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**三盛控股**

Sansheng Holdings (Group) Co. Ltd.

**Sansheng Holdings (Group) Co. Ltd.**

**三盛控股（集團）有限公司**

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

**(Stock Code: 2183)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is issued pursuant to Rule 13.10B 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 attached information memorandum (the “**Information Memorandum**”) in relation to the issuance of US\$100,000,000 13.0% senior notes due 2022 by Sansheng Holdings (Group) Co. Ltd. (the “**Company**”), which is available on the website of the Singapore Exchange Securities Trading Limited on 8 July 2021.

The posting of the Information Memorandum on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules, and not for any other purposes.

The Information 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 calculated to invite offers by the public to subscribe for or purchase any securities.

The Information 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 based on the information contained in the Information Memorandum.

By Order of the Board  
**Sansheng Holdings (Group) Co. Ltd.**  
**Lin Rongbin**  
*Chairman*

Hong Kong, 8 July 2021

*As at the date of this announcement, the executive Directors are Mr. Lin Rongbin and Ms. Cheng Xuan; the non-executive Directors are Mr. Xiao Zhong and Mr. Xu Jianwen; and the independent non-executive Directors are Mr. Pan Dexiang, Mr. Yuan Chun and Mr. Zhu Hongchao.*

## IMPORTANT NOTICE NOT FOR DISTRIBUTION IN THE UNITED STATES

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

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

THIS INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES LAWS OF APPLICABLE JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

The following Information Memorandum is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “**EU Prospectus Directive**”). The following Information Memorandum has been prepared on the basis that all offers of the securities made to persons in any member state of the European Economic Area which has implemented the EU Prospectus Directive will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the securities.

**Confirmation and your representation:** In order to be eligible to view this Information Memorandum or make an investment decision with respect to the securities, you must comply with the following provisions. By accepting the e-mail and accessing this Information Memorandum, you shall be deemed to have represented to the Issuer and the Subsidiary Guarantors that (i) you and any customers you represent are outside the United States and the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (ii) you consent to delivery of such Information Memorandum by electronic transmission.

**PRIIPs/IMPORTANT – EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PRIIPs/IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

This Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Trustee, the Agents, any person who controls or is otherwise affiliated with it, or any of its directors, officers, employees, affiliates or agents accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you.

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US\$100,000,000

**三盛控股**

Sansheng Holdings (Group) Co. Ltd.

**Sansheng Holdings (Group) Co. Ltd.**

**三盛控股(集團)有限公司**

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

**13.0% Senior Notes Due 2022**

**Issue Price: 99.986%**

The US\$100,000,000 13.0% Senior Notes due 2022 (the “Notes”) will bear interest at a rate of 13.0% per annum. Interest will be paid on the Notes in arrear on January 6, 2022 and July 5, 2022. The Notes will mature on July 5, 2022, if not redeemed or repurchased earlier. The Notes will be the unsubordinated senior obligations of Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司) (the “Issuer” or the “Company”, together with its subsidiaries, the “Group”) and will be irrevocably and unconditionally guaranteed by certain of our existing subsidiaries (the “Subsidiary Guarantors”), other than those organized under the laws of the PRC. We refer to the guarantees by the Subsidiary Guarantor as Subsidiary Guarantees.

At any time prior to July 5, 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 a premium as set forth in this Information Memorandum, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to July 5, 2022, the Company may, at its option, 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 113.0% of the principal amount of the Notes redeemed, 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 originally 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. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the “Indenture”), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

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

For a more detailed description of the Notes, see “Description of the Notes” beginning on page 149.

Investing in the Notes involves certain risks. Please see “Risk Factors” beginning on page 16 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Notes, the Company, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any).

The Notes will be evidenced by a global note (the “Global Note”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances set forth herein, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Note. It is expected that delivery of the Notes will be made on or about July 6, 2021 through the book-entry facilities of Euroclear and Clearstream against payment therefor in immediately available funds.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act (“Regulation S”). For a description of certain restrictions on resales and transfers, see “Transfer Restrictions.”

The date of this Information Memorandum is June 29, 2021.

## TABLE OF CONTENTS

	<i>PAGE</i>
SUMMARY .....	1
THE OFFERING .....	4
SUMMARY CONSOLIDATED FINANCIAL DATA .....	10
RISK FACTORS .....	16
USE OF PROCEEDS .....	54
EXCHANGE RATE INFORMATION .....	55
CAPITALIZATION AND INDEBTEDNESS .....	57
SELECTED CONSOLIDATED FINANCIAL DATA .....	58
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	64
CORPORATE STRUCTURE .....	79
BUSINESS .....	80
REGULATION .....	112
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT .....	144
DESCRIPTION OF THE NOTES .....	149
TAXATION .....	225
TRANSFER RESTRICTIONS .....	228
LEGAL MATTERS .....	230
INDEPENDENT AUDITOR .....	231
GENERAL INFORMATION .....	232
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS .....	F-1

## NOTICE TO INVESTORS

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this Information Memorandum and the offering of the Notes in certain jurisdictions. If you come into possession of this Information Memorandum, we require that you inform yourself about and observe any such restrictions. See “Transfer Restrictions.”

Neither the United States Securities and Exchange Commission nor any state securities commission or regulatory authority in the United States has approved or disapproved these securities or determined if this Information Memorandum is truthful, complete or adequate. Any representation to the contrary is a criminal offense.

This Information Memorandum is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “**EU Prospectus Directive**”). This Information Memorandum has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Notes.

**PRIIPs/IMPORTANT – EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the **PRIIPs Regulation**.

**PRIIPs/IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the **UK PRIIPs Regulation**.

## Singapore

This Information 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 Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are initially subscribed or purchased by (i) an institutional investor under Section 274 of the SFA, or (ii) a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, the Notes may only be sold or transferred: (a) at any time, to an institutional investor under Section 274 of the SFA; (b) at any time, to a relevant person defined in Section 275(2) of the SFA or to any person pursuant to an offer referred to in Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- 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;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

This Information Memorandum is strictly confidential. We are furnishing this Information Memorandum solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this Information Memorandum, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. Each person receiving this Information 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 Bank of New York Mellon, London Branch as trustee (the “**Trustee**”) and paying agent (the “**Paying Agent**”), or The Bank of New York Mellon SA/NV, Dublin Branch as transfer agent (the “**Transfer Agent**”) and registrar (the “**Registrar**”, together with the Paying Agent and Transfer Agent, the “**Agents**”) or any person who controls any of them, or any of their respective affiliates or advisors in connection with any investigation of the accuracy and completeness 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 and our subsidiaries, the Notes or the Subsidiary Guarantees other than as contained herein.

In making an investment decision, each prospective investor must rely on its own examination of our Group and the terms of the Notes, including, without limitation, the merits and risks involved. Each person receiving this Information Memorandum is advised to read and understand the contents of this Information Memorandum, including the financial statements and the related notes thereto, before investing in the Notes. We have provided the information contained in this Information Memorandum and have also relied on other identified sources.

We, having made all reasonable inquiries, confirm that: (i) this Information Memorandum contains all information with respect to us referred to in this Information Memorandum and the Notes and the Subsidiary Guarantees that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Information Memorandum relating to us are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Information Memorandum with regard to us 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, the Notes and the Subsidiary Guarantees, the omission of which would, in the context of the issue and offering of the Notes, make this Information 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. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum.

The Trustee, the Agents or each person who controls any of them or each of their respective directors, officers, employees, representatives, agents, advisers or affiliates have not independently verified any of the information contained in this Information Memorandum and they make no representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this Information Memorandum as a promise or representation by the Trustee, the Agents or each person who controls any of them or each of their respective directors, officers, employees, representatives, agents, advisers or affiliates. To the fullest extent permitted by law, neither the Trustee, the Agents or each person who controls any of them nor any of their respective directors, officers and affiliates accept any responsibility or liability in relation to information contained



in this Information Memorandum, statement made or purported to be made by the Trustee, the Agents or each person who controls any of them or on its behalf or any other information provided by us in connection with the Issuer, the Subsidiary Guarantors, our Group, the Notes, the Subsidiary Guarantees, JV Subsidiary Guarantee (if any), or the issue and offering of the Notes. This Information Memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Subsidiary Guarantors, the Trustee, the Agents or each person who controls any of them that any recipient of this Information Memorandum should purchase the Notes.

You should not reproduce or distribute this Information Memorandum, in whole or in part, and should not disclose any contents or use any information in this Information Memorandum for any purpose other than considering an investment in the Notes. By accepting delivery of this Information Memorandum, you agree to these terms.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Information Memorandum and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer or the Subsidiary Guarantors shall have any responsibility therefor.

We reserve the right to withdraw the offering of Notes at any time.

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Information Memorandum using a number of conventions, which you should consider when reading the information contained herein.

In this Information Memorandum, references to the “Issuer” and “Company” are to Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司), an exempted Cayman company with company number 265473, incorporated with limited liability in the Cayman Islands on January 5, 2012. The term “we”, “our”, “us”, “our Group”, and “the Group” refers to Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司) and its consolidated subsidiaries, as the context may require.

References to “U.S. dollars”, “USD” and “US\$” are to United States dollars, the official currency of the United States of America (the “**United States**” or “**U.S.**”). References to “Renminbi” or “RMB” are to Renminbi, the official currency of the People’s Republic of China (“**China**” or the “**PRC**”). References to “Hong Kong dollars”, “HKD”, or “HK\$” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”).

We prepare and publish our consolidated financial statements in Renminbi. Unless otherwise stated in this Information Memorandum, all translations from Renminbi to U.S. dollars have been made at the rates of RMB6.5250 to US\$1.00, the noon buying rate in effect on December 31, 2020 set forth in the H.10 statistical release of the Federal Reserve Board. All such translations in this Information 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 Hong Kong dollar amounts, as the case may be, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

References to “EIT” are to the PRC Enterprise Income Tax “EIT Law” are to the PRC Enterprise Income Tax Law.

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

All site area and gross floor area (“**GFA**”) data presented in this Information Memorandum for any project represents the site area and GFA of the entire project, respectively, including such amount attributable to the other shareholders of our non-wholly-owned project companies.

References to “sq.m.” are to the measurement unit of square meters.

In this Information 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 totals 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 names shall prevail.

## FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts contained in this Information Memorandum, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “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 are forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not a guarantee of future performance and 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 such 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 Information Memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Information Memorandum, whether as a result of new information, future events or otherwise after the date of this Information Memorandum. All forward-looking statements contained in this Information Memorandum are qualified by reference to the cautionary statements set forth in this section. Important factors that could cause our actual performance or achievements to differ materially from those expressed or implied by the forward-looking statements include, among other things, the following:

- our business and operating strategies;
- our acquisition 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;
- 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 and investment;

- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the region 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;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in currency exchange rates; and
- other factors beyond our control.

## ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated in the Cayman Islands. Cayman Islands has different bodies of securities laws from that of the United States and protections for investors may differ.

Substantially all of our businesses, assets and operations are located in the PRC. In addition, all of our directors, supervisors and executive officers are residents of the PRC and substantially all of the assets of such persons are located in the PRC. It may be difficult for investors to effect service of process upon us or such persons, or to enforce against us, our directors, supervisors, officers, or such person judgments obtained in courts or arbitral tribunals outside the PRC predicated upon the laws of jurisdictions other than the PRC, including the civil liability provisions of the U.S. federal or state securities laws.

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view towards developing a comprehensive system of commercial law. In particular, legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. As a result of the activities to develop the legal system, the system of laws in the PRC continues to evolve. However, even where adequate law exists, the enforcement of existing laws or contracts may be uncertain and sporadic. The PRC legal system is based on written statutes and their interpretations, and prior court decisions may be cited for reference but have limited weight as precedent. It is uncertain whether the courts of the PRC would (i) enforce judgments of U.S. courts obtained against us or our directors, supervisors and officers predicated solely upon the civil liability provisions of the U.S. federal or state securities laws, or (ii) entertain original actions brought in the PRC against us or such persons predicated solely upon the U.S. federal or state securities laws.

