、2022年、2023年及2024年12月31日止年度(並包括該等年度)屆滿。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

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

## 20. 按公允價值計入損益的金融資產

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Listed equity investment, at fair value 按公允價值計的上市股權投資	473,725	20,899
Unlisted investments, at fair value 按公允價值計的非上市投資	122,305	–
	<b>596,030</b>	20,899

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

上述股權投資於持作買賣時分類為按公允價值計入損益的金融資產。

The above unlisted investments were funds issued by exempted companies incorporated under the laws of the Cayman Islands. They were classified as financial assets at fair value through profit or loss as they were held for trading.

上述非上市投資乃根據開曼群島法例註冊成立的獲豁免公司發行的資金。該等投資於持作買賣時分類為按公允價值計入損益的金融資產。

At 31 December 2019, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB224,230,000 (2018: Nil) were pledged to secure bank and other borrowings granted to the Group (note 30).

於2019年12月31日，本集團總賬面值約為人民幣224,230,000元(2018年：零)的按公允價值計入損益的金融資產已質押，為本集團獲授的銀行及其他借貸作抵押(附註30)。

## 21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## 21. 指定為按公允價值計入其他全面收入的股權投資

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資		
Unlisted equity investments, at fair value 按公允價值計的非上市股權投資	115,742	106,400

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

由於本集團認為上述股權投資屬戰略性質，該等投資已被不可撤銷地指定為按公允價值計入其他全面收入。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 22. PROPERTIES UNDER DEVELOPMENT 22. 在建物業

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Carrying amount at 1 January 於1月1日的賬面值	11,003,293	7,916,216
Additions 添置	6,738,240	7,166,529
Transferred to investment properties (note 14) 轉撥至投資物業(附註14)	-	(19,636)
Transferred to completed properties held for sale (note 23) 轉撥至已竣工持作銷售物業(附註23)	(7,569,596)	(4,059,816)
Disposal of subsidiaries (note 34) 出售子公司(附註34)	(327,065)	-
Carrying amount at 31 December 於12月31日的賬面值	9,844,872	11,003,293

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2019, the Group's properties under development with an aggregate carrying amount of approximately RMB5,540,778,000 (2018: RMB7,427,944,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

本集團的在建物業位於中國內地的租賃土地上。

於2019年12月31日，本集團總賬面值約為人民幣5,540,778,000元(2018年：人民幣7,427,944,000元)的在建物業已質押，為本集團獲授的銀行及其他借貸作抵押(附註30)。

## 23. COMPLETED PROPERTIES HELD FOR SALE 23. 已竣工持作銷售物業

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Carrying amount at 1 January 於1月1日的賬面值	1,094,172	1,388,673
Transferred from properties under development (note 22) 轉撥自在建物業(附註22)	7,569,596	4,059,816
Transferred to cost of sales (note 6) 轉撥至銷售成本(附註6)	(5,673,545)	(4,354,317)
Transferred to investment properties (note 14) 轉撥至投資物業(附註14)	(125,912)	-
Carrying amount at 31 December 於12月31日的賬面值	2,864,311	1,094,172

At 31 December 2019, the Group's completed properties held for sale with an aggregate carrying amount of Nil (2018: RMB39,434,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

於2019年12月31日，本集團總賬面值為零(2018年：人民幣39,434,000元)的已竣工持作銷售物業已質押，為本集團獲授的銀行及其他借貸作抵押(附註30)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 24. TRADE RECEIVABLES

## 24. 貿易應收款項

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Trade receivables 貿易應收款項	13,528	33,531
Impairment 減值	-	-
	<b>13,528</b>	33,531

Trade receivables mainly represent receivables from sales of properties and rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

The carrying amounts of trade receivables in the consolidated statement of financial position approximate to their fair values.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Less than 1 year 少於一年	13,528	33,531

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

貿易應收款項主要指物業銷售應收款項及應收租戶租金。本集團尋求對其未收回應收款項維持嚴格控制並設有信用控制部門以將信貸風險最小化。管理層會定期審閱逾期結餘。鑒於以上所述，並無重大信貸風險集中情況。本集團並無就其貿易應收款項結餘持有任何抵押物或其他信用增強手段。貿易應收款項為無抵押且不計息。

綜合財務狀況表中貿易應收款項的賬面值與其公允價值相若。

於報告期結束時，基於發票日期的貿易應收款項賬齡分析如下：

未逾期亦未減值應收款項涉及大量無近期違約記錄的不同類型客戶。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 24. TRADE RECEIVABLES (CONTINUED)

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on the expected loss rate and gross carrying amount, meanwhile, given all receivables are in the credit term, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial, and therefore, there has not been a loss allowance provision.

## 24. 貿易應收款項(續)

本集團採用簡化辦法，計提國際財務報告準則第9號規定的預期信貸虧損，有關條文允許為所有貿易應收款項計提整個存續期的預期虧損撥備。為計量預期信貸虧損，貿易應收款項根據共同信貸風險特徵和逾期天數進行分組。貿易應收款項的預期虧損率估計為0.1%。根據對預期虧損率及總賬面值的評估，同時由於全部應收款項均處於信貸期內，本公司董事認為，該等結餘的預期信貸虧損並不重大，故並無計提虧損撥備。

## 25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## 25. 預付款項、其他應收款項及其他資產

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Prepayments for acquisition of land use rights 收購土地使用權的預付款項	725,575	288,171
Due from non-controlling shareholders of subsidiaries 應收子公司的非控股股東款項	741,332	152,308
Other tax recoverable 其他可收回稅項	385,406	274,790
Land auction and other deposits 土地拍賣及其他按金	191,916	108,528
Due from third parties 應收第三方款項	-	188,513
Prepayments for construction cost 建設成本的預付款項	1,870	1,277
Other receivables 其他應收款項	76,084	53,871
	<b>2,122,183</b>	1,067,458
Less: Impairment 減：減值	818	395
	<b>2,121,365</b>	1,067,063



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Other receivables are unsecured, non-interest-bearing and repayable on demand.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits was 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 the expected credit losses were RMB818,000 as at 31 December 2019 (2018: RMB395,000).

## 26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

Cash and bank balances 現金及銀行結餘  
Less: Restricted cash 減：受限制現金  
Pledged deposits 已質押存款  
Cash and cash equivalents 現金及現金等價物

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cash and bank balances 現金及銀行結餘	4,693,722	2,163,970
Less: Restricted cash 減：受限制現金	1,115,487	650,574
Pledged deposits 已質押存款	766,669	26,321
Cash and cash equivalents 現金及現金等價物	2,811,566	1,487,075

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 2019, such restricted cash amounted to RMB1,115,487,000 (2018: RMB650,574,000).

## 25. 預付款項、其他應收款項及其他資產(續)

其他應收款項為無抵押、不計息且按要求償還。

應收子公司的非控股股東款項、應收第三方款項及其他按金的內部信用等級正在進行評定。本集團已評估該等應收款項的信貸風險自初步確認以來並無顯著增加。該等應收款項的預期虧損率被評定為0.1%。本集團已對預期虧損率及總賬面值進行評估，根據12個月的預期信貸虧損計量減值，並已評估2019年12月31日的預期信貸虧損為人民幣818,000元(2018年：人民幣395,000元)。

## 26. 現金及現金等價物、受限制現金及已質押存款

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2019年12月31日，該等受限制現金為人民幣1,115,487,000元(2018年：人民幣650,574,000元)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (CONTINUED)

As at 31 December 2019, bank deposits of RMB766,669,000 (2018: RMB26,321,000) were pledged as security for purchasers' mortgage loans and construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

## 26. 現金及現金等價物、受限制現金及已質押存款(續)

於2019年12月31日，銀行存款人民幣766,669,000元(2018年：人民幣26,321,000元)已質押，作為買方按揭貸款及項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Denominated in RMB 以人民幣計值	2,536,046	1,392,892
Denominated in HK\$ 以港元計值	10,300	94,177
Denominated in US\$ 以美元計值	265,220	6
	<b>2,811,566</b>	1,487,075

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.

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。

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.

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允價值相若。

As at 31 December 2019, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

於2019年12月31日，受限制現金、已質押存款以及現金及現金等價物的內部信用等級正在進行評定。本集團已評估受限制現金、已質押存款以及現金及現金等價物的信貸風險自初步確認以來並無顯著增加及根據12個月的預期信貸虧損計量減值，並已評估預期信貸虧損並不重大。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Less than 1 year 少於一年	2,239,307	1,395,674
Over 1 year 一年以上	7,864	29,295
	<b>2,247,171</b>	1,424,969

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.