Although there is no statutory enforcement in the Cayman Islands of judgments or orders obtained in the United States courts, the courts of the Cayman Islands will recognize and enforce such foreign judgment or order, without re-examination or re-litigation of the matters adjudicated upon, if the judgment or order (i) is given by a foreign court of competent jurisdiction; (ii) is final and conclusive; (iii) is not in respect of a tax, fine or other penalty; (iv) was not obtained by fraud; and (v) is not of a kind, the enforcement of which is contrary to public policy in the Cayman Islands. The courts of the Cayman Islands will apply the rules of Cayman Islands private international law to determine whether the foreign court is a court of competent jurisdiction. Subject to these limitations, the courts of the Cayman Islands will recognize and enforce a foreign judgment for a liquidated sum and may also give effect in the Cayman Islands to other kinds of foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions. The Notes, the Subsidiary Guarantees, and the JV Subsidiary Guarantees (if any) and the Indenture are each governed by the laws of the State of New York. Under the Notes and the Indenture, we will irrevocably submit to the non-exclusive jurisdiction of any state or United States federal court located in the Borough of Manhattan, the City of New York, New York in any suit, action or proceeding arising out of or relating to the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture.

## PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial information of the Group as at and for the years ended December 31, 2019 and 2020 has been extracted from the Group's audited consolidated financial statements as at and for the year ended December 31, 2020 (the "**Group's 2020 Annual Financial Statements**"). The Group's 2020 Annual Financial Statements were prepared and presented in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been audited by KPMG ("**KPMG**"), our independent auditor.

In the Group's 2020 Annual Financial Statements, certain restatements have been made in the consolidated financial statements as at and for the year ended December 31, 2019 in respect of the acquisition of entire issued share capital of Rosy Path Group Limited which has been accounted for as a combination of business under common control in accordance with the Accounting Guideline 5 "Merger Accounting Under Common Control Combinations" ("AG5") issued by HKICPA as if the post-acquisition group structure had been in existence throughout the periods presented in the Group's 2020 Annual Financial Statements. For more details on these restatements, please refer to note 1(b) of the Group's 2020 Annual Financial Statements included in this Information Memorandum.

Our reporting currency is Renminbi.

## GLOSSARY OF TECHNICAL TERMS

The following are definitions of certain terms in this Information Memorandum that are commonly used in connection with our business. The terms and their meanings may not correspond to standard industry meanings or usages of those terms.

“aggregate GFA”	the total of saleable/rentable GFA and non-saleable/rentable GFA
“certificate of completion”	the construction project planning inspection and clearance certificate (建設工程竣工驗收備案) issued by various local bureaus in the PRC including but not limited to the fire protection department, planning department, environmental protection department and air defense department with respect to the completion of property projects subsequent to their on-site examinations and inspections
“construction land planning permit”	the construction land planning permit (建設用地規劃許可證) issued by a local urban zoning and planning bureau or some other relevant government authorities
“construction permit”	the construction works commencement permit (建設工程施工許可證) issued by a local governmental construction committee or some other relevant government authority
“construction works planning permit”	the construction works planning permit (建設工程規劃許可證) issued by a local urban zoning and planning bureau or some other relevant government authorities
“land bank”	the total amount, in terms of aggregate GFA, of: (i) completed properties that have not been sold or delivered, (ii) properties under development, and (iii) properties held for future development (including those for which we have entered into a land grant contract but have not obtained the land use rights certificate)
“land grant contract”	the state-owned land use right grant contract (國有土地使用權出讓合同) entered into with a land administration bureau or some other relevant government authorities in respect of the grant of state-owned land use rights
“land use right certificate”	the state-owned land use right certificate (國有土地使用證) issued by a local land and resources bureau or some other relevant government authorities
“LAT”	land appreciation tax
“non-saleable/rentable GFA”	the amount of GFA that is not for sale or for rent, which typically includes communal facilities

“pre-sale”	sales of properties prior to the completion of their construction, after the satisfaction of certain conditions under PRC laws and regulations
“pre-sale permit”	the commodity property pre-sale permit (商品房預售許可證) issued by a local land and resources and/or housing administration bureau or some other relevant government authorities
“property ownership certificate”	the property ownership certificate (房地產權證) issued by a local land and resources and/or housing administration bureau or some other relevant government authorities
“saleable/rentable GFA”	the amount of GFA that a property developer intends to sell or rent and that does not exceed the multiple of the site area and the maximum permissible plot ratio



## SUMMARY

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

### OVERVIEW

We are a leading comprehensive property developer in Fujian Province, focusing primarily on property development and sale, and property investment. Building on 33 years of experience, we have become a leading comprehensive property developer in Fujian Province and are systematically expanding into the broader Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and key hub cities. We have established a distinctive brand image of developing properties with the strong support from Sansheng Group, based on its solid integration capabilities on property development, operation and investment. As a large and diversified enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development.

Over the years we have accumulated a large customer base by consistently delivering quality projects to our customers, with our in depth understanding of the property markets and development trends in the regions which we operate. With proven track record and strong execution capabilities, we have won many industry awards which have enhanced our brand awareness. For the year ended December 31, 2020, we received a number of awards, including “Top 30 Most Valuable Real Estate Enterprise for Investment in China” issued by Guandian.cn (觀點指數), “Valuable Listed Real Estate Company for the year of 2020” issued by Daily Economic News (每日經濟新聞), “Listed Real Estate Enterprise with Great Growth Potential for the year of 2020 in China” jointly issued by China Real Estate Association and Leju Finance (樂居財經), “Top 10 Listed Real Estate Enterprise with Great Development and Growth Capability for the year of 2020 in China” issued by Yihan Think Tank, “2020 ESG Excellence Enterprise” jointly issued by New Real Estate Caijing (新地產財經) and Caijing.com.cn (財經網), “2020 Social Responsible Enterprise Awards” issued by International Finance News of the People’s Daily (人民日報社《國際金融報》), and “2020 China Real Estate Industry Leading Model Enterprise in Combating Pandemic, Respectable Real Estate Enterprises” issued by China Real Estate Business (中國房地產報).

We engaged in the property development and sale business primarily through Fuzhou Shangsheng Investment Co., Ltd (福州上盛投資有限公司) and its subsidiaries. For the year ended December 31, 2020, we recorded contracted sales of RMB17,526 million, and a contracted sales area of approximately 1.4 million sq.m., of which 0.6 million sq.m. was located in Fujian Province and 0.3 million sq.m. was located in Jiangsu Province. The contracted but unrecognized sales of us amounted to RMB24,128.0 million and the estimated contracted GFA of us was approximately 1,953,387 sq.m. As at December 31, 2020, we had a total of 52 property projects that are held for sale, under development and held for future development. Total site area of our land bank was approximately 3,349,955 sq.m and the planned total GFA was approximately 9,566,846 sq.m. We believe that our large-scale and strategically located land reserve will provide us with a sufficient project development pipeline in the foreseeable future and contribute to our continued business growth.

We engaged in the property investment business primarily through Harbin Lifu Commercial Building Co., Ltd. (哈爾濱利福商廈有限公司), Jiabiao Commercial Building (Qingdao) Co., Ltd. (嘉標商廈(青島)有限公司), Fujian Shengcheng Real Estate Development Co., Ltd.(福建盛創房地產開發有限公司), Yangzhou Sansheng Real Estate Development Co., Ltd. (揚州三盛房地產開發有限公司), Yantai Shengxiang Real Estate Co., Ltd. (煙臺盛祥置業有限公司), Fujian Oversea-Chinese Real Estate Development Co., Ltd. (福建閩僑房地產開發有限公司), Chengdu Jisheng Real Estate Co., Ltd. (成都吉盛置業有限公司), Hangzhou Xiaolin Real Estate Co., Ltd. (杭州蕭麟置業有限公司) and Gaoli Co., Ltd (高利有限公司). Our portfolio of investment properties comprises nine investment properties in Hong Kong and Mainland China. The investment properties in Harbin, Qingdao and Chengdu have been fully leased out, while only part of the investment properties in Fuzhou and Yangzhou have been leased out. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income. For the year ended December 31, 2020, we recorded unrealized net fair value gain on investment properties in Chengdu, Fuzhou, Harbin, Hangzhou, Yantai and Yangzhou of RMB48.8 million. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income.

For the years ended December 31, 2019 and 2020, our revenue was RMB2,337.6 million and RMB8,778.6 million (US\$1,345.4 million), respectively. Our total assets increased from RMB33,722.2 million as at December 31, 2019 to RMB56,576.4 million (US\$8,670.7 million) as at December 31, 2020. Our gross profit increased from RMB883.4 million in 2019 to RMB2,497.9 million (US\$382.8 million) in 2020. Our gross profit margin decreased from 37.8% in 2019 to 28.5% in 2020.

## **COMPETITIVE STRENGTHS**

We believe we have the following competitive strengths:

- Leading market position and premium brand
- Diversified business portfolio
- Established reputation and high quality assurance
- Quality land bank in strategic locations
- Diversified funding sources and prudent capital management
- Experienced senior management team and talented professionals

## **OUR STRATEGIES**

- Geographically focus on regional markets and expand our footprint to other cities with growth potentials
- Leverage synergies from the integration of our property leasing and other businesses
- Continue to replenish our land reserves and strengthen strategic partnerships with corporations to acquire land at lower costs
- Continue to optimize development efficiency and adopt prudent financial policies
- Continue to enhance the Group's management capabilities and optimize the structure of our talent pool

## 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 Information Memorandum. For a more complete description of the terms of the Notes, see “Description of the Notes” in this Information Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”*

<b>Company</b>	Sansheng Holdings (Group) Co. Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands.
<b>Notes Offered</b>	US\$100,000,000 aggregate principal amount of 13.0% senior notes due 2022.
<b>Offering Price</b>	99.986% of the principal amount of the Notes.
<b>Original Issue Date</b>	July 6, 2021.
<b>Maturity Date</b>	July 5, 2022.
<b>Interest</b>	The Notes will bear interest at a rate of 13.0% per annum, payable in arrears on January 6, 2022 and July 5, 2022.
<b>Ranking of the Notes</b>	<p>The Notes will be:</p> <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 on a senior basis, subject to the limitations described below under “<i>Description of the Notes – The Subsidiary Guarantees and the JV Subsidiary Guarantees</i>” and in “<i>Risk Factors – Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees</i>” of this Information Memorandum;</li></ul>

- effectively subordinated to secured obligations (if any) of the Company and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

## Subsidiary

Guarantees Each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee (if any) given by a JV Subsidiary Guarantor may be released in certain circumstances. See “*Description of the Notes — Release of the Subsidiary Guarantees or JV Subsidiary Guarantees.*”

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of the following subsidiaries:

1. Total Prestige Holdings Limited 全耀控股有限公司
2. You Sheng Holdings Company Limited 友盛控股有限公司
3. Time Fortune Investments Limited 時幸投資有限公司
4. Sansheng Land Development Ltd 三盛置地發展有限公司
5. Sheng Zhen Company Limited 盛臻有限公司
6. Joyous Wing Limited 榮熹有限公司
7. Upper Vision Limited 上景有限公司
8. Sonic Plus Limited 嘉昇有限公司
9. Gold Target Limited 高標有限公司
10. Statevalue Limited
11. Gain High Limited 高利有限公司
12. Swift Rich Holdings Limited 捷富控股有限公司
13. Silver Joy Limited 銀怡有限公司
14. Systech International Industrial Limited 興榮國際實業有限公司

See “*Description of the Notes.*” All of the Subsidiary Guarantors are holding companies that do not have significant operations.

The Company will cause each of its future Restricted Subsidiary (other than any PRC Restricted Subsidiaries, any Exempted Subsidiaries or any Listed Subsidiaries) provide a guarantee of the Notes promptly and in any event within 30 days of becoming a Restricted Subsidiary.

Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed 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 (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of Total Assets.

**Ranking of the  
Subsidiary Guarantees**

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to the 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
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries of such Subsidiary Guarantor.

See “*Risk Factors — Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees.*”

**Use of Proceeds**

See the section entitled “Use of Proceeds.”

**Optional Redemption  
of the Notes**

At any time prior to July 5, 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 redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, (but not including) the redemption date.

At any time and from time to time prior to July 5, 2022, the Company may at its option 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 113.0% of the principal amount of the Notes to be redeemed, 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 remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

**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 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. See “*Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event.*”

**Redemption for  
Taxation Reasons**

Subject to certain conditions and as more fully described herein, 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 (but not including) 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. See “*Description of the Notes— Redemption for Taxation Reasons.*”

**Withholding Taxes,  
Additional Amount**

All payments by or on behalf of the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor of principal of, and premium (if any) on and interest on the Notes or under the Subsidiary Guarantees and the 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 the caption “— *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, if applicable, the PRC (each, as applicable, a “Relevant Jurisdiction”), or any jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “Taxing Jurisdiction”), 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. See “*Description of the Notes — Additional Amounts.*”

**Covenants**

The Notes, the Indenture governing the Notes and the Subsidiary Guarantees will limit the ability of the Company and any Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of the Company or any Restricted Subsidiaries;
- enter into transactions with shareholders or affiliates;
- create liens;
- enter into sale and leaseback transactions;
- sell assets;
- engage in any business other than businesses permitted by the Indenture;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; and
- effect a consolidation or merger.

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

**Transfer Restrictions**

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act, and will be subject to customary restrictions on transfer and resale. See "*Transfer Restrictions.*"



<b>Denomination, Form, and Book Entry</b>	<p>The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.</p> <p>The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see “<i>Description of the Notes — Book-Entry; Delivery and Form.</i>”</p>
<b>Delivery of the Notes</b>	<p>The Company expects to make delivery of the Notes against payment in same-day funds on or about July 6, 2021, which the Company expects will be the third business day following the date of the pricing of the Notes referred to as “T+3.”</p>
<b>Trustee and the Paying Agent</b>	<p>The Bank of New York Mellon, London Branch.</p>
<b>Transfer Agent and Registrar</b>	<p>The Bank of New York Mellon SA/NV, Dublin Branch.</p>
<b>Listing</b>	<p>Application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.</p>
<b>Governing Law</b>	<p>The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) and the Indenture are governed by and are construed in accordance with the laws of the State of New York.</p>
<b>ISIN</b>	<p>XS2351081943</p>
<b>Common Code</b>	<p>235108194</p>
<b>Legal Entity Identifier</b>	<p>5493003DRACK1PU41V38</p>
<b>Risk Factors</b>	<p>For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see the section entitled “<i>Risk Factors.</i>”</p>

## SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated financial and other data. The consolidated financial information of the Group as at and for the years ended December 31, 2019 and 2020 has been extracted from the Group's 2020 Annual Financial Statements. The Group's 2020 Annual Financial Statements were prepared and presented in accordance with HKFRS and have been audited by KPMG, our independent auditor.

In the Group's 2020 Annual Financial Statements, certain restatements have been made in the consolidated financial statements as at and for the year ended December 31, 2019 in respect of the acquisition of entire issued share capital of Rosy Path Group Limited which has been accounted for as a combination of business under common control in accordance with the Accounting Guideline 5 "Merger Accounting Under Common Control Combinations" ("AG5") issued by HKICPA as if the post-acquisition group structure had been in existence throughout the periods presented in the Group's 2020 Annual Financial Statements. For more details on these restatements, please refer to note 1(b) of the Group's 2020 Annual Financial Statements included in this Information Memorandum.

### Summary Consolidated Statement of Profit or Loss

	Year ended December 31,		
	2019 <i>(RMB'000)</i> (restated)	2020 <i>(RMB'000)</i>	2020 <i>(US\$'000)</i>
<b>Revenue</b> .....	2,337,641	8,778,600	1,345,379
Cost of sales .....	(1,454,241)	(6,280,703)	(962,560)
<b>Gross profit</b> .....	883,400	2,497,897	382,819
Net valuation gain on investment properties .....	47,602	48,801	7,479
Other income .....	50,386	74,876	11,476
Selling and marketing expenses .....	(407,334)	(495,583)	(75,951)
Administrative expenses.....	(225,381)	(362,660)	(55,580)
<b>Profit from operations</b> .....	348,673	1,763,331	270,243
Finance costs.....	(32,436)	(59,708)	(9,151)
Share of profit less losses of joint ventures.....	(6,428)	(13,634)	(2,090)
<b>Profit before taxation</b> .....	309,809	1,689,989	259,002
Income tax .....	(312,769)	(839,061)	(128,592)
<b>(Loss)/profit for the year</b> .....	(2,960)	850,928	130,410
<b>Attributable to:</b>			
Equity shareholders of the Company .....	39,906	809,237	124,021
Non-controlling interests .....	(42,866)	41,691	6,389
<b>(Loss)/profit for the year</b> .....	(2,960)	850,928	130,410
<b>Earnings per share</b> .....			
Basic (RMB)	0.08	1.65	US\$0.25

**Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i> (restated)	<i>(RMB'000)</i>	<i>(US\$'000)</i>
<b>(Loss)/profit for the year .....</b>	(2,960)	850,928	130,410
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations .....	3,758	52,262	8,010
<b>Other comprehensive income for the year .....</b>	3,758	52,262	8,010
<b>Total comprehensive income for the year .....</b>	798	903,190	138,420
<b>Attributable to:</b>			
Equity shareholders of the Company .....	43,664	861,499	132,031
Non-controlling interests .....	(42,866)	41,691	6,389
<b>Total comprehensive income for the year .....</b>	798	903,190	138,420

## Summary Consolidated Statement of Financial Position

	As at December 31,		
	2019	2020	2020
	(RMB'000) (restated)	(RMB'000)	(US\$'000)
<b>Non-current assets</b>			
Investment properties . . . . .	2,097,762	2,389,545	366,214
Other property, plant and equipment . . . . .	859,599	938,787	143,875
Properties under development . . . . .	110,312	110,312	16,906
Prepaid lease payments . . . . .	449,480	434,981	66,664
Interests in joint ventures . . . . .	209,442	536,591	82,236
Deferred tax assets . . . . .	161,314	547,132	83,852
	<b>3,887,909</b>	<b>4,957,348</b>	<b>759,747</b>
<b>Current assets</b>			
Inventories and other contract costs . . . . .	25,361,722	38,318,281	5,872,533
Trade and other receivables . . . . .	1,891,536	5,033,465	771,413
Prepaid lease payments . . . . .	14,499	14,499	2,222
Prepaid tax . . . . .	406,271	662,294	101,501
Financial assets at fair value through profit or loss . . . . .	46,749	85,420	13,091
Restricted deposits . . . . .	424,216	119,217	18,271
Cash and cash equivalents . . . . .	1,689,327	7,385,858	1,131,932
	<b>29,834,320</b>	<b>51,619,034</b>	<b>7,910,963</b>
<b>Current liabilities</b>			
Bank loans and other borrowings . . . . .	3,716,142	3,255,522	498,931
Bonds payable . . . . .	676,229	931,544	142,765
Due to Fuzhou Sansheng . . . . .	–	650,000	99,617
Trade and other payables . . . . .	6,028,862	7,133,975	1,093,330
Lease liabilities . . . . .	6,408	3,252	498
Contract liabilities . . . . .	14,026,502	20,204,783	3,096,518
Current taxation . . . . .	963,273	1,731,768	265,405
	<b>25,417,416</b>	<b>33,910,844</b>	<b>5,197,064</b>
<b>Net current assets</b>	<b>4,416,904</b>	<b>17,708,190</b>	<b>2,713,899</b>
<b>Total assets less current liabilities</b>	<b>8,304,813</b>	<b>22,665,538</b>	<b>3,473,646</b>

	<b>As at December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i> (restated)	<i>(RMB'000)</i>	<i>(US\$'000)</i>
<b>Non-current liabilities</b>			
Bank loans and other borrowings .....	5,571,550	13,278,836	2,035,071
Bonds payable .....	323,945	459,828	70,472
Due to Fuzhou Sansheng .....	–	2,420,193	370,911
Derivative financial liabilities .....	14,018	–	–
Lease liabilities .....	13,743	10,727	1,644
Deferred tax liabilities .....	187,830	334,050	51,195
	<b>6,111,086</b>	<b>16,503,634</b>	<b>2,529,293</b>
<b>NET ASSETS .....</b>	<b>2,193,727</b>	<b>6,161,904</b>	<b>944,353</b>
<b>CAPITAL AND RESERVES</b>			
Share capital .....	35,154	39,354	6,031
Reserves .....	1,901,927	2,019,736	309,538
<b>Total equity attributable to equity shareholders</b>			
<b>of the Company .....</b>	<b>1,937,081</b>	<b>2,059,090</b>	<b>315,569</b>
<b>Non-controlling interests .....</b>	<b>256,646</b>	<b>4,102,814</b>	<b>628,784</b>
<b>TOTAL EQUITY .....</b>	<b>2,193,727</b>	<b>6,161,904</b>	<b>944,353</b>

## Summary Consolidated Cash Flow Statement

	Year ended December 31,		
	2019	2020	2020
	(RMB'000) (restated)	(RMB'000)	(US\$'000)
<b>Operating activities</b>			
Cash generated from/(used in) operations . . . . .	1,481,971	(5,177,514)	(793,489)
Tax paid . . . . .	(442,159)	(350,341)	(53,692)
<b>Net cash generated from/(used in) operating activities . . . . .</b>	<b><u>1,039,812</u></b>	<b><u>(5,527,855)</u></b>	<b><u>(847,181)</u></b>
<b>Investing activities</b>			
Expenditure on property, plant and equipment . . . . .	(141,634)	(133,568)	(20,470)
Expenditure on investment properties . . . . .	–	(190,848)	(29,249)
Disposal of property, plant and equipment . . . . .	2,889	505	77
Purchase of financial assets at fair value through profit or loss. . . . .	(3,464)	(44,317)	(6,792)
Withdrawal of financial assets at fair value through profit or loss. . . . .	60,223	5,646	865
Investments in joint ventures. . . . .	(73,302)	(444,746)	(68,160)
Settlement of shareholder's loans to joint ventures . . . .	133,353	90,329	13,844
Payment for acquisition of subsidiaries, net of cash acquired. . . . .	(95,764)	(586,576)	(89,897)
Interest received . . . . .	7,036	9,832	1,507
Dividend received. . . . .	147	–	–
<b>Net cash used in investing activities. . . . .</b>	<b><u>(110,516)</u></b>	<b><u>(1,293,743)</u></b>	<b><u>(198,275)</u></b>
<b>Financing activities</b>			
Capital element of lease rentals paid. . . . .	(5,668)	(6,172)	(946)
Interest element of lease rentals paid . . . . .	(1,134)	(1,416)	(217)
Proceeds from bank loans and other borrowings . . . . .	10,087,258	15,035,093	2,304,230
Repayment of bank loans and other borrowings . . . . .	(9,587,386)	(7,788,427)	(1,193,629)
Proceeds from Fuzhou Sansheng. . . . .	8,493,035	3,284,508	503,373
Repayment to Fuzhou Sansheng . . . . .	(9,208,788)	(1,068,492)	(163,754)
Proceeds from bonds issue . . . . .	323,167	459,828	70,472
Repayment of bonds . . . . .	(243,384)	–	–
Capital injection from controlling shareholder . . . . .	30,000	–	–
Capital injection from non-controlling interests . . . . .	308,108	3,810,701	584,015
Interest paid . . . . .	(1,016,330)	(1,206,669)	(184,930)
Dividend paid to controlling shareholders of Time Fortune Investments Limited. . . . .	(50,000)	–	–
<b>Net cash (used in)/generated from financing activities. . . . .</b>	<b><u>(871,122)</u></b>	<b><u>12,518,954</u></b>	<b><u>1,918,614</u></b>

	<b>Year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>58,174</b>	<b>5,697,356</b>	<b>873,158</b>
<b>Cash and cash equivalents at January 1 . . . . .</b>	<b>1,631,717</b>	<b>1,689,327</b>	<b>258,901</b>
<b>Effect of foreign exchange rate changes. . . . .</b>	<b>(564)</b>	<b>(825)</b>	<b>(127)</b>
<b>Cash and cash equivalents at December 31 . . . . .</b>	<b>1,689,327</b>	<b>7,385,858</b>	<b>1,131,932</b>

## RISK FACTORS

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

### **Risks Relating to our Business**

*We are and will continue to be dependent on the performance of the PRC property market, particularly in Fujian province and the other regions where we operate and intend to operate, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our results of operations, financial condition and business prospects*

Our business and prospects depend on the performance of the PRC property market. As at December 31, 2020, we had 52 property development projects, primarily located in Fujian province and the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim, developed by our subsidiaries, joint ventures and associated companies. We also intend to enter certain other regions and cities in China. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any adverse development in the supply of or demand for properties and any measures that the PRC government may take in restricting the growth of the property market in China, which account for most of our development portfolio, and in the cities where we have or plan to have projects, may adversely affect our results of operations, financial condition and business prospects.