## 27. 貿易應付款項及應付票據

於報告期結束時，基於發票日期的貿易應付款項及應付票據賬齡分析如下：

貿易應付款項及應付票據為無抵押及免息，一般基於施工進度結算。

由於貿易應付款項及應付票據到期期限相對較短，因此貿易應付款項及應付票據於報告期結束時的公允價值與其相應賬面值相若。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 28. OTHER PAYABLES AND ACCRUALS

## 28. 其他應付款項及應計費用

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Advances from non-controlling shareholders of subsidiaries 子公司非控股股東墊款	684,070	121,699
Retention deposits related to construction and rental 建築及租金相關保留按金	198,209	106,693
Deposits related to land use rights 土地使用權相關按金	634,572	387,106
Business tax and surcharges 營業稅及附加費	106,529	78,363
Dividends payable 應付股息	63,530	-
Payroll and welfare payable 應付工資及福利	56,417	46,607
Interest payable 應付利息	45,247	34,340
Deposits related to sales of properties 物業銷售相關按金	28,309	36,297
Others 其他	70,269	52,331
	<b>1,887,152</b>	863,436

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

其他應付款項及子公司非控股股東墊款為無抵押、不計息並須按的要求償還。其他應付款項於報告期結束時的公允價值與其相應的賬面值相若。

## 29. CONTRACT LIABILITIES

## 29. 合同負債

The Group recognised the following revenue-related contract liabilities:

本集團已確認下列收益相關合同負債：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Contract liabilities 合同負債	7,062,738	6,986,306

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

本集團根據物業銷售合同中確定的收款時間表收取來自客戶的付款。付款通常於合同履行之前收取(主要來自物業開發及銷售)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 30. INTEREST-BEARING BANK AND OTHER BORROWINGS

## 30. 計息銀行及其他借貸

	2019 2019年			2018 2019年		
	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB' 000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB' 000 人民幣千元
<b>Current 即期</b>						
Bank loans – secured 銀行貸款 – 有抵押	4.35-8.0	2020	821,711			–
Other loans – secured 其他貸款 – 有抵押	10.00-18.00	2020	1,076,715	7.00-17.00	2019	688,450
Other loans – unsecured 其他貸款 – 無抵押			–	9.00	2019	56,200
Current portion of long term bank loans – secured 長期銀行貸款的即期部分 – 有抵押	5.42-8.00	2020	138,850	4.75-8.00	2019	736,370
Current portion of long term other loans – secured 其他長期貸款的即期部分 – 有抵押	12.00-15.90	2020	439,540	8.50-12.00	2019	713,188
			<b>2,476,816</b>			2,194,208
<b>Non-current 非即期</b>						
Bank loans – secured 銀行貸款 – 有抵押	5.20-11.00	2021-33	3,196,795	4.50-16.00	2020-33	2,522,195
Other loans – secured 其他貸款 – 有抵押	14.00	2021	314,000	8.50-15.70	2020	928,815
Other loans – unsecured 其他貸款 – 無抵押	8.90-10.00	2021	111,538			–
			<b>3,622,333</b>			3,451,010
			<b>6,099,149</b>			5,645,218

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

30. INTEREST-BEARING BANK AND  
OTHER BORROWINGS (CONTINUED)

## 30. 計息銀行及其他借貸(續)

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Analysed into: 分析:</b>		
Bank loans repayable: 應償還銀行貸款:		
Within one year or on demand 一年內或按要求	960,561	736,370
In the second year 於第二年	400,340	560,150
In the third to fifth years, inclusive 於第三至第五年(包括首尾兩年)	1,376,445	417,692
Beyond five years 五年以上	1,420,010	1,544,353
	<b>4,157,356</b>	3,258,565
Other borrowings repayable: 應償還其他借貸:		
Within one year or on demand 一年內或按要求	1,516,255	1,457,838
In the second year 於第二年	425,538	928,815
	<b>1,941,793</b>	2,386,653
	<b>6,099,149</b>	5,645,218

The Group's borrowings are denominated in RMB and HK\$.

本集團的借貸以人民幣及港元計值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

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 as follows:

## 30. 計息銀行及其他借貸(續)

本集團的若干銀行及其他借貸由質押以下於報告期結束時賬面值如下的資產作抵押：

	Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Property, plant and equipment 物業、廠房及設備	13	88,346	89,094
Investment properties 投資物業	14	2,542,300	1,120,100
Properties under development 在建物業	22	5,540,778	7,427,944
Restricted cash 受限制現金		746,453	–
Completed properties held for sale 已竣工持作銷售物業	23	–	39,434
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20	224,230	–
		<b>9,142,107</b>	8,676,572

As at 31 December 2019, the Controlling Shareholders have guaranteed certain of the bank and other borrowings of up to RMB2,324,807,000 (2018: RMB2,035,569,000).

於2019年12月31日，控股股東已就若干不超過人民幣2,324,807,000元(2018年：人民幣2,035,569,000元)的銀行及其他借貸作出擔保。

As at 31 December 2019, the Group has pledged future proceeds in respect of properties leasing as collateral to secure bank and other borrowings amounting to RMB1,970,400,000 (2018: RMB850,000,000).

於2019年12月31日，本集團已質押出租中物業的未來所得款項作為抵押品，以獲得銀行及其他借貸人民幣1,970,400,000元(2018年：人民幣850,000,000元)。

As at 31 December 2019, the non-controlling shareholders of the Group's subsidiaries have guaranteed certain of the Group's bank loans of up to RMB1,620,314,000 (2018: RMB81,000,000).

於2019年12月31日，本集團子公司的非控股股東已就本集團若干不超過人民幣1,620,314,000元(2018年：人民幣81,000,000元)的銀行貸款作出擔保。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 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.

## 30. 計息銀行及其他借貸(續)

本公司管理層已評估計息銀行及其他借貸的公允價值與其賬面值相若，主要是由於該等借貸乃本集團與獨立第三方金融機構根據現行市場利率所作出。

## 31. SENIOR NOTES

## 31. 優先票據

	31 December 2019 2019年12月31日			
	Principal at the original currency US\$'000 原幣本金 千美元	Contractual interest rate (%) 合同利率(%)	Maturity 到期	RMB'000 人民幣千元
Senior notes due 2020 ("April 2019 Notes") 於2020年到期的優先票據("2019年4月之票據")	120,000	13.500%	2020	843,395
Senior notes due 2021 I ("July 2019 Notes I") 於2021年到期的優先票據I ("2019年7月之票據I")	180,000	12.875%	2021	1,290,059
Senior notes due 2021 II ("July 2019 Notes II") 於2021年到期的優先票據II ("2019年7月之票據II")	120,000	12.875%	2021	860,302
				2,993,756
Less: current portion 減：即期部分				843,395
Non-current portion 非即期部分				2,150,361
The Group's senior notes were repayable as follows: 本集團優先票據的償還情況如下：				
Repayable within one year 應於一年內償還				843,395
Repayable in the second year 應於第二年償還				2,150,361
Total 總計				2,993,756



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 31. SENIOR NOTES (CONTINUED)

*April 2019 Notes*

As at 30 April 2019, the Company issued the April 2019 Notes at a coupon rate of 13.500%, which will be due in 2020 with an aggregate principal amount of US\$120,000,000. The Company raised net proceeds of US\$118,026,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 27 April 2020, the Company may, at its option, redeem the April 2019 Notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

*July 2019 Notes I & II*

As at 11 July 2019, the Company issued the July 2019 Notes I at a coupon rate of 12.875%, which will be due in 2021 with an aggregate principal amount of US\$180,000,000. The Company raised net proceeds of US\$174,086,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 11 July 2021, the Company may, at its option, redeem the July 2019 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

As at 13 November 2019, the Company issued the July 2019 Notes II at a coupon rate of 12.875%, which will be due in 2021 with an aggregate principal amount of US\$120,000,000. The Company raised net proceeds of US\$115,998,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 11 July 2021, the Company may, at its option, redeem the July 2019 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The fair values of the early redemption options of the April 2019 Notes and July 2019 Notes I & II were not significant, and therefore, were not recognised by the Group on their inception and at 31 December 2019.