The overall demand for residential and commercial properties in China has grown rapidly in recent years. However, the market has also experienced fluctuations in property prices during this period in response to PRC government policies and trends in the PRC and world economy. There have been increasing concerns over the affordability of housing and the sustainability of the real estate market growth in China. As a result, the PRC government has in recent years promulgated various control measures aimed at cooling the property sector. See “— Risks Relating to our Industry— The PRC government may adopt further measures to cool down the overheating of the property sector” and “— Risks Relating to the PRC— Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available” below. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in first and second-tier cities and regional centers where we have or will have operations (either directly through our subsidiaries or indirectly through joint ventures or associated companies) will continue to grow in the future or that there will not be over-development or a market downturn in the PRC property sector. Recently, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. Any continuing adverse development and the ensuing decline in property sales or decrease in property prices in China may adversely affect our business and financial condition.



***We may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs, or at all, in which event our business, results of operations and financial condition as well as prospects may be materially and adversely affected***

Our business is dependent upon our ability to identify and acquire suitable land at commercially reasonable costs and our ability to generate profit from the sale of properties developed on such land. We need to periodically replenish our land reserves in order to grow our business. Our ability to acquire land may depend on a variety of factors that we cannot control, such as overall economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. We may incur significant costs in identifying, evaluating and acquiring suitable new land for development following our criteria for site selection. Our future growth prospects and results of operations may be adversely affected if we fail to identify and acquire sufficient amount of such suitable new land for development and to achieve reasonable returns upon the sale or lease of these properties.

The PRC government's policies on land supply may affect our ability to acquire land use rights for future developments and land acquisition costs. The PRC government controls land supply and regulates the ways in which property developers may obtain land for property development. Such measures and any other similar measures in the future may subject us to increased competition from other property developers. Changes in government policy that reduce land supply or limit our ability to tender for land may materially and adversely affect our business and financial condition.

***We may not successfully manage our expansion and growth***

We historically derived a substantial portion of our revenue from the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim. As at December 31, 2020, we had a total of 52 property development projects, 45 of which were in the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim. In addition, as at December 31, 2020, we had 52 projects that were held for sale, under development and held for future development through our subsidiaries and joint venture companies. Total site area of our land bank was approximately 3,349,955 sq.m. and the planned total GFA was approximately 9,566,846 sq.m., of which 6,669,905 sq.m. were attributable to us based on its equity interests. Our business and prospects therefore are highly dependent upon the performance of this property market. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified. For as long as our operations remain substantially concentrated in the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim, if this area experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemics, hostilities or any other reason, or if more restrictive real estate-related government policies or measures are imposed, or if the conditions of this property market otherwise declines, our business, results of operations and financial condition may be materially and adversely affected.

In order to achieve sustainable growth, we may need to continue to seek development opportunities in selected regions in the PRC with growth potential where we have no existing operations. For example, we have expanded into Chengdu and Shenzhen and intend to expand into other first- and second-tier cities, such as Xi'an, Zhengzhou and Wuhan. As at December 31, 2020, we have expanded our business into six regions in China. However, our land reserves are concentrated in the Fujian Province and the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim. As a result, our business is highly dependent upon the performance of the property market in those regions. For so long as our land reserves are concentrated in those regions, our business, results of operations and

financial condition may be materially and adversely affected by any economic downturns, restrictive policies and other factors affecting the property market in those regions.

Expanding into new business segments and geographical locations involves uncertainties and challenges due to our unfamiliarity with new business segments or local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices, business environments and municipal-planning policies. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence, more familiarity with local regulatory and business practices and customs, and stronger ties with local suppliers, contractors and purchasers.

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

Expanding into new business segments and geographic locations requires a significant amount of capital and management resources. We will also need to manage the growth in our workforce to match the expansion of our business. We may also face considerable reputational and financial risks if any new sector of our business is mismanaged or does not meet the expectations of our customers. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may not have adequate financing to fund our future land acquisitions and property developments, and such capital resources may not be available on commercially reasonable terms, or at all***

Property development is capital-intensive. We expect to continue to incur a high level of capital expenditures for land acquisition and construction in the foreseeable future.

During the two years ended December 31, 2019 and 2020, we financed our property projects primarily through a combination of internally generated funds, including proceeds from the pre-sales and sales of our properties, and borrowings from financial institutions, trust financing companies, asset management companies and other financing institutions. 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 financing availability thereof;
- 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 real estate market.

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

- the PBOC has adjusted the Renminbi deposit reserve ratio several times for major banks since 2010, first upward (to a peak of 21.5%) and more recently downward to its present level of 14.0%;
- 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 28, 2015, to 4.6% on August 26, 2015, and further lowered it to 4.35% on October 24, 2015;
- requiring that at least (i) 20% of total investment for affordable housing or ordinary commercial housing development projects is funded by the developer's own capital; and (ii) 25% of the total investment for all other types of property development projects is funded by the developer's own capital;
- restricting commercial banks, trust financing companies and asset management companies from granting loans to property developers 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 permit and 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 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;
- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside;
- the Opinions on Regulating Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) jointly issued by the PBOC, CBIRC, CSRC and SAFE on April 27, 2018 (which is applicable to banks, trust companies, asset management companies and other types of financial institutions) has tightened the regulation in relation to the asset management businesses of all kinds of financial institutions; and

- 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》), jointly promulgated by PBOC and CBRC on 28 December 2020, 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.

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans, trust financing or other financing arrangements to finance our property projects. There can be no assurance that the PRC government will not introduce other initiatives, which may further limit our access to capital and the ways we finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all. This may increase the financing costs and in turn could have a material adverse effect on our business, financial condition, result of operations and prospects.

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

We have incurred and expect 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, which in turn may affect our profitability and operating results. 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. The weighted average effective interest rate on our bank borrowings was 9.15% and 8.98%, as at December 31, 2019 and 2020, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

***We may not be able to complete our projects according to schedule which may adversely affect our business and financial condition***

The progress of a property development project can be adversely affected by many factors, including:

- changes in market conditions including the credit market;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- changes in government rules and regulations and the related practices and policies, including reclamation of land for public works or facilities;
- disputes with our joint venture partners;
- increases in the prices of raw materials;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;

- labor disputes and strikes;
- construction accidents;
- natural disasters or adverse weather conditions; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our business and financial condition and may also cause reputational damage. We cannot assure you that we will not experience such delays in delivery of our property projects in the future or that we will not be subject to any liabilities for any such delays.

***We are subject to certain restrictive covenants in and risks associated with bank borrowings, trust and other borrowings, which may limit or otherwise materially and adversely affect our business, results of operations and financial condition***

We are subject to certain restrictive covenants in the loan contracts and other financial agreements which we enter into with certain banks, trust companies and other financial institutions. For instance, our loan agreements with certain commercial banks and financial institutions restrict our operating Subsidiaries from paying dividends to their shareholders without prior consent from the lenders. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. As a result, restrictions on our subsidiaries to distribute dividend may materially affect our ability to meet the payment obligation under the Notes. Our loan agreements with certain banks and financial institutions may contain cross-default clauses. If any cross-default occurs, these lenders will be entitled to accelerate repayment of all or any part of the loans from such lenders and to take action against all or any of the security for such indebtedness. In addition, some of our PRC operating subsidiaries are subject to certain material covenants that restrict them from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the lenders' written consent. 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 that would impair their ability to repay the relevant loans. In addition, our trust and other 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 and other financing institutions in advance if, during the term of the trust financing, it is involved in any operation decisions which would lead to any material changes to the trust and other financing arrangement's interests, or if we need to provide guarantees for other financing arrangement's interests, or if we need to provide guarantees for other external loans if there are circumstances which may affect our ability to repay loans. We cannot assure you that we will be able to abide by all restrictive covenants and cross-default provisions of any of our loan contracts in the future.

If we fail to comply with any of those covenants resulting in the lenders' requests for acceleration or other default remedies, we may lose part or all of our equity interests in the relevant project company subsidiaries and/or our share in the asset value of the relevant property projects. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations.

***If we fail to collect our receivables, our financial condition, results of operations and cash flow may be materially and adversely affected***

We recorded trade and other receivables in the amount of RMB1,891.5 million and RMB5,033.5 million (US\$771.42 million) as at December 31, 2019 and 2020, respectively. There is no assurance that we will be able to collect or settle all or any of our receivables in a timely manner, or at all. In addition, we may incur expenses and have management resources diverted relating to the collection of our receivables, such as through legal proceedings. As such, our financial condition, results of operations and cash flow may be materially and adversely affected.

***Increasing competition in the PRC, particularly from developers of properties similar to ours in the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and the other cities where we operate or intend to operate, may adversely affect our business and financial condition***

In recent years, a large number of property developers have undertaken property development and investment projects in the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and first and second-tier cities in China, including property developments similar to ours. Our major competitors include large national and regional property developers and overseas developers, some of which may have better track records and greater financial and other resources than us. In addition, we also compete with small local property developers. Intense competition among property developers in first and second-tier cities in China for land, financing, raw materials and skilled management and labor resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale and a decrease in property prices. Any of the above may adversely affect our business, results of operations and financial condition. In addition, the property markets in first and second-tier cities in China are rapidly changing in response to various external factors beyond our control. If we fail to respond to these changes in market conditions or customer preferences more swiftly or effectively than our competitors, our business, results of operations and financial condition could be adversely affected.

***Our business may be adversely affected if we fail to obtain, or if there is any delay in obtaining, the relevant PRC governmental approvals for our property development projects***

We are required to obtain various permits, licenses, certificates and other approvals from the relevant PRC government authorities at various stages of project development including, but not limited to, state-owned land use rights certificates, planning permit for construction land, planning permits for construction works, permits for commencement of construction works, pre-sale permits for commodity properties and certificates or confirmations of completion and acceptance. In particular, we are required to obtain state-owned land use rights certificates before commencing any property development and such certificates would generally only be issued after certain conditions have been satisfied. Such conditions include the relevant project company having executed the state-owned land use rights granting contracts (國有土地權出讓合同) with the relevant authorities whereby the land use rights are granted to the relevant project company, provided we have paid the land premium in full. As at December 31, 2020, we had a total attributable site area of approximately 9.08 million sq.m. in properties held for future development, for which we had obtained the relevant land use rights certificates.

We cannot assure you that we will not encounter problems with respect to obtaining the relevant land use rights certificates in the future or making scheduled land premium payments on time going forward for certain reasons. See “— *We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late fees if we breach the terms of the land grant contracts*” below. We cannot assure you that we will receive the various land use rights certificates within the expected time frame, because the timing of issuance of such certificates may be subject to factors out of our control, including the relevant government resettlement schedules. If we fail to receive such certificates, our development schedule may be disrupted, which, in turn, may have a material and adverse effect on our business, results of operations and financial condition.

We cannot assure you that we will not encounter problems in obtaining other government approvals or in fulfilling the conditions required for obtaining other government approvals and certificates. For example, one of our PRC subsidiaries commenced construction works on our projects in Zhangzhou, Fujian and Qingdao, Shangdong without obtaining construction permits. If we fail to obtain the relevant approvals or to fulfill the conditions of the approvals and certificates for our property development, those developments may not proceed on schedule. As a result, our business, results of operations and financial condition may be materially and adversely affected.

***The illiquidity of property investments or fluctuations in property value could limit our ability to respond to adverse changes in the performance of our investment properties***

We recorded net valuation gain on investment properties of RMB47.6 million and RMB48.8 million (US\$7.5 million) for the two years ended December 31, 2019 and 2020, respectively. Because property investments in general are relatively illiquid, one’s ability to promptly sell one or more of 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 general supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any investment properties on satisfactory terms, 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. In addition, if we sell an investment property during the term of that property’s management agreement or tenancy agreement, we may have to pay termination fees. Furthermore, we cannot assure you that we will achieve fair value gains on our investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

***We rely on third-party contractors and any failure by these contractors to provide satisfactory services, our reputation, business, results of operations and financial condition may be adversely affected***

We engage third-party contractors to carry out various services relating to development of our property projects, including design, pile setting, foundation building, construction, equipment installation, electromechanical and pipeline engineering, 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. Any such third-party contractor may fail to provide satisfactory services at the level of quality or within the timeline we require. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to a contractor’s financial or other difficulties. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial

actions, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our reputation, credibility, financial position and business operations. Moreover, we cannot assure you that our employees will be able to consistently applying our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other selection criteria 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 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.

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

We normally engage third-party contractors for construction of our projects. Such third-party contractors are responsible for procuring construction materials, including, but not limited, to steel and cement, the prices of which can be volatile. According to our contracts with our construction contractors, in the event that the prices of the equipment and construction materials procured by our construction contractors fluctuate beyond a pre-determined band from the pre-agreed price, we will adjust our payments to our contractors accordingly. Therefore, any material increase in the cost of construction materials or contractors' labor costs may lead to future increases in construction contract costs. 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 construction costs increase subsequent to the pre-sale. Our inability to pass cost increases to our construction contractors or our customers may result in decrease in our profit margins and adversely affect our results of operations and financial condition. In addition, with the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing wages of migrant workers, we expect labor costs of our third-party contractors to continue to increase in the near future, which could also have an adverse effect on our results of operations and financial condition.

***If our provisions for LAT prove to be insufficient, our financial results would be adversely affected***

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 right, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. During 2019 and 2020, we recorded LAT expenses of RMB227.0 million and RMB516.0 million (US\$79.1 million) for the relevant periods, respectively, in our consolidated income statements. 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.

Provisions for LAT are made upon recognition of revenue. As at the date of this Information Memorandum, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. LAT liabilities are subject to determination by the tax authorities upon the completion of property 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 adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations in future. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether they will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict our cash flow position, our ability to finance our land acquisitions and to execute our business plans.

***The full-fledged levy of value added tax on revenues from a comprehensive list of service sectors may subject our revenues to an average higher tax rate***

Pursuant to the Notice on Adjustment of Transfer Business Tax to Appreciation Tax (關於全面推開營業稅改徵增值稅試點的通知) issued on March 23, 2016 and implemented on May 1, 2016 (“Circular 36”) by the Ministry of Finance of the PRC (“MOF”) and the PRC State Administration of Taxation (“SAT”), effective from May 1, 2016, PRC tax authorities have started imposing value added tax (“VAT”) on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, MOF and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. The VAT rates applicable to us may be generally higher than the business tax rate we were subject to prior to the implementation of Circular 36. For example, the VAT rate for the sale of self-developed real estate projects will be increased from 5% (the current business tax rate) to 11%. Unlike business tax, the VAT will only be imposed on added value, which means the input tax incurred from the deductible land prices can be offset from our output tax. MOF and SAT revised Implementing Measures for the Pilot Program of Replacing Business Tax with Value-added Tax (營業稅改徵增值稅試點實施辦法, printed and distributed by Circular 36) by issuing Notice of the Ministry of Finance and the State Administration of Taxation on the Application of the Pilot Policies of Replacing Business Tax with Value-added Tax to Construction Services and Other Aspects (關於建築服務等營改增試點政策的規定) on July 1, 2017 (“Circular 58”). Pursuant to Circular 58, Article 7 of Implementing Measures for the Pilot Program of Replacing Business Tax with Value-added Tax shall be repealed as at July 1, 2017 and Point 4 of Item (23) of Article 1 of the Provisions on Transitional Policies concerning the Pilot Program of Replacing Business Tax with Value-added Tax (營業稅改徵增值稅試點過渡政策的規定, printed and distributed by the Circular 36) shall be repealed as at January 1, 2018. However, details of concrete measures are still being formulated in accordance with Circular 36 and Circular 58. We may further assess the comprehensive impact of the VAT regime on our tax burden, our revenues and results of operations, which remains uncertain.

***We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late payment fees if we breach the terms of the land grant contracts***

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

Under typical land grant contracts, any violation of payment schedule of land premium as stipulated under the land grant contracts may subject a developer to late payment fees or even result in termination of the land grant contracts. We cannot assure you that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial position and results of operations may be materially and adversely affected.

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

Property developers in the PRC typically assist purchasers of properties to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and Subscription and Placing Agreement. Property developers, including ourselves, generally elect to specify the deadline for the delivery of properties in the property sale and Subscription and Placing 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 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 Subscription and Placing 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 total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium***

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for our development and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and Subscription and Placing Agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or to take any remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

***Compliance with PRC laws and regulations regarding environmental protection or preservation of antiquities and monuments could result in substantial delays in construction schedule and additional costs***

We are subject to extensive PRC laws and regulations concerning environmental protection and preservation of antiquities and monuments which impose fines for violation and authorize government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage. The application of such laws and regulations vary greatly according to a site's location, its environmental condition, present and former use, as well as the circumstances of its adjoining properties. Such variation in application may result in delays in our project completion and may cause us to incur substantial compliance and other costs and severely restrict our project development activities in certain regions or areas.

As required by PRC laws and regulations, each project we develop is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of project construction. If we fail to meet such requirements, the local authorities may issue orders to suspend our construction activities and impose a fine of not less than 1% but not more than 5% of the total investment of the construction project on the construction unit according to the Environmental Impact Assessment Law (環境影響評價法) revised on July 2, 2016 and December 29, 2018 and effective on the same dates. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. In the event of a suspension of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

There is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. We have not adopted any special environmental protection measures other than the measures generally taken in the ordinary course of business by comparable companies in our industry. There is no assurance that more stringent requirements on environmental protection will not be imposed by the relevant PRC governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, results of operations and financial condition.

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

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, purchasers and project development partners. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention. As some of our projects comprise multiple phases, purchasers of our properties in earlier phases may file 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 disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments. For example, one of our PRC subsidiaries was subject to administrative penalties for publishing real estate advertisements that violated the Advertising Law of the PRC. From time to time, our officers and management may be parties to litigation or other legal proceedings. Even though our company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

***Our property development business is subject to customer claims under statutorily mandated quality warranties***

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers' dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

Although we believe that each of these claims is immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims in the future. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material and adverse impact on our business, financial condition and results of operations.

***We may not have adequate insurance coverage to cover our potential liability or losses and, as a result, our business, results of operations and financial condition may be materially and adversely affected***

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations, such as insuring our projects under development against natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods or insuring our assets against certain natural disasters. We may incur losses, damages or liabilities during any stage of our property development and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition.

***Our business depends substantially on the continuing efforts of the members of our senior management and qualified personnel and our ability to attract and retain them, and, if we lose the services of any of these key management and personnel and cannot replace them in a timely manner, or at all, our business may be materially and adversely affected***

Our business depends, to a significant extent, on the capability and expertise of our senior management team members, including our executive directors and other members of our management who have operational experience in the real estate business. In particular, we rely on Mr. Lin Rongbin, our chairman, who has more than 20 years of experience in the development and management of real estate. If one or more of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations. In addition, we rely on our employees, which include qualified design, construction management, quality control, marketing, on-site supervisory and construction management personnel for our daily operations and business expansion. We cannot assure you that we will be able to

continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected.

***We may forfeit land to the PRC government if we fail to develop properties in accordance with the terms and timeframe set out in our land grant contracts***

Under PRC laws, if we fail to develop a property project according to the terms of our land grant contract, including those relating to the payment of land grant premium, demolition and resettlement costs and other fees, the designated use of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty, and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant competent authorities of land and resources in the PRC may issue a warning to us and impose an idle land fee on the land of up to 20% of the land grant premium. The relevant competent authorities of land and resources in the PRC may confiscate our land use rights without compensation if we fail to commence development within two years from the construction commencement date set forth in the land grant contract, unless the delay in the development is caused by government actions or force majeure. Moreover, if a property developer commences development of the land in accordance with the timeframe stipulated in the land grant contract and the developed GFA of construction land is less than one-third of the total GFA of construction land or the total invested capital is less than one-fourth of the total investment of the project and the development of the land is suspended for more than one year without government approval, the land may be treated as idle land and subject to risk of forfeiture.

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. Where a holder of the right to use a plot of State-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any registration of the transfer, rent, mortgage or alternation of the land deemed as idle before such holder completes 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 rights 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.

## **Risks Relating to our Industry**

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

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China, including Shanghai and Beijing, in the early 1990s culminated in an over-supply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Shanghai and Beijing therein have experienced rapid and significant growth. In recent years however, risk of property over-supply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, together with the effect of the PRC government policies to curtail the overheating of the property market, property prices may fall significantly and our revenue and results of operations will be adversely affected. We cannot assure you that the problems of over-supply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition. The PRC property market is also susceptible to the volatility of the global economic conditions.

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

### ***The PRC government may adopt further measures to cool down the overheating of the property sector***

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

In the second half of 2008 and 2009, in order to mitigate the impact of the global economic slowdown, the PRC government has adopted measures to encourage domestic consumption in the residential property market and support property development. These policies may not necessarily have a positive effect on our operations and our future business development. Starting from late 2009, the PRC government has revised or terminated such favorable policies according to changes in market conditions and adopted certain new policies to cool down the property market, including, without limitation:

- abolishing certain preferential treatments relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land premium by property developers;

- imposing property purchase restrictions on non-local citizens, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers;
- restricting purchasers, in certain targeted cities, from acquiring second (or further) residential properties and restricting nonresidents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties;
- launching new property tax schemes in certain cities such as Chongqing and Shanghai on a trial basis, levying property tax on part of individual residential properties in these two cities;
- levying business tax, which was replaced by value-added tax since May 1, 2016, on the full amount of the transfer price if an individual owner transfers a residential property within two years of purchase;
- urging provincial governments to implement home purchase restrictions to control property prices, listing certain criteria for the implementation of the restrictions, and, in the second half of 2011, extending such home purchase restrictions to certain second- and third-tier cities in addition to the 40-plus first- and second-tier cities which have already adopted home purchase restriction measures;
- strictly enforcing the idle land related law and regulations; and
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties.