## 31. 優先票據(續)

*2019年4月之票據*

於2019年4月30日，本公司發行將於2020年到期的本金總額為120,000,000美元，票面利率為13.500厘的2019年4月之票據。本公司募得淨所得款項118,026,000美元（經扣除包銷折扣及佣金以及其他開支）。於2020年4月27日前，本公司可隨時選擇以預定的贖回價格贖回2019年4月之票據。贖回價格的詳情披露於相關發售備忘錄。

*2019年7月之票據I & II*

於2019年7月11日，本公司發行將於2021年到期的本金總額為180,000,000美元，票面利率為12.875厘的2019年7月之票據I。本公司募得淨所得款項174,086,000美元（經扣除包銷折扣及佣金以及其他開支）。於2021年7月11日前，本公司可隨時選擇以預定的贖回價格贖回2019年7月之票據I。贖回價格的詳情披露於相關發售備忘錄。

於2019年11月13日，本公司發行將於2021年到期的本金總額為120,000,000美元，票面利率為12.875厘的2019年7月之票據II。本公司募得淨所得款項115,998,000美元（經扣除包銷折扣及佣金以及其他開支）。於2021年7月11日前，本公司可隨時選擇以預定的贖回價格贖回2019年7月之票據II。贖回價格的詳情披露於相關發售備忘錄。

2019年4月之票據及2019年7月之票據I & II提前贖回選擇權的公允價值並不重大，因此本集團於設立時及2019年12月31日均無對其進行確認。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 32. SHARE CAPITAL

## 32. 股本

## Shares

## 股份

	2019 2019年 HK\$ 港元	2018 2018年 HK\$ 港元
Issued and fully paid: 已發行及繳足:		
827,880,000 (2018: 827,880,000) ordinary shares of HK\$0.001 each		
827,880,000股(2018年: 827,880,000股)每股面值0.001港元的普通股	<b>827,880</b>	827,880

A summary of movements in the Company's share capital is as follows:

本公司股本的變動概述如下:

	Number of share in issue 已發行股份數目	Share capital 股本 RMB'000 人民幣千元
At 1 January 2018 於2018年1月1日	100	-
Issue of ordinary shares 發行普通股	100	-
Issue of ordinary shares 發行普通股	200,000,000	176
Issue of ordinary shares on capitalisation 資本化下發行的普通股	599,999,800	529
Issue of ordinary shares on an over-allotment option 超額配股權下發行的普通股	27,880,000	25
At 31 December 2018 and 1 January 2019 於2018年12月31日及2019年1月1日	<b>827,880,000</b>	<b>730</b>
At 31 December 2019 於2019年12月31日	<b>827,880,000</b>	<b>730</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 32. SHARE CAPITAL (CONTINUED)

## Shares (continued)

As at 20 April 2018, 60, 20 and 20 ordinary shares of HK\$0.001 each, which were all fully paid up at an aggregate consideration of US\$70,000,000, were allotted by the Company for cash to Splendid Sun Limited, Glorious Villa Limited and He Hong Limited, respectively, and the issued share capital of the Company was then HK\$0.2.

As at 11 October 2018, upon its listing on the Stock Exchange, the Company issued 200,000,000 new ordinary shares with par value of HK\$0.001 each at HK\$4.20 per share for a total cash consideration of HK\$840,000,000 (equivalent to approximately RMB740,628,000). The respective share capital amount was approximately RMB176,000 and share premium arising from the issuance was approximately RMB708,426,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB32,026,000 were treated as a deduction against the share premium arising from the issuance.

As at 11 October 2018, 599,999,800 shares were issued by way of capitalisation with par value of HK\$0.001 each, and the respective share capital amount was approximately RMB529,000.

## 32. 股本(續)

## 股份(續)

於2018年4月20日，本公司向Splendid Sun Limited、Glorious Villa Limited及He Hong Limited分別配發60股、20股及20股每股面值0.001港元的普通股(其已全部按總對價70,000,000美元繳足)以獲取現金，及本公司當時已發行股本為0.2港元。

於2018年10月11日，本公司在聯交所上市後，按每股4.20港元發行200,000,000股每股面值0.001港元的新普通股，總現金對價為840,000,000港元(相等於約人民幣740,628,000元)。相關股本金額約為人民幣176,000元，發行所得股份溢價約為人民幣708,426,000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承銷佣金、律師費、申報會計師費用及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣32,026,000元，自發行所產生的股份溢價中扣除。

於2018年10月11日，599,999,800股每股面值0.001港元的股份乃按資本化方式發行，相關股本金額約為人民幣529,000元。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**32. SHARE CAPITAL (CONTINUED)****Shares (continued)**

As at 30 October 2018, upon its listing on the Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 27,880,000 additional shares at HK\$4.20 per share for a total cash consideration of HK\$117,096,000 (equivalent to approximately RMB103,667,000). The corresponding share capital amount was approximately RMB25,000 and share premium arising from the issuance was approximately RMB100,564,000, 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 RMB3,078,000 were treated as a deduction against the share premium arising from the issuance.

**33. RESERVES**

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2019 are presented in the consolidated statement 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 mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

**32. 股本(續)****股份(續)**

於2018年10月30日，本公司在聯交所上市後，超額配股權已獲部分行使，本公司按每股4.20港元配發及發行27,880,000股額外股份，總現金對價為117,096,000港元（相等於約人民幣103,667,000元）。相關股本金額約為人民幣25,000元，發行所得股份溢價約為人民幣100,564,000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承銷佣金及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣3,078,000元，自發行所產生的股份溢價中扣除。

**33. 儲備**

截至2019年12月31日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

**(a) 股份溢價**

股份溢價指已發行股份的面值與已收對價之差額。

**(b) 資本儲備**

資本儲備主要指（在收購子公司其他非控股權益的情況下）收購成本與收購非控股權益之間的差額，或（在向非控股股東出售子公司的部分股本權益的情況下）出售所得款項與出售非控股權益（並無失去控制權）之間的差額。資本儲備的變動詳情載於綜合權益變動表。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

**33. RESERVES (CONTINUED)****(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.

**(d) Merger reserve**

The merger reserve of the Group represents 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.

**(e) Asset revaluation reserve**

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

**(f) Equity investments revaluation reserve**

The asset revaluation reserve represents unrealised fair value gains or losses for equity investments designated at fair value through other comprehensive income.

**33. 儲備(續)****(c) 法定盈餘儲備**

根據《中華人民共和國公司法》及於中國成立的子公司的組織章程細則，本集團須將除稅後純利的10%撥作法定盈餘儲備，此乃根據中國公認會計原則釐定，直至儲備結餘達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後結餘不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

**(d) 合併儲備**

本集團的合併儲備指公司重組及重組完成前現時組成本集團的公司當時控股公司的已發行股本及現時組成本集團的若干子公司權益持有人的注資。

**(e) 資產重估儲備**

資產重估儲備源於一項自用物業的用途更改為投資物業。

**(f) 股權投資重估儲備**

資產重估儲備為指定為按公允價值計入其他全面收入的股權投資的未變現公允價值收益或虧損。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**34. DISPOSAL OF SUBSIDIARIES****(a) Disposal of Xuzhou Kaiyang Real Estate Co., Ltd. (“Xuzhou Kaiyang”)**

Pursuant to the share transfer agreement dated 19 March 2019, the Group disposed of its 49% equity interest in Xuzhou Kaiyang to a third party named 江蘇通銀實業集團有限公司(“**Jiangsu Tongyin Industrial Group Co., Ltd.**”) and its 6.33% equity to a third party named 上海凱瀧企業服務有限公司(“**Shanghai Kairong Enterprise Service Co., Ltd.**”). The consideration was determined by reference to the corresponding value of the equity interest of Xuzhou Kaiyang disposed of as at 31 March 2019.

**(b) Disposal of Shanghai Yinwang Real Estate Co., Ltd. (“Shanghai Yinwang”)**

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 12 July 2019, the registered capital of Shanghai Yinwang increased from RMB10,000,000 to RMB100,000,000. The additional capital of RMB70,000,000 and RMB20,000,000 was injected by other independent third parties and the Group, respectively. The Group's equity interest in Shanghai Yinwang decreased from 100% to 30% and the Group lost control over Shanghai Yinwang thereafter. This transaction is accounted for as a partial disposal of a subsidiary.

**(c) Disposal of Wenzhou Hehong Real Estate Co., Ltd. (“Wenzhou Hehong”)**

Pursuant to the share transfer agreement dated 24 July 2019, the Group disposed of its 100% equity interest in Wenzhou Hehong to an independent third party. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 June 2019.