These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures. We cannot assure you that the PRC government will not reinstate property-purchase or other limitations that have been removed or adopt additional and more stringent measures, which could further slowdown property development in China. 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 disrupt our business or cause us to incur additional costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***Property development in the PRC is still at an early stage and lacks adequate infrastructural support***

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC, particularly in Shanghai and Beijing, has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

Limited availability of accurate financial and market information and the general low level of transparency in China contribute to overall uncertainty. Purchasers and 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 demand for residential property.

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

If as a result of any one or more of these or similar factors as described above, demand for residential property or market prices decline significantly, our business, results of operations and financial condition may be materially and adversely affected.

### **Risks Relating to the PRC**

***Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects***

Substantially all of our business and operations are conducted in China. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic, political and social developments in China.

The Chinese economy differs from the economies of most developed countries in many respects, including growth rate, the extent of government involvement, level of development, control of foreign exchange and allocation of resources. In May 2017, Moody's Investors Service 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. 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. Furthermore, although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

China's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade-war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminum imports from China, and later on July 6, 2018, the United States imposed 25% tariffs on US\$34 billion worth of Chinese goods as part of President Donald Trump's tariffs policy. In turn, the PRC responded with similarly sized tariffs on United States' products. On September 18, 2018, President Donald Trump imposed 10% tariffs on approximately US\$200 billion worth of Chinese goods and plans to further increase the rate to 25% in January 2019. In return, the PRC responded with tariffs on US\$60 billion of U.S. goods. The rhetoric surrounding the trade war continues to escalate and neither side has been willing to resume stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the PRC real estate industry 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.



Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, financial condition, results of operations and prospects may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

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

Our business and operations are primarily conducted in China and governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protection to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. For example, the NDRC and the MOF issued the Circular on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) effective on May 11, 2018 (the “Joint Circular”) and on June 27, 2018, the NDRC issued a press release (the “Press Release”) regarding responses from NDRC officials to an interview with respect to the Joint Circular. According to the Joint Circular and the Press Release, the NDRC may further improve and strengthen the regulations on offshore debts. On July 9, 2019, the NDRC issued the Notice on Requirements on Applications for Registration of Foreign Debt issued by Property Companies (國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知) (the “Notice No. 778”), pursuant to which property companies can only issue foreign debts for exchange of medium to long term foreign debts due within one year with respect to application for NDRC registration of foreign debt to be issued. It is unclear how the Joint Circular and the Press Release will be implemented and if any detailed rules or regulations will be promulgated to achieve the goals mentioned in the Joint Circular and the Press Release. There is no assurance that offshore debts issued by property companies will not be further restricted and the PRC government may impose additional requirements or conditions for offshore debts. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

***Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available***

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers’ affordability of properties. In addition, the PRC government and commercial banks may increase the down-payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (國務院辦公廳關於促進房地產市場平穩健康發展的通知), which, among other things, provides that homeowners with outstanding mortgage loans

who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. In May 2010, MOHURD, PBOC and CBIRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. On August 25, 2019, the PBOC issued an announcement (PBOC Notice (2019) No.16) regarding the interest rate for new mortgage loans, which provides that after October 8, 2019, new mortgage loans shall be priced by adding basis points to the latest monthly Loan Prime Rate (the "LPR") of corresponding maturity; the interest rate of the loans for the first residential property shall not be lower than the LPR of corresponding maturity, and that of the second residential property not be lower than the LPR of corresponding maturity plus 60 basis points. Further, the interest rates of the loan for commercial properties shall not be lower than the LPRs of corresponding maturities plus 60 basis points, and no adjustments shall be made to the interest rates of housing provident fund for residential properties for the time being.

According to a notice jointly issued by PBOC and CBIRC on September 29, 2010, the minimum down-payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In January 2011, the State Council issued a circular to further raise the minimum down-payment requirement for second home purchases to 60%. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the borrower's monthly income or if the total debt service of the borrower would exceed 55% of such individual's monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. On September 29, 2014, PBOC and CBIRC jointly issued the "Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services" (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. Beginning from January 1, 2021, personal mortgage loans granted by PRC banks are also subject to certain ceilings imposed by PBOC and CBIRC. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

***Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively***

Substantially all of our revenue is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements.

However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

***Changes in foreign exchange regulations may adversely affect our ability to transfer funds and subsequently impact the results of our operations***

We currently receive most of our revenues from operations in the PRC and such revenues are denominated in Renminbi. The PRC government regulates the conversion between Renminbi and foreign currencies. Over the years, the PRC government has significantly reduced its control over routine foreign exchange transactions under current accounts, including trade and service related foreign exchange transactions and payment of dividends. However, foreign exchange transactions by our PRC subsidiaries under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. There can be no assurance that these PRC laws and regulations on foreign investment will not cast uncertainties on our financing and operating plans in China. Under current foreign exchange regulations in China, subject to the relevant registration at SAFE, we will be able to pay dividends in foreign currencies, without prior approval from SAFE, by complying with certain procedural requirements. However, there can be no assurance that the current PRC foreign exchange policies regarding debt service and payment of dividends in foreign currencies will continue in the future. Changes in PRC foreign exchange policies might have a negative impact on our ability to service our foreign currency-denominated indebtedness and to distribute dividends to our shareholders in foreign currencies.

In addition, on August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or the Circular 142, a notice with respect to the administration of Renminbi converted from foreign exchange capital contributions of a foreign invested enterprise. As a result, unless otherwise permitted by PRC laws or regulations, such converted amount can only be applied to activities within the approved business scope of the relevant foreign invested enterprise and cannot be used for domestic equity investment or acquisition.

On March 30, 2015, SAFE issued the Circular on Reforming the Administration Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises, or Circular 19, which became effective on June 1, 2015 and replaced Circular 142. Circular 19 provides that, the conversion of the Renminbi capital from foreign currency registered capital of foreign-invested enterprises may be at foreign-invested enterprises' discretion, which means that the foreign currency registered capital of foreign-invested enterprises for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry of monetary contribution has been

registered) can be settled at the banks based on the actual operational needs of the enterprises. However, Circular 19 maintains the restriction that Renminbi converted from foreign exchange capital contributions of foreign invested enterprises can only be applied to activities within the approved business scope of the relevant foreign invested enterprise and cannot be used for domestic equity investment or acquisition.

***You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us, our directors and our senior management***

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, the substantial majority of our directors and senior management reside within China. As a result, it may not be possible for investors to effect service of process outside China upon the substantial majority of our directors and senior management. Moreover, China does not have treaties with the United States, the United Kingdom or many other countries providing for the reciprocal recognition and enforcement of the judgment of courts. As a result, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult.

***The national and regional economies in China may be adversely affected by an outbreak of epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects***

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of floods, earthquakes, fires, droughts, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, H5N1 or H7N9 avian flu, the swine flu, also known as Influenza A (H1N1), the Ebola virus disease or, most recently, the novel coronavirus named COVID-19 by the World Health Organization. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. As a result, sales offices and construction of our development projects may have been temporarily shut down. Moreover, supply of our raw materials and productivity of our employees were adversely affected. As a result, the completion of our projects may have been delayed and sales might be lower than expected, which in turn could result in substantial increase in our development costs, late delivery of properties and/or otherwise adversely affect our profitability and cash flows. Further, our customers may face financial difficulties, which may in turn result in a reduction in demand for our properties. Customers who had previously entered into contracts to purchase properties may default on their purchase contracts if the economic situation further deteriorates as a result of the epidemic. In addition, the COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. As a consequence, the Company's sales revenue rebounded since then. However, there can be no assurance that this recovery momentum will continue in the future. Given the high uncertainties associated with the COVID-19 epidemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should any disruption to our operations reoccur, it may materially and adversely affect our results of operations and financial condition and may also cause reputation damage.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Another public health crisis in China triggered by a recurrence or an outbreak of epidemics, including the ongoing COVID-19, especially in the cities where we have operations, may result in material disruptions to our property development and sales. In addition, the ongoing COVID-19 outbreak on a global scale has resulted in worldwide restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Global capital markets have experienced and may continue to experience negative investor sentiment, significant volatility and liquidity disruptions. This may adversely affect our ability to access capital markets for funding, which may in turn have a negative effect on our liquidity. 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 may be adversely affected by fluctuations in the global economy and financial markets***

The global economy and financial markets have experienced significant disruptions in recent years. Economic growth in many countries continues to be adversely affected. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of the world's leading economies. In addition, ongoing international trade disputes, including tariff actions announced by the United States, the PRC and certain other countries, and the uncertainties created by such disputes may adversely affect the economies in jurisdictions in which we operate as well as global markets and economic conditions. Such and other similar international trade disputes may also cause disruptions in the international flow of goods and services, which may in turn adversely affect the sale of our properties and/or the procurement of raw materials required for our business operations.

Furthermore, in the wake of the United Kingdom's exit from the European Union on January 31, 2020 ("Brexit") and with the transition period ended on December 31, 2020, there remains uncertainty about the future relationship between the United Kingdom and the European Union. Negotiations are ongoing to determine the future terms of the United Kingdom's relationship with the European Union. Until these negotiations are concluded, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. The outlook for the world economy and financial markets remains uncertain. The uncertainty during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets. Such volatility and negative economic developments could, in turn, materially adversely affect our business, prospects, financial condition or results of operations. In addition, this could adversely affect our access to the debt capital markets and may increase our funding costs, having a negative impact on our revenue and financial condition.

## **Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees**

***We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries***

We are a holding company with no material operations. We conduct our operations through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiaries Guarantors. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have significant 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 PRC 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 at December 31, 2020, the Non-Guarantor Subsidiaries had total debt of approximately RMB41,221 million (US\$6,317 million) and capital commitments of approximately RMB7,140 million (US\$1,094 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 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 the Company or any Restricted Subsidiary (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 shares or 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 at 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.

In addition, creditors of all our subsidiaries and any holders of preferred shares in our subsidiaries, except for those of a Subsidiary Guarantor, would have a claim over our subsidiaries' assets that would be prior to the claims of holders of the Notes.

***We have substantial indebtedness and 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***

We will continue to have after the offering of the Notes, a substantial amount of indebtedness. As at December 31, 2020, our total borrowings included in non-current borrowings and current borrowings were RMB16,534.4 million (US\$2,534 million). We incurred further indebtedness after December 31, 2020.

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;
- 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 indentures governing 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 do not typically include such unrealized gains in the definition of consolidated net income. In addition, because our definition of Consolidated Interest Expense for the Notes, excludes the interest expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense is actually paid by us), 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, we may not generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, 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. For example, we may not be able to satisfy the Fixed Charge Coverage Ratio requirement for ratio debt immediately after the issuance of the Notes, in which case, we will have to rely on Permitted Indebtedness provisions to incur any additional debt. Certain of our financing arrangements also impose operating and financial restrictions on our business. 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 Company is a holding company that relies on payment from our subsidiaries and joint ventures for funding and limitations on the ability of our PRC subsidiaries and joint ventures to pay dividends or repay intercompany loans or advances to us may have a material adverse effect on our ability to conduct our business***

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, as well as certain joint ventures, 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. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments on the Notes. We also derive a significant portion of our profit before income tax from our shares of the results of certain joint ventures and associates, which we do not control. These restrictions could reduce the amounts that we receive from our subsidiaries and joint ventures, which would restrict our ability to meet our payment obligations under the Notes.

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



subsidiaries to their non-PRC parent companies will be 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 a double tax treaty 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%, subject to prior approvals from competent local tax authorities. In addition, some of our PRC subsidiaries are subject to certain restrictions on dividend distribution under their loan agreements with the relevant banks. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy our obligations under the Notes 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.

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 and joint ventures 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 the JV Subsidiary Guarantees (as the case may be). Any limitation on the ability of our PRC subsidiaries and joint ventures to pay dividends to us may also materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses or otherwise fund and conduct our business.

#### ***The Renminbi is not a freely convertible currency***

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. dollar and Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover twenty provinces and cities in China and to make Renminbi trade and other current account item settlement available in all countries worldwide. On December 3, 2013, the MOFCOM promulgated the Announcement on Issues Concerning Cross-border RMB Direct Investment (Announcement of the Ministry of Commerce [2013] No. 87) (《關於跨境人民幣直接投資有關問題的公告》商務部公告2013年第87號) (the “MOFCOM Announcement”) to further facilitate Renminbi inbound direct investments by foreign investors. On October 13, 2011, the PBOC promulgated the Administrative Measures on Settlement of Cross-Border Renminbi Direct Investment (PBOC Announcement 2011 No. 23) (《外商直接投資人民幣結算業務管理辦法》中國人民銀行公告[2011]23號) (the “PBOC Measures”) and amended in 2015 to set forth rules for settlements of Renminbi inbound direct investments. The

MOFCOM Announcement and the PBOC Measures provide more detailed rules for cross-border Renminbi direct investments and settlements. We cannot assure you whether the relevant PRC authorities will adopt any other new regulations or rules to loosen or further strengthen the administration on the remittance of Renminbi for foreign direct investments.

***We may be subject to risks presented by fluctuations in exchange rates between the Renminbi and other currencies, particularly the U.S. dollar***

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from May 18, 2007, the 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 the PBOC. The floating band was widened to 1.0% on April 16, 2012 and revised to 2.0% on March 17, 2014. The exchange rate of Renminbi-to-U.S. dollar dropped significantly recently. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. Currently, we do not adopt any hedging instruments to reduce our foreign exchange risk exposure. Following the offering of the Notes, in the future we may purchase derivative financial instruments or enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar-denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the Indenture governing the Notes.

***We may not be able to repurchase the Notes upon a Change of Control***

We must offer to purchase the Notes upon the occurrence of a Change of Control, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the Notes.” The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any Change of Control to make purchases of outstanding Notes. Our failure to make the offer to purchase or 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 Change of Control for purposes of the Indenture governing the Notes 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, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the indenture governing the Notes 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.

***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 subsidiaries in the PRC to obtain and remit sufficient foreign currency to pay dividends to us and to repay shareholder loans. Our PRC subsidiaries must present certain documents to the SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC (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 the 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 under certain circumstances) 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 our existing 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, including the indenture governing the Notes, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated***

If we are unable to comply with the restrictions and covenants in the Indenture governing the Notes, or our current or future debt obligations and other agreements (including the indenture the Notes), 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 borrowed 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 and other debt agreements, 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 indentures governing the Notes and other debt agreements include a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur additional indebtedness and issue disqualified or preferred stock;
- make investments, dividend payments 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 or enter into other cooperative arrangements. As part of our business strategy, we may also invest in other businesses that we believe are suitable. 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) or other third parties and such entities may or may not be Restricted Subsidiaries. Although the indenture governing the Notes 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. Subject to certain conditions, we are also permitted to make investments in any minority owned joint venture which are Franchise Companies

(as defined in the “Description of the Notes”) that are engaged in property development, of which we, through contractual agreements, directly or indirectly, controls and managers operations. See the definition of “Permitted Investment” in “Description of the Notes.”

***The terms of the Notes permit us 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 an aggregate amount up to 25.0% of our profit for the immediate prior fiscal year without satisfying the Fixed Charge Coverage Ratio. With such an exception, we may be able to 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.

***We may elect to redeem the Notes prior to their maturity***

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 Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be the case prior to any redemption period. The date on which the Company elects to redeem the Notes may not accord with the preference of particular Noteholders. We may be expected to redeem Notes when the current financing cost is lower than the interest rate on the Notes. In such case, a Noteholder 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 reinvest so at a significantly lower rate. It may therefore cause a negative financial impact on the holders of the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

***The short term nature of the Notes may place increased pressure on our cash flow and funding needs***

The Notes have a maturity date of less than one year. Our ability to repay the Notes and to meet our other debt service obligations depends on our future operating and financial performance and ability to generate cash in the short term, which are affected by general economic, financial, competitive and other factors beyond our control. Dedicating a substantial portion of our cash flow to making payments on our debt, including the Notes, within a short period would limit the availability of funds for working capital, business opportunities and other general corporate purposes, increase our vulnerability to adverse general economic or industry conditions, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, and potentially increase our cost of borrowing. In addition, the availability of external financing with which to repay our debt financing, including the Notes, is subject to numerous factors, including general political, economic and capital market conditions (both internationally and within the PRC), interest rates, credit availability from banks and other major lenders and investor confidence in us and our business, some of which may be outside our control. In addition, the issuance of the Notes has not been registered with National Development and Reform Commission (the “NDRC”) of the PRC pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt 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發改外資[2015]2044號》) (the “NDRC Notice”) as the NDRC Notice only applies to offshore offerings of debt by PRC enterprises with a tenor of one year or above. However,

uncertainties remain regarding its interpretation, implementation and enforcement by the NDRC, and, in particular, there is a risk that the NDRC could in the future amend the rules relating to the NDRC Notice or the interpretation thereof (including with retroactive effect), such that debt instruments similar to the Notes will be subject to the registration and other requirements under the NDRC Notice.

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

The Notes are a new issue of securities for which there is currently no trading market. Although application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, a liquid trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower the initial issue price depending on many factors, including prevailing interest rates, our operations and the market for similar securities. Further, the Notes may be allocated to a limited number of investors, in which case liquidity may be limited. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions.” We cannot predict whether an active trading market for the Notes will develop or be sustained.

***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 the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 any class of capital stock 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, may not be captured by such covenant, even though they may be connected transactions under the Listing Rules and subject to any requirements under the Listing Rules 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.

***Certain initial investors may own a majority of the Notes to be issued and may therefore be able to exercise certain rights and powers on behalf of all holders of the Notes. Additionally, this may reduce the liquidity of the Notes in the secondary trading market.***

Certain initial investors may purchase and own a majority of the Notes being offered under this Information Memorandum. Any holder of a majority in aggregate principal amount of the Notes will have certain rights and powers under such Indenture and related documents. For example, subject to certain exceptions, the holders of a majority in aggregate principal amount of the 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. In addition, as described in “Description of the Notes”, the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the holders of a majority in aggregate principal amount of the Notes, and any Default or Event of Default or compliance with any provision of such Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be waived with the consent of the holders of a majority in aggregate principal amount of the Notes, subject in each case to certain exceptions. Accordingly, any holder that holds a majority in aggregate principal amount of the Notes will be able to exercise such rights and powers on behalf of all holders of the Notes and control the outcome of votes on such matters.

In addition, any holder that holds a significant percentage of the Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by holders of the Notes. For example, holders of at least 25% in aggregate principal amount of the Notes may declare all of the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing. Additionally, the existence of any such significant holder may reduce the liquidity of the relevant series of Notes in the secondary trading market. If such holder sells a material portion of the Notes at any one time, it may materially and adversely affect the trading price of the Notes.

***The insolvency laws of the Cayman Islands, British Virgin Islands and other local insolvency laws may differ from the United States bankruptcy laws or those of another jurisdiction with which holders of the Notes are familiar***

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

***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, 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.

***The Trustee may request the holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, the Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it will take actions on their behalf. The Trustee will not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. Further, the Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Indenture or in circumstances where there is uncertainty or dispute as to such actions' compliance with applicable laws and regulations. In such circumstances, to the extent permitted by any applicable agreements or applicable laws, it will be for the holders of the Notes to take such actions directly.



***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 Information Memorandum has been prepared in accordance with HKFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this Information Memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and U.S. GAAP or between HKFRS 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 HKFRS and U.S. GAAP or between HKFRS and other GAAPs and how those differences might affect the financial information contained in this Information Memorandum.

***We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to debt securities listed in certain other countries***

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will be subject to continuing listing obligations in respect of the Notes. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

***Under the EIT Law we may be classified as a “resident enterprise” of the PRC, which could result in unfavorable tax consequences to us and our non-PRC holders of the Notes***

Under the EIT Law, an enterprise established outside of China with “de facto management organization” located within China will be considered a “resident enterprise” in the PRC and consequently will be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC enterprises. However, no definition of “management body” has been provided for enterprises established offshore by individuals or foreign enterprises such as us. Therefore, it is uncertain whether we will be deemed as a PRC “resident enterprise” for the purposes of the EIT Law. If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income from sources outside the PRC, such as income from any investment outside the PRC of any portion of the offering proceeds, would be subject to PRC enterprise income tax at a rate of 25%, whereas no direct tax is imposed on enterprises under the laws of the Cayman Islands.

***Interest paid by us to our foreign investors and gain on the sale of our Notes may be subject to taxation under PRC tax laws***

Under the EIT Law, if we are deemed as a “resident enterprise” in the PRC, PRC withholding tax at the rate of 10% (or lower treaty rate, if any) might be applicable to interest paid by us to investors that are “non-resident enterprises” if 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 “non-resident enterprise” investors would be subject to a 10% PRC tax if we were treated as a PRC “resident enterprise” and such gain is regarded as income derived from sources within China. In the case of “non-resident individual” investors, the PRC income tax on interest and gains may be imposed at a rate of 20% (or lower treaty rate, if any). If we were a PRC “resident enterprise” and were required under the EIT Law to withhold PRC income tax on interest payable to our Note holders, we would be required to, subject to certain exceptions, pay such additional amounts as would 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” under the EIT Law, 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 or interpretations of tax law, including any change or interpretation or the stating of an 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 be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

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

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying 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 notes representing the Notes and credited by such participants to indirect participants. After payment to the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and 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 a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. 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.

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. In addition, certain of our future offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the Notes (other than Exempted Subsidiaries and Listed Subsidiaries) do not exceed 20% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors which 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 obligations under Notes if we are unable to do so.

Under the terms of the Notes, the Company may elect not to cause any future Restricted Subsidiary organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) provide any guarantee for the Notes and 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 (other than Exempted Subsidiaries and Listed Subsidiaries) 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 may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of certain minority interest in such subsidiary (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee provided by a JV Subsidiary Guarantor and its shareholder and subsidiaries 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 at the date of our last fiscal year-end. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared with a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes. See “— Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.”

***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 or where insolvency proceedings may be commenced with respect to any such Subsidiary Guarantor or JV subsidiary Guarantor, 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 and, as a result, such guarantee would be rendered void.

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**

The gross proceeds from this offering will be US\$99,986,000. We intend to use the net proceeds, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, to refinance our existing indebtedness and for general corporate purposes.

We may adjust our development plans in response to changing market conditions and therefore reallocate the use of the proceeds.

## EXCHANGE RATE INFORMATION

### PRC

The PBOC sets and publishes daily a central parity 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. Since 1994, the conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investment, loans or securities, requires the approval of the State Administration for Foreign Exchange and other relevant authorities. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to that of the U.S. dollar. Under the policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies determined by PBOC. 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 business day, and makes it the central parity rate for the trading against the Renminbi on the following business day. On May 18, 2007, PBOC announced that the floating band of Renminbi trading prices against the U.S. dollar in the interbank spot foreign currency exchange market would be increased from 0.3% to 0.5% from May 21, 2007. This allowed the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. On June 19, 2010, PBOC announced that it intends to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate. According to this announcement, PBOC will place more emphasis on reflecting market supply and demand with reference to a basket of currencies and continue dynamic management and adjustment of exchange rate floating practice according to published exchange rate floating bands in foreign exchange markets. The floating band was further widened to 1.0% on April 16, 2012.