**34. 出售子公司****(a) 出售徐州凱陽置業有限公司 (「徐州凱陽」)**

根據日期為2019年3月19日的股份轉讓協議，本集團向第三方江蘇通銀實業集團有限公司及第三方上海凱瀧企業服務有限公司出售其於徐州凱陽的49%及6.33%股權。對價乃參考於2019年3月31日出售徐州凱陽股權的相應價值釐定。

**(b) 出售上海垠望置業有限公司 (「上海垠望」)**

根據日期為2019年7月12日的股東決議案及組織章程細則的修訂，上海垠望的註冊資本由人民幣10,000,000元增加至人民幣100,000,000元。人民幣70,000,000元及人民幣20,000,000元的增資則由其他獨立第三方及本集團分別注入。本集團於上海垠望之股權由100%減少至30%，且本集團於此後失去對上海垠望的控制權。該交易作為部分出售之子公司入賬。

**(c) 出售溫州市和鴻置業有限公司 (「溫州和鴻」)**

根據日期為2019年7月24日的股份轉讓協議，本集團向一名獨立第三方出售其於溫州和鴻的100%股權。對價乃參考於2019年6月30日出售股權的相應價值釐定。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

34. DISPOSAL OF SUBSIDIARIES  
(CONTINUED)**(d) Disposal of Shanghai Fada Information Technology Co., Ltd. (“Shanghai Fada”)**

Pursuant to the share transfer agreement dated 4 July 2019, the Group disposed of its 100% equity interest in Shanghai Fada to an independent third party. The consideration was determined by reference to the corresponding value of the equity interest disposed of as at 30 June 2019.

**(e) Disposal of Wenzhou Geyang Real Estate Co., Ltd. (“Wenzhou Geyang”)**

Pursuant to the share transfer agreement dated 9 August 2019, the Group disposed of its 33% and 34% equity interests in Wenzhou Geyang to independent third parties named 杭州金唐房地產開發有限公司 (“**Hangzhou Jintang Property Development Co., Ltd.**”) and 嵊州融信房地產開發有限公司 (“**Shengzhou Ronshine Property Development Co., Ltd.**”), respectively. Meanwhile, based on the resolutions of shareholders and amendments to the articles of association on the same date, the registered capital of Wenzhou Geyang increased from RMB10,000,000 to RMB441,500,000. The additional capital of RMB150,110,000, RMB145,695,000 and RMB135,695,000 was injected by the aforementioned third parties and the Group, respectively. Therefore, the Group’s equity interest in Wenzhou Geyang decreased from 100% to 33% and the Group lost control over Wenzhou Geyang thereafter.

**(f) Disposal of Wenzhou Yinze Real Estate Co., Ltd. (“Wenzhou Yinze”)**

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 29 August 2019, the registered capital of Wenzhou Yinze increased from RMB10,000,000 to RMB20,408,000. The additional capital of RMB10,408,000 was injected by other independent third party. The Group’s equity interest in Wenzhou Yinze decreased from 100% to 49% and the Group lost control over Wenzhou Yinze thereafter.

## 34. 出售子公司(續)

**(d) 出售上海發大信息科技有限公司  
(「上海發大」)**

根據日期為2019年7月4日的股份轉讓協議，本集團向一名獨立第三方出售其於上海發大的100%股權。對價乃參考於2019年6月30日出售股權的相應價值釐定。

**(e) 出售溫州歌陽置業有限公司  
(「溫州歌陽」)**

根據日期為2019年8月9日的股份轉讓協議，本集團分別向獨立第三方杭州金唐房地產開發有限公司及嵊州融信房地產開發有限公司出售其於溫州歌陽的33%及34%股權。同時，根據同日的股東決議案及組織章程細則的修訂，溫州歌陽的註冊資本由人民幣10,000,000元增加至人民幣441,500,000元。人民幣150,110,000元、人民幣145,695,000元及人民幣135,695,000元的增資由上述第三方及本集團分別注入。因此，本集團於溫州歌陽之股權由100%減少至33%，且本集團於此後失去對溫州歌陽的控制權。

**(f) 出售溫州市垠澤置業有限公司  
(「溫州垠澤」)**

根據日期為2019年8月29日的股東決議案及組織章程細則的修訂，溫州垠澤的註冊資本由人民幣10,000,000元增加至人民幣20,408,000元。人民幣10,408,000元的增資則由其他獨立第三方注入。本集團於溫州垠澤之股權由100%減少至49%，且本集團於此後失去對溫州垠澤的控制權。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**34. DISPOSAL OF SUBSIDIARIES  
(CONTINUED)**

The carrying values of the assets and liabilities on the dates of the subsidiaries disposal of were as follows:

**34. 出售子公司(續)**

於子公司出售日期的資產及負債賬面值如下：

	2019 2019年 RMB'000 人民幣千元
Net liabilities disposed of: 出售的淨負債：	
Property, plant and equipment 物業、廠房及設備	244
Properties under development 在建物業	327,065
Cash and cash equivalents 現金及現金等價物	3,170
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	699,572
Interest-bearing bank and other borrowings 計息銀行及其他借貸	(212,700)
Trade and bills payables 貿易應付款項及應付票據	(190)
Other payables and accruals 其他應付款項及應計費用	(821,822)
Non-controlling interests 非控股權益	2,383
	<b>(2,278)</b>
Gain on disposal of subsidiaries 出售子公司收益	<b>2,362</b>
Satisfied by cash 以現金繳付	<b>84</b>



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

34. DISPOSAL OF SUBSIDIARIES  
(CONTINUED)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	2019 2019年 RMB' 000 人民幣千元
Cash consideration 現金對價	84
Cash and bank balances disposed of 出售的現金及銀行結餘	(3,170)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries 有關出售子公司的現金及現金等價物淨流出	(3,086)

The directors of the Company consider that not all subsidiaries disposed of were significant to the Group, and thus, the individual financial information of some subsidiaries on the disposal date was not disclosed.

有關出售子公司的現金及現金等價物淨流出的分析如下：

本公司董事認為並非所有出售的子公司對本集團而言均屬重大，因此部分子公司於出售日期的個別財務資料並未披露。

35. NOTES TO THE CONSOLIDATED  
STATEMENT OF CASH FLOWS

## (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,363,000 and RMB3,363,000 respectively, in respect of lease arrangements for offices and motor vehicles (2018: Nil).

## 35. 綜合現金流量表附註

## (a) 主要非現金交易

於年內，本集團就辦公室及汽車的租賃安排擁有的使用權資產及租賃負債的非現金添置分別為人民幣3,363,000元及人民幣3,363,000元(2018年：零)。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## 35. 綜合現金流量表附註(續)

## (b) Changes in liabilities arising from financing activities

## (b) 融資活動產生的負債變動

	Interest-bearing bank and other borrowings 計息銀行及其他借貸 RMB' 000 人民幣千元	Senior notes 優先票據 RMB' 000 人民幣千元	Interest payable 應付利息 RMB' 000 人民幣千元	Lease liabilities 租賃負債 RMB' 000 人民幣千元	Due to related companies 應付關聯公司款項 RMB' 000 人民幣千元	Total liabilities from financing activities 融資活動產生的總負債 RMB' 000 人民幣千元
At 1 January 2018 於2018年1月1日	5,987,270	-	9,832	-	143,790	6,140,892
Cash flows from financing activities 融資活動產生的現金流量	(356,582)	-	-	-	(111,589)	(468,171)
Finance costs on interest-bearing bank and other borrowings 計息銀行及其他借貸的融資成本	11,872	-	120,839	-	-	132,711
Interest capitalised arising from interest-bearing bank and other borrowings 計息銀行及其他借貸產生的資本化利息	141,470	-	137,909	-	-	279,379
Interest paid classified as operating cash flows 分類為經營現金流量的已付利息	(138,812)	-	(234,240)	-	-	(373,052)
Cash flows from non-financing activities 非融資活動產生的現金流量	-	-	-	-	(1,728)	(1,728)
At 31 December 2018 於2018年12月31日	5,645,218	-	34,340	-	30,473	5,710,031
Effect of adoption of IFRS 16 採納國際財務報告準則第16號的影響	-	-	-	9,131	-	9,131
At 1 January 2019 (restated) 於2019年1月1日(經重述)	<b>5,645,218</b>	<b>-</b>	<b>34,340</b>	<b>9,131</b>	<b>30,473</b>	<b>5,719,162</b>
Cash flows from financing activities 融資活動產生的現金流量	<b>453,931</b>	<b>2,884,614</b>	<b>-</b>	<b>(2,072)</b>	<b>529,866</b>	<b>3,866,339</b>
Cash flows from non-financing activities 非融資活動產生的現金流量	<b>-</b>	<b>109,142</b>	<b>10,907</b>	<b>-</b>	<b>17,059</b>	<b>137,108</b>
At 31 December 2019 於2019年12月31日	<b>6,099,149</b>	<b>2,993,756</b>	<b>45,247</b>	<b>7,059</b>	<b>577,398</b>	<b>9,722,609</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 35. 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:

	2019 2019年 RMB' 000 人民幣千元
Within operating activities 於經營活動	12,292
Within financing activities 於融資活動	2,072
	<b>14,364</b>

## 35. 綜合現金流量表附註(續)

## (c) 租賃總現金流出

計入現金流量表的租賃總現金流出如下：

## 36. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties 向銀行作出的有關授予本集團物業買方融資的擔保	(1)	2,312,685	2,373,472
Guarantees given to banks and other institutions in connection with facilities granted to related companies 向銀行及其他機構作出的有關授予關聯公司融資的擔保	(2)	1,769,700	-
		<b>4,082,385</b>	2,373,472

## 36. 或然負債

於報告期結束時，未於綜合財務報表內撥備的或然負債如下：

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**36. CONTINGENT LIABILITIES  
(CONTINUED)**

Notes:

- (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 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. 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 reporting period 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 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 joint ventures and associates. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the joint ventures and associates as of 31 December 2019 (2018: Nil) since the fair value is not significant. Further details of the related party transactions are included in note 38.

**36. 或然負債(續)**

附註：

- (1) 本集團就若干銀行向本集團已竣工持作銷售物業買方授出的抵押融資提供擔保。根據擔保安排的條款，如買方拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金連同違約買方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。倘該等買方拖欠抵押還款，則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方獲發房屋所有權證及辦理登記止，有關證明一般會於買方接管相關物業後的半年至兩年內取得。

於報告期，本集團並未就向本集團已竣工持作銷售物業買方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可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) 本集團就向合營企業及聯營公司作出的借貸向銀行及其他機構提供擔保。由於公允價值並不重大，本公司董事認為無需就於2019年12月31日向合營企業及聯營公司提供的擔保(2018年：零)計提撥備。有關關聯方交易的進一步詳情載於附註38。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 37. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Contracted, but not provided for: 已訂約但未撥備:		
Property development activities 物業開發活動	1,942,586	1,804,466
Acquisition of land use rights 收購土地使用權	979,610	540,261
Capital contributions payable to joint ventures and associates 應付合營企業及聯營公司注資	171,984	92,100
	<b>3,094,180</b>	<b>2,436,827</b>

(b) Operating lease commitments as at 31 December 2018

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of 1 to 3 years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 2018年 RMB' 000 人民幣千元
Within one year 一年內	8,774
In the second to fifth years, inclusive 第二至第五年(包括首尾兩年)	11,140
	<b>19,914</b>

## 37. 承擔

(a) 本集團於報告期結束時擁有以下資本承擔：

(b) 於2018年12月31日的經營租賃承擔

本集團根據經營租賃安排承租若干辦公物業，協定期限介乎一至三年，租賃期滿後可選擇續約，屆時所有條款需重新商定。

本集團根據不可撤銷經營租賃應付到期未來最低總租賃付款如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 38. RELATED PARTY TRANSACTIONS

## 38. 關聯方交易

## (a) Significant related party transactions:

## (a) 重大關聯方交易：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Repayment of advances to a shareholder 股東償還墊款	-	600
Advances to related companies: 向關聯公司作出的墊款：		
Joint ventures and associates 合營企業及聯營公司	6,231,397	1,441,697
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	547,950	506,696
	6,779,347	1,948,393
Repayment of advances to related companies: 關聯公司償還墊款：		
Joint ventures and associates 合營企業及聯營公司	4,814,992	871,301
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	547,950	1,307,778
	5,362,942	2,179,079
Advances from related companies: 關聯公司墊款：		
Joint ventures and associates 合營企業及聯營公司	1,152,957	68,478
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	1,698	-
	1,154,655	68,478
Repayment of advances from related companies: 償還關聯公司墊款：		
Joint ventures and associates 合營企業及聯營公司	608,951	38,107
Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	15,838	-
	624,789	38,107

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

38. RELATED PARTY TRANSACTIONS  
(CONTINUED)

## 38. 關聯方交易(續)

(a) Significant related party transactions:  
(continued)

## (a) 重大關聯方交易：(續)

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Purchase equipment from a company controlled by the ultimate controlling shareholders* 向由最終控股股東控制的公司購買設備*	15,315	-
Management consulting services to associates* 提供予聯營公司的管理諮詢服務*	42,035	-
Rental services from a company controlled by the ultimate controlling shareholders* 由最終控股股東控制的公司提供的租賃服務*	1,744	1,739
Rental services to an associate* 提供予聯營公司的租賃服務*	-	249

\*: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

\*: 該等交易乃根據參與各方共同協定的條款及條件進行。

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

#### 38. RELATED PARTY TRANSACTIONS (CONTINUED)

##### (b) Other transactions with related parties

As at 31 December 2019, the Controlling Shareholders have guaranteed certain of the bank and other borrowings of up to RMB2,324,807,000 (2018: RMB2,035,569,000).

The Group provided guarantees to banks and other institutions in connection with borrowings made to the joint ventures and associates amounting to RMB1,769,700,000 (2018: Nil).

Ningbo Lantian Investment Management Partnership Enterprise, which is controlled by a senior management of the Group, provided loans to the Group for real estate development with terms of one to two years, and an interest rate of 10% per annum. As at 31 December 2019, the outstanding balances of the aforementioned loans amounted to RMB31,038,000 (2018: Nil). These loans were included in "Interest-bearing bank and other borrowings" in the consolidated statement of financial position of the Group.

#### 38. 關聯方交易(續)

##### (b) 與關聯方的其他交易

於2019年12月31日，控股股東已對最高為人民幣2,324,807,000元(2018年：人民幣2,035,569,000元)的若干銀行及其他借貸作出擔保。

本集團就向合營企業及聯營公司作出的借貸人民幣1,769,700,000元(2018年：零)向銀行及其他機構提供擔保。

Ningbo Lantian Investment Management Partnership Enterprise (由本集團一名高級管理人員控制)就房地產開發向本集團提供貸款，期限為一至兩年，年利率為10厘。於2019年12月31日，上述貸款的未償還餘額為人民幣31,038,000元(2018年：零)。該等貸款計入本集團綜合財務狀況表內「計息銀行及其他借貸」項下。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

38. RELATED PARTY TRANSACTIONS  
(CONTINUED)

## 38. 關聯方交易(續)

## (c) Outstanding balances with related parties

## (c) 與關聯方的未付結餘

	31 December 2019 2019年 12月31日 RMB' 000 人民幣千元	31 December 2018 2018年 12月31日 RMB' 000 人民幣千元
Due from related companies: 應收關聯公司款項： Joint ventures and associates 合營企業及聯營公司	2,028,836	570,396
Due to related companies: 應付關聯公司款項： Joint ventures and associates 合營企業及聯營公司 Companies controlled by the ultimate controlling shareholders 由最終控股股東控制的公司	574,442 2,956	30,436 37

(d) Compensation of key management personnel  
of the Group:

## (d) 本集團主要管理人員薪酬：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Short-term employee benefits 短期僱員福利	17,253	6,798
Pension scheme contributions 退休金計劃供款	1,114	710
Total compensation paid to key management personnel 支付予主要管理人員的總薪酬	18,367	7,508

Further details of directors' emoluments are included in note 8 to the financial statements.

董事酬金的進一步詳情載於財務報表附註8。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2019

## Financial assets

## 39. 按類別劃分的金融工具

於報告期結束時各類金融工具的賬面值如下：

2019年12月31日

## 金融資產

	Financial assets at fair value through profit or loss designated as such upon initial recognition 於初步確認時指定為按公允價值計入損益的金融資產 RMB' 000 人民幣千元	Financial assets at fair value through other comprehensive income-equity investments 按公允價值計入其他全面收入的金融資產－股權投資 RMB' 000 人民幣千元	Financial assets at amortised cost 按攤銷成本列賬的金融資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	-	115,742	-	115,742
Trade receivables 貿易應收款項	-	-	13,528	13,528
Due from related companies 應收關聯公司款項	-	-	2,028,836	2,028,836
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的金融資產	-	-	817,416	817,416
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	596,030	-	-	596,030
Restricted cash 受限制現金	-	-	1,115,487	1,115,487
Pledged deposits 已質押存款	-	-	766,669	766,669
Cash and cash equivalents 現金及現金等價物	-	-	2,811,566	2,811,566
	596,030	115,742	7,553,502	8,265,274

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 39. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2019 (Continued)

## Financial liabilities

## 39. 按類別劃分的金融工具(續)

2019年12月31日(續)

## 金融負債

	Financial liabilities at amortised cost 按攤銷成本 計量的金融負債 RMB' 000 人民幣千元
Trade and bills payables 貿易應付款項及應付票據	2,247,171
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	927,526
Due to related companies 應付關聯公司款項	577,398
Lease liabilities 租賃負債	7,059
Interest-bearing bank and other borrowings 計息銀行及其他借貸	6,099,149
Senior notes 優先票據	2,993,756
	12,852,059

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 39. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2018

## Financial assets

## 39. 按類別劃分的金融工具(續)

2018年12月31日

## 金融資產

	Financial assets at fair value through profit or loss designated as such upon initial recognition 於初步確認時指定為按公允價值計入損益的金融資產 RMB' 000 人民幣千元	Financial assets at fair value through other comprehensive income equity investments 按公允價值計入其他全面收入的金融資產 RMB' 000 人民幣千元	Financial assets at amortised cost 按攤銷成本列賬的金融資產 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	–	106,400	–	106,400
Trade receivables 貿易應收款項	–	–	33,531	33,531
Due from related companies 應收關聯公司款項	–	–	570,396	570,396
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及其他資產的金融資產	–	–	394,692	394,692
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20,899	–	–	20,899
Restricted cash 受限制現金	–	–	650,574	650,574
Pledged deposits 已質押存款	–	–	26,321	26,321
Cash and cash equivalents 現金及現金等價物	–	–	1,487,075	1,487,075
	20,899	106,400	3,162,589	3,289,888

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 39. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2018 (Continued)

## Financial liabilities

## 39. 按類別劃分的金融工具(續)

2018年12月31日(續)

## 金融負債

	Financial liabilities at amortised cost 按攤銷成本 計量的金融負債 RMB'000 人民幣千元
Trade and bills payables 貿易應付款項及應付票據	1,424,969
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	262,732
Due to related companies 應付關聯公司款項	30,473
Interest-bearing bank and other borrowings 計息銀行及其他借貸	5,645,218
	<u>7,363,392</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. 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 the year, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

## 40. 金融工具的公允價值及公允價值層級

除賬面值與公允價值合理相若的金融工具外，於年末，本集團金融工具的賬面值及公允價值如下：

	Carrying amounts 賬面值		Fair values 公允價值	
	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>Financial assets 金融資產</b>				
Financial assets at fair value through other comprehensive income 按公允價值計入其他全面收入的金融資產	115,742	106,400	115,742	106,400
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	596,030	20,899	596,030	20,899
	<b>711,772</b>	127,299	<b>711,772</b>	127,299
<b>Financial liabilities 金融負債</b>				
Interest-bearing bank and other borrowings (note 30) 計息銀行及其他借貸(附註30)	6,099,149	5,645,218	6,108,270	5,647,090
Senior notes 優先票據	2,993,756	–	3,007,633	–
	<b>9,092,905</b>	5,645,218	<b>9,115,903</b>	5,647,090

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments, other receivables, trade and bills payables, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department 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 chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For the fair values of listed equity investments, management has estimated the fair value by quoting active market prices, and therefore, the fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 1 of the fair value hierarchy.

For the fair values of the unlisted fund investments under IAS 39 during the year ended 31 December 2019, management has estimated the fair value by the expected future cash flows, and the fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 2 of the fair value hierarchy.

## 40. 金融工具的公允價值及公允價值層級(續)

管理層已評估現金及現金等價物、已質押存款、受限制現金、應收關聯公司款項、貿易應收款項、計入預付款項的金融資產、其他應收款項、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以及應付關聯公司款項的公允價值與其賬面值相若，主要是由於該等工具於短期內到期。

本集團的財務部門由財務經理帶領，負責釐定金融工具公允價值計量的政策及程序。財務經理直接向首席財務官匯報。於各報告日期，財務部門分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由首席財務官審閱及批准。每年就中期及年度財務報告與審計委員會對估值結果進行兩次討論。

金融資產及負債的公允價值以自願交易方（強迫或清盤銷售除外）當前交易中該工具的可交易金額入賬。

就上市股權投資之公允價值而言，管理層通過活躍市場報價估計公允價值，因此按公允價值計入損益的金融資產的公允價值計量於公允價值層級內分類為第一級。

於截至2019年12月31日止年度，就國際會計準則第39號下的非上市基金投資的公允價值而言，管理層通過預期未來現金流量估計公允價值。按公允價值計入損益的金融資產的公允價值計量於公允價值層級內分類為第二級。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has applied the comparable companies' market value approach in determining fair value of unlisted equity investments, which is classified as equity investments designated at FVOCI under IFRS 9, using price to earnings ratio ("P/E") and price to book ratio ("P/B") multiples, which are calculated by using comparable companies' financial statements, to determine the fair value of the unlisted equity investments and taking into account marketability discount as the appropriate adjustment. Comparable companies are based on similarity of business nature and profitability. The fair value measurement of the equity investments designated at FVOCI is categorised within 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 2018 and 31 December 2019 was assessed to be insignificant.

The fair values of senior notes are based on market prices. The fair values of 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.

## 40. 金融工具的公允價值及公允價值層級(續)

管理層已於釐定非上市股權投資(按國際財務報告準則第9號分類為指定為按公允價值計入其他全面收入的股權投資)的公允價值時應用可資比較公司的市值法, 透過市盈率(「市盈率」)及市淨率(「市淨率」)倍數(透過使用可資比較公司之財務報表計算)釐定非上市股權投資的公允價值並經計及作為適當調整的可銷性折讓。可資比較公司乃基於相似的業務性質及盈利能力。指定為按公允價值計入其他全面收入的股權投資的公允價值計量於公允價值層級內分類為第三級。

計息銀行及其他借貸的公允價值乃通過貼現預期未來現金流量計算, 並採用現時可用於具類似條款、信貸風險及剩餘期限的工具的貼現率。本集團本身的計息銀行及其他借貸於2018年12月31日及2019年12月31日的不履約風險被評定為並不重大。

優先票據的公允價值乃基於市場價格。優先票據的公允價值乃透過使用有類似條款、信貸風險及餘下到期日的工具當前可獲得之市率, 以折讓預期未來現金流量而計算。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019 and 2018:

## 40. 金融工具的公允價值及公允價值層級(續)

下表概述於2019年及2018年12月31日金融工具估值的重大不可觀察輸入數據連同定量敏感度分析：

	Valuation technique 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range/ Weighted average 範圍 / 加權平均	Sensitivity of fair value to the input 公允價值對輸入數據的敏感度
Unlisted equity investments classified as equity investments designated at fair value through other comprehensive income 分類為指定為按公允價值計入其他全面收入的股權投資的非上市股權投資	Market multiples 市場倍數	Discount for lack of marketability 就缺乏可銷性折讓	2019: 14.9% (2018: 14.9%) 2019年: 14.9% (2018年: 14.9%)	5% (2018: 5%) increase/ (decrease) in marketability would result in decrease/ increase in fair value by RMB1,013,255 (2018: RMB931,000) 可銷性增加 / (減少) 5% (2018年: 5%) 會令公允價值減少 / 增加人民幣1,013,255元 (2018年: 人民幣931,000元)
		P/E 市盈率	2019: 5.7 – 8.1 (2018: 5.3 – 8.0) 2019年: 5.7-8.1 (2018年: 5.3-8.0)	5% (2018: 5%) increase/ decrease in P/E would result in increase/ decrease in fair value by RMB2,782,738 (2018: RMB2,648,000) 市盈率增加 / 減少5% (2018年: 5%) 會令公允價值增加 / 減少人民幣2,782,738元 (2018年: 人民幣2,648,000元)

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## 40. 金融工具的公允價值及公允價值層級(續)

	Valuation technique 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range/ Weighted average 範圍/加權平均	Sensitivity of fair value to the input 公允價值對輸入數據的敏感度
		P/B 市淨率	2019: 0.6 – 1.0 (2018: 0.7-1.0) 2019年: 0.6-1.0 (2018年: 0.7-1.0)	5% (2018: 5%) increase/ decrease in P/B would result in increase/ decrease in fair value by RMB3,004,377 (2018: RMB2,672,000) 市淨率增加/減少5% (2018年: 5%)會令公允 價值增加/減少人民幣 3,004,377元(2018年: 人民幣2,672,000元)

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. 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:*

As at 31 December 2019

## 40. 金融工具的公允價值及公允價值層級(續)

## 公允價值層級

下表說明本集團金融工具的公允價值計量層級：

以公允價值計量的資產：

於2019年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			Total 總計 RMB' 000 人民幣千元
	Quoted prices in active markets (Level 1) 於活躍 市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB' 000 人民幣千元	
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	-	-	115,742	115,742
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	473,725	122,305	-	596,030
	473,725	122,305	115,742	711,772

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets measured at fair value: (continued)

As at 31 December 2018

## 40. 金融工具的公允價值及公允價值層級(續)

## 公允價值層級(續)

下表說明本集團金融工具的公允價值計量層級:(續)

以公允價值計量的資產:(續)

於2018年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			Total 總計 RMB' 000 人民幣千元
	Quoted prices in active markets (Level 1) 於活躍 市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可 觀察輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可 觀察輸入數據 (第三級) RMB' 000 人民幣千元	
Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收入的股權投資	–	–	106,400	106,400
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	20,899	–	–	20,899
	20,899	–	106,400	127,299

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2019

## 40. 金融工具的公允價值及公允價值層級(續)

## 公允價值層級(續)

下表說明本集團金融工具的公允價值計量層級:(續)

已披露公允價值之負債:

於2019年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			Total 總計 RMB' 000 人民幣千元
	Quoted prices in active markets (Level 1) 於活躍 市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可 觀察輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可 觀察輸入數據 (第三級) RMB' 000 人民幣千元	
Interest-bearing bank and other borrowings 計息銀行及其他借貸	-	6,099,149	-	6,099,149
Senior notes 優先票據	2,993,756	-	-	2,993,756
	2,993,756	6,099,149	-	9,092,905

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

*Liabilities for which fair values are disclosed: (continued)*

As at 31 December 2018

## 40. 金融工具的公允價值及公允價值層級(續)

## 公允價值層級(續)

下表說明本集團金融工具的公允價值計量層級：(續)

已披露公允價值之負債：(續)

於2018年12月31日

	Fair value measurement using 使用以下級別的公允價值計量			Total 總計 RMB' 000 人民幣千元
	Quoted prices in active markets (Level 1) 於活躍 市場的報價 (第一級) RMB' 000 人民幣千元	Significant observable inputs (Level 2) 重大可 觀察輸入數據 (第二級) RMB' 000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可 觀察輸入數據 (第三級) RMB' 000 人民幣千元	
Interest-bearing bank and other borrowings 計息銀行及其他借貸	–	5,647,090	–	5,647,090

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted cash, pledged deposits, trade and other receivables, and trade 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, senior notes, amounts due to related companies and amounts due from related companies. 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 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 held constant, the profit before tax of the Group, through the impact on floating rate borrowings would have decreased/increased by approximately RMB5,665,000 for the year ended 31 December 2019 (2018: RMB3,621,000).

## 41. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及現金等價物、受限制現金、已質押存款、貿易及其他應收款項以及貿易應付款項及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借貸、優先票據、應付關聯公司款項及應收關聯公司款項。該等金融工具的主要目的在於為本集團的運營融資。

本集團金融工具產生的主要風險為利率風險、信貸風險及流動性風險。一般而言，本集團對其風險管理採取保守策略。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。董事會檢討並同意各項風險管理政策，其概述如下：

## (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所載的本集團計息銀行及其他借貸有關。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貸及其他借貸管理其利息成本。

倘在所有其他變量維持不變情況下銀行及其他借貸的利率上升／下降1%，則本集團截至2019年12月31日止年度的除稅前利潤（透過對浮息借貸的影響）將減少／增加約人民幣5,665,000元（2018年：人民幣3,621,000元）。

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(b) Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

*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 as at 31 December. The amounts presented are gross carrying amounts for financial assets.

**41. 財務風險管理目標及政策 (續)****(b) 信貸風險**

本集團僅與認可及信譽超著的第三方進行買賣。本集團的政策為所有有意以信貸期進行買賣之客戶，須接受信貸審核程序。此外，應收款項結餘受持續監管，而本集團承受壞賬的風險並不重大。對於並非以有關營運單位功能貨幣計值的交易，本集團在未經信用控制部門主管特別批准的情況下不會給予信貸期。

*最高風險及年末階段*

下表載列12月31日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而獲取，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。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES  
(CONTINUED)41. 財務風險管理目標及政策  
(續)

## (b) Credit risk (continued)

## (b) 信貸風險(續)

Maximum exposure and year-end staging (continued)

最高風險及年末階段(續)

As at 31 December 2019

於2019年12月31日

	12-month ECLs 12個月的 預期 信貸虧損	Lifetime ECLs 整個存續期的預期信貸虧損			Total 總計 RMB' 000 人民幣千元
	Stage 1 第一階段 RMB' 000 人民幣千元	Stage 2 第二階段 RMB' 000 人民幣千元	Stage 3 第三階段 RMB' 000 人民幣千元	Simplified approach 簡易方法 RMB' 000 人民幣千元	
Trade receivables* 貿易應收款項*	-	-	-	13,528	13,528
Due from related companies 應收關聯公司款項	2,028,836	-	-	-	2,028,836
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及 其他資產的金融資產					
- Normal** 正常**	817,416	-	-	-	817,416
Restricted cash 受限制現金	1,115,487	-	-	-	1,115,487
Pledged deposits 已質押存款	766,669	-	-	-	766,669
Cash and cash equivalents 現金及現金等價物	2,811,566	-	-	-	2,811,566
	7,539,974	-	-	13,528	7,553,502

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES  
(CONTINUED)

## (b) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2018

	12-month ECLs 12個月的 預期 信貸虧損	Lifetime ECLs 整個存續期的預期信貸虧損			Total 總計 RMB' 000 人民幣千元
	Stage 1 第一階段 RMB' 000 人民幣千元	Stage 2 第二階段 RMB' 000 人民幣千元	Stage 3 第三階段 RMB' 000 人民幣千元	Simplified approach 簡易方法 RMB' 000 人民幣千元	
Trade receivables* 貿易應收款項*	–	–	–	33,531	33,531
Due from related companies 應收關聯公司款項	570,396	–	–	–	570,396
Financial assets included in prepayments, other receivables and other assets 計入預付款項、其他應收款項及 其他資產的金融資產					
– Normal** – 正常**	394,692	–	–	–	394,692
Restricted cash 受限制現金	650,574	–	–	–	650,574
Pledged deposits 已質押存款	26,321	–	–	–	26,321
Cash and cash equivalents 現金及現金等價物	1,487,075	–	–	–	1,487,075
	3,129,058	–	–	33,531	3,162,589

41. 財務風險管理目標及政策  
(續)

## (b) 信貸風險(續)

最高風險及年末階段(續)

於2018年12月31日

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES  
(CONTINUED)

## (b) Credit risk (continued)

*Maximum exposure and year-end staging (continued)*

- \* For trade receivables to which the Group applies the simplified approach for impairment based on the disclosure in note 24 to the financial statements, there is no significant concentration of credit risk.
- \*\* The credit quality of the financial assets included in prepayments, other receivables and other assets 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.

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Exposure to credit risk arises primarily from its financing activities to customers.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the year of 2019.

The credit risk of the Group's other financial assets, which mainly comprise cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

41. 財務風險管理目標及政策  
(續)

## (b) 信貸風險(續)

*最高風險及年末階段(續)*

- \* 就本集團基於財務報表附註24所披露的資料應用簡易方法進行減值的貿易應收款項而言，並無重大信貸風險集中情況。
- \*\* 倘計入預付款項、其他應收款項及其他資產的金融資產並無逾期亦無資料顯示自初步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」。

信貸風險指因交易對手無法或不願履行其合同責任而帶來的虧損風險。信貸風險主要來自向客戶提供融資服務。

鑒於本集團擁有大量客戶，故並無信貸風險集中情況。於2019年內，本集團並無錄得任何重大壞賬虧損。

本集團其他金融資產(主要包括現金及已質押存款、其他應收款項及應收關聯公司款項)的信貸風險產生自交易對手的違約，最高風險等於該等工具的賬面值。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (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, and receipts under securitisation arrangement. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

## 41. 財務風險管理目標及政策(續)

## (c) 流動性風險

本集團的目標為透過運用計息銀行及其他借貸以及證券化安排的收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。

本集團於報告期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：

	On demand 按要求 RMB'000 人民幣千元	Less than 3 months 三個月以內 RMB'000 人民幣千元	3 to 12 months 三至十二個月 RMB'000 人民幣千元	Over 1 year 一年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2019</b> <b>2019年12月31日</b>					
Interest-bearing bank and other borrowings 計息銀行及其他借貸	-	1,087,867	1,543,053	5,466,962	8,097,882
Trade and bills payables 貿易應付款項及應付票據	2,247,171	-	-	-	2,247,171
Senior Notes 優先票據	-	98,765	1,063,423	2,298,020	3,460,208
Lease liabilities 租賃負債	4,819	-	-	2,397	7,216
Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債	927,526	-	-	-	927,526
Due to related companies 應付關聯公司款項	577,398	-	-	-	577,398
	<b>3,756,914</b>	<b>1,186,632</b>	<b>2,606,476</b>	<b>7,767,379</b>	<b>15,317,401</b>

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES  
(CONTINUED)41. 財務風險管理目標及政策  
(續)

## (c) Liquidity risk (continued)

## (c) 流動性風險(續)

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	按要求	三個月以內	三至十二個月	一年以上	總計
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	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

## 31 December 2018

## 2018年12月31日

Interest-bearing bank and other borrowings					
計息銀行及其他借貸	–	915,749	1,728,791	5,119,522	7,764,062
Trade and bills payables					
貿易應付款項及應付票據	1,424,969	–	–	–	1,424,969
Financial liabilities included in other payables and accruals					
計入其他應付款項及應計費用的金融負債	262,732	–	–	–	262,732
Due to related companies					
應付關聯公司款項	30,473	–	–	–	30,473
	1,718,174	915,749	1,728,791	5,119,522	9,482,236

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(d) Equity price risk**

The Group is exposed to equity price risk arising from its investment in listed equity investments included in financial assets at fair value through profit or loss and unlisted equity investments at fair value through other comprehensive income as at 31 December 2019. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

If the prices of the respective listed equity investments had been 5% higher/lower, profit and total comprehensive income for the year, net of tax, would increase/decrease by RMB17,765,000 for the Group as a result of the changes in fair value of listed financial assets.

**(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 shareholder's 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.

**41. 財務風險管理目標及政策(續)****(d) 股權價格風險**

於2019年12月31日，本集團就投資於按公允價值計入損益的金融資產之上市股權投資及按公允價值計入其他全面收入之非上市股權投資而面臨股權價格風險。管理層維持具有不同風險之投資組合以管理該等風險。本集團之股權價格風險主要集中於在聯交所報價之上市股權投資。此外，本集團已委派專責團隊監控價格風險，並將於有需要時考慮對沖所面臨之風險。

倘有關上市股權投資之價格上升／下降5%，本集團之年內利潤及總全面收入（扣除稅項）將因上市金融資產公允價值之變動增加／減少人民幣17,765,000元。

**(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。

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

41. FINANCIAL RISK MANAGEMENT  
OBJECTIVES AND POLICIES  
(CONTINUED)

## (e) Capital management (continued)

The Group monitors capital using a net gearing ratio, which is calculated as net debt divided by the total equity. Net debt includes total interest-bearing bank and other borrowings, and senior notes less cash and bank balances. The net gearing ratios as at the end of the reporting periods were as follows:

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Interest-bearing bank and other borrowings 計息銀行及其他借貸	6,099,149	5,645,218
Senior notes 優先票據	2,993,756	-
Less: Restricted cash 減：受限制現金	(1,115,487)	(650,574)
Pledged deposits 已質押存款	(766,669)	(26,321)
Cash and cash equivalents 現金及現金等價物	(2,811,566)	(1,487,075)
Net debt 淨債務	4,399,183	3,481,248
Total equity 總權益	5,657,483	3,245,965
Net gearing ratio 淨資產負債比率	78%	107%

41. 財務風險管理目標及政策  
(續)

## (e) 資本管理(續)

本集團採用淨資產負債比率(按淨債務除以總權益計算)來監控資本。淨債務包括計息銀行及其他借貸總額以及優先票據減貨幣資金。於報告期結束時的淨資產負債比率如下：

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

#### 42. EVENTS AFTER THE REPORTING PERIOD

As at 29 January 2020, the Company issued the senior notes at a coupon rate of 11.5%, which will be due in 2021 with an aggregate principal amount of US\$200,000,000. At any time prior to 27 January 2021, the Company may, at its option, redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The outbreak of novel coronavirus (COVID-19) in early January 2020 continued to spread throughout Mainland China and beyond. The Group has been monitoring the developments of the situation of COVID-19 closely, assessing and reacting actively to its impacts on the financial position and operating results of the Group. Up to the date of the report, the assessment is still in progress.

#### 42. 報告期後事項

於2020年1月29日，本公司發行票息率為11.5%之優先票據，該等票據將於2021年到期及本金總額為200,000,000美元。於2021年1月27日前，本公司可隨時選擇按預先釐定之贖回價贖回優先票據。贖回價之詳情披露於相關發售備忘錄。

2020年1月初爆發的新型冠狀病毒疫情(新型冠狀病毒)持續於中國內地及境外蔓延。本集團一直密切監測新型冠狀病毒情況的發展，並評估及積極應對其對本集團財務狀況及經營業績的影響。直至本報告日期，評估仍在進行。



## NOTES TO FINANCIAL STATEMENTS (Continued)

## 財務報表附註(續)

31 DECEMBER 2019 2019年12月31日

## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 43. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

於報告期結束有關本公司財務狀況表的資料如下：

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>		
Investment in a subsidiary 於子公司的投資	439,442	439,442
Total non-current assets 總非流動資產	439,442	439,442
<b>CURRENT ASSETS 流動資產</b>		
Due from subsidiaries 應收子公司款項	3,743,383	750,703
Prepayments, other receivables and other assets 預付款項、其他應收款項及其他資產	550	482
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	473,725	20,899
Cash and cash equivalents 現金及現金等價物	43,324	59,512
Total current assets 總流動資產	4,260,982	831,596
<b>CURRENT LIABILITIES 流動負債</b>		
Other payables and accruals 其他應付款項及應計費用	83,740	9,018
Due to subsidiaries 應付子公司款項	48,612	47,855
Interest-bearing bank borrowings 計息銀行借貸	156,711	10,450
Senior notes 優先票據	843,395	-
Total current liabilities 總流動負債	1,132,458	67,323
<b>NET CURRENT ASSETS 淨流動資產</b>	<b>3,128,524</b>	764,273
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>	<b>3,567,966</b>	1,203,715
<b>NON-CURRENT LIABILITIES 非流動負債</b>		
Senior notes 優先票據	2,150,361	-
Total non-current liabilities 總非流動負債	2,150,361	-
<b>Net assets 淨資產</b>	<b>1,417,605</b>	1,203,715
<b>EQUITY 權益</b>		
Share capital 股本	730	730
Reserves (note) 儲備(附註)	1,416,875	1,202,985
Total equity 總權益	<b>1,417,605</b>	1,203,715

**NOTES TO FINANCIAL STATEMENTS** (Continued)**財務報表附註(續)**

31 DECEMBER 2019 2019年12月31日

**43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)** 43. 本公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司儲備概要如下：

	Share capital 股本 RMB' 000 人民幣千元	Share premium 股份溢價 RMB' 000 人民幣千元	Retained profits 保留利潤 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Balance at 31 December 2017 and 1 January 2018 於2017年12月31日及2018年1月1日的結餘	-	-	-	-
Total comprehensive loss for the year 年內總全面虧損	-	-	(46,284)	(46,284)
Issuance of new shares 發行新股	730	1,249,269	-	1,249,999
Balance at 31 December 2018 and 1 January 2019 於2018年12月31日及2019年1月1日的結餘	730	1,249,269	(46,284)	1,203,715
Total comprehensive income for the year 年內總全面收入	-	-	397,309	397,309
Dividends and distributions 股息及分派	-	-	(183,419)	(183,419)
Balance at 31 December 2019 於2019年12月31日的結餘	<b>730</b>	<b>1,249,269</b>	<b>167,606</b>	<b>1,417,605</b>

**44. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 30 March 2020.

**44. 批准財務報表**

財務報表已於2020年3月30日獲董事會批准及授權刊發。

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