On March 15, 2014, PBOC announced that since March 17, 2014, the floating band of inter-bank spot foreign exchange market trading price of RMB against U.S. dollar was further widened from 1% to 2%. On each business day, the spread between the Renminbi and U.S. dollars buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3% of published central parity of U.S. dollar on that day, instead of 2%. PBOC may continue to promote the market-based Renminbi exchange rate regime, enhance the flexibility of Renminbi exchange rate in both directions, and keep the Renminbi exchange rate basically stable at an adaptive and equilibrium level. On August 11, 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Since 2016, Renminbi has experienced further fluctuation in value against the U.S. dollar specially the US-China trade war has brought more uncertainty. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

<b>Period</b>	<b>Noon Buying Rate</b>			
	<b>Period end</b>	<b>Average<sup>(1)</sup></b>	<b>Low</b>	<b>High</b>
	<i>RMB per US\$1.00</i>			
2015 .....	6.4778	6.2869	6.1870	6.4896
2016 .....	6.9430	6.6400	6.4480	6.9580
2017 .....	6.5063	6.7350	6.4773	6.9575
2018 .....	6.8755	6.6090	6.2649	6.9737
2019 .....	6.9618	6.9014	7.1786	6.6822
2020 .....	6.5250	6.9042	6.5208	7.1681
2021 .....				
January .....	6.4282	6.4672	6.4282	6.4822
February .....	6.4730	6.4601	6.4344	6.4869
March .....	6.5518	6.5109	6.4648	6.5716
April .....	6.4749	6.5186	6.5649	6.4710
May .....	6.3674	6.4321	6.4749	6.3674
June (through 18 June) .....	6.4525	6.4022	6.3796	6.4525

*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 table below sets forth our consolidated current borrowings and capitalization as at December 31, 2020:

- on an actual basis; and
- on an adjusted basis to give effect to the issuance of the Notes and receipt of the gross proceeds from this offering before deducting the underwriting discounts and commissions and other estimated expenses relating to this offering payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Information Memorandum.

	<b>As at December 31, 2020</b>			
	<b>Actual</b>		<b>As adjusted</b>	
	<i>(RMB'000)</i>	<i>(US\$'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
<b>Current liabilities</b>				
Bank loans and other borrowings . . . . .	3,255,522	498,931	3,255,522	498,931
Bonds payable . . . . .	931,544	142,765	931,544	142,765
Due to Fuzhou Sansheng . . . . .	650,000	99,617	650,000	99,617
Notes to be issued . . . . .	–	–	652,500	100,000
<b>Total current indebtedness . . . . .</b>	<b>4,837,066</b>	<b>741,313</b>	<b>5,489,566</b>	<b>841,313</b>
<b>Non-current liabilities</b>				
Bank loans and other borrowings . . . . .	13,278,836	2,035,071	13,278,836	2,035,071
Bonds payable . . . . .	459,828	70,472	459,828	70,472
Due to Fuzhou Sansheng . . . . .	2,420,193	370,911	2,420,193	370,911
<b>Total non-current indebtedness . . . . .</b>	<b>16,158,857</b>	<b>2,476,454</b>	<b>16,158,857</b>	<b>2,476,454</b>
<b>Total indebtedness<sup>(1)</sup></b>	<b>20,995,923</b>	<b>3,217,767</b>	<b>21,648,423</b>	<b>3,317,767</b>
<b>Capital and Reserves</b>				
Share capital . . . . .	39,354	6,031	39,354	6,031
Reserves . . . . .	2,019,736	309,538	2,019,736	309,538
<b>Total equity attributable to equity shareholders of the Company . . . . .</b>	<b>2,059,090</b>	<b>315,569</b>	<b>2,059,090</b>	<b>315,569</b>
<b>Non-controlling interests . . . . .</b>	<b>4,102,814</b>	<b>628,784</b>	<b>4,102,814</b>	<b>628,784</b>
<b>Total Equity . . . . .</b>	<b>6,161,904</b>	<b>944,353</b>	<b>6,161,904</b>	<b>944,353</b>
<b>Total capitalisation<sup>(2)</sup> . . . . .</b>	<b>22,320,761</b>	<b>3,420,807</b>	<b>22,320,761</b>	<b>3,420,807</b>

Notes:

- (1) Total indebtedness equals total current liabilities plus total non-current liabilities.
- (2) Total capitalization equals total non-current liabilities plus total equity.

Since December 31, 2020, we have incurred additional indebtedness and repaid some of our existing indebtedness. In addition, we have incurred, and will continue to incur, indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business. Except as otherwise disclosed in this Information Memorandum, there has been no material adverse change in our capitalization since December 31, 2020.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated financial and other data. The consolidated financial information of the Group as at and for the years ended December 31, 2019 and 2020 has been extracted from the Group's 2020 Annual Financial Statements. The Group's 2020 Annual Financial Statements were prepared and presented in accordance with HKFRS and have been audited by KPMG, our independent auditor.

### Summary Consolidated Statement of Profit or Loss

	Year ended December 31,		
	2019	2020	2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>Revenue</b> . . . . .	2,337,641	8,778,600	1,345,379
Cost of sales . . . . .	(1,454,241)	(6,280,703)	(962,560)
<b>Gross profit</b> . . . . .	883,400	2,497,897	382,819
Net valuation gain on investment properties . . . . .	47,602	48,801	7,479
Other income . . . . .	50,386	74,876	11,476
Selling and marketing expenses . . . . .	(407,334)	(495,583)	(75,951)
Administrative expenses . . . . .	(225,381)	(362,660)	(55,580)
<b>Profit from operations</b> . . . . .	348,673	1,763,331	270,243
Finance costs . . . . .	(32,436)	(59,708)	(9,151)
Share of profit less losses of joint ventures . . . . .	(6,428)	(13,634)	(2,090)
<b>Profit before taxation</b> . . . . .	309,809	1,689,989	259,002
Income tax . . . . .	(312,769)	(839,061)	(128,592)
<b>(Loss)/profit for the year</b> . . . . .	(2,960)	850,928	130,410
<b>Attributable to:</b>			
Equity shareholders of the Company . . . . .	39,906	809,237	124,021
Non-controlling interests . . . . .	(42,866)	41,691	6,389
<b>(Loss)/profit for the year</b> . . . . .	(2,960)	850,928	130,410
<b>Earnings per share</b>			
Basic (RMB) . . . . .	0.08	1.65	US\$0.25

**Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>(Loss)/profit for the year . . . . .</b>	(2,960)	850,928	130,410
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations . . . . .	3,758	52,262	8,010
<b>Other comprehensive income for the year . . . . .</b>	3,758	52,262	8,010
<b>Total comprehensive income for the year . . . . .</b>	798	903,190	138,420
<b>Attributable to:</b>			
Equity shareholders of the Company . . . . .	43,664	861,499	132,031
Non-controlling interests . . . . .	(42,866)	41,691	6,389
<b>Total comprehensive income for the year . . . . .</b>	798	903,190	138,420

## Summary Consolidated Statement of Financial Position

	As at December 31,		
	2019	2020	2020
	(RMB'000) (restated)	(RMB'000)	(US\$'000)
<b>Non-current assets</b>			
Investment properties . . . . .	2,097,762	2,389,545	366,214
Other property, plant and equipment . . . . .	859,599	938,787	143,875
Properties under development . . . . .	110,312	110,312	16,906
Prepaid lease payments . . . . .	449,480	434,981	66,664
Interests in joint ventures . . . . .	209,442	536,591	82,236
Deferred tax assets . . . . .	161,314	547,132	83,852
	<b>3,887,909</b>	<b>4,957,348</b>	<b>759,747</b>
<b>Current assets</b>			
Inventories and other contract costs . . . . .	25,361,722	38,318,281	5,872,533
Trade and other receivables . . . . .	1,891,536	5,033,465	771,413
Prepaid lease payments . . . . .	14,499	14,499	2,222
Prepaid tax . . . . .	406,271	662,294	101,501
Financial assets at fair value through profit or loss . . . . .	46,749	85,420	13,091
Restricted deposits . . . . .	424,216	119,217	18,271
Cash and cash equivalents . . . . .	1,689,327	7,385,858	1,131,932
	<b>29,834,320</b>	<b>51,619,034</b>	<b>7,910,963</b>
<b>Current liabilities</b>			
Bank loans and other borrowings . . . . .	3,716,142	3,255,522	498,931
Bonds payable . . . . .	676,229	931,544	142,765
Due to Fuzhou Sansheng . . . . .	–	650,000	99,617
Trade and other payables . . . . .	6,028,862	7,133,975	1,093,330
Lease liabilities . . . . .	6,408	3,252	498
Contract liabilities . . . . .	14,026,502	20,204,783	3,096,518
Current taxation . . . . .	963,273	1,731,768	265,405
	<b>25,417,416</b>	<b>33,910,844</b>	<b>5,197,064</b>
<b>Net current assets</b> . . . . .	<b>4,416,904</b>	<b>17,708,190</b>	<b>2,713,899</b>
<b>Total assets less current liabilities</b> . . . . .	<b>8,304,813</b>	<b>22,665,538</b>	<b>3,473,646</b>
<b>Non-current liabilities</b>			
Bank loans and other borrowings . . . . .	5,571,550	13,278,836	2,035,071
Bonds payable . . . . .	323,945	459,828	70,472
Due to Fuzhou Sansheng . . . . .	–	2,420,193	370,911
Derivative financial liabilities . . . . .	14,018	–	–
Lease liabilities . . . . .	13,743	10,727	1,644
Deferred tax liabilities . . . . .	187,830	334,050	51,195
	<b>6,111,086</b>	<b>16,503,634</b>	<b>2,529,293</b>
<b>NET ASSETS</b> . . . . .	<b>2,193,727</b>	<b>6,161,904</b>	<b>944,353</b>

	<b>As at December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>CAPITAL AND RESERVES</b>			
Share capital .....	35,154	39,354	6,031
Reserves .....	1,901,927	2,019,736	309,538
<b>Total equity attributable to equity shareholders</b>			
<b>of the Company</b> .....	<b>1,937,081</b>	<b>2,059,090</b>	<b>315,569</b>
<b>Nonn-controlling interests</b> .....	<b>256,646</b>	<b>4,102,814</b>	<b>628,784</b>
<b>TOTAL EQUITY</b> .....	<b>2,193,727</b>	<b>6,161,904</b>	<b>944,353</b>

## Summary Consolidated Cash Flow Statement

	Year ended December 31,		
	2019	2020	2020
	(RMB'000)	(RMB'000)	(US\$'000)
	(restated)		
<b>Operating activities</b>			
Cash generated from/(used in) operations . . . . .	1,481,971	(5,177,514)	(793,489)
Tax paid . . . . .	(442,159)	(350,341)	(53,692)
<b>Net cash generated from/(used in)</b>			
<b>operating activities . . . . .</b>	<b>1,039,812</b>	<b>(5,527,855)</b>	<b>(847,181)</b>
<b>Investing activities</b>			
Expenditure on property, plant and equipment . . . . .	(141,634)	(133,568)	(20,470)
Expenditure on investment properties . . . . .	–	(190,848)	(29,249)
Disposal of property, plant and equipment . . . . .	2,889	505	77
Purchase of financial assets at fair value			
through profit or loss. . . . .	(3,464)	(44,317)	(6,792)
Withdrawal of financial assets at fair value			
through profit or loss. . . . .	60,223	5,646	865
Investments in joint ventures. . . . .	(73,302)	(444,746)	(68,160)
Settlement of shareholder's loans to joint ventures . . . . .	133,353	90,329	13,844
Payment for acquisition of subsidiaries,			
net of cash acquired. . . . .	(95,764)	(586,576)	(89,897)
Interest received . . . . .	7,036	9,832	1,507
Dividend received. . . . .	147	–	–
<b>Net cash used in investing activities. . . . .</b>	<b>(110,516)</b>	<b>(1,293,743)</b>	<b>(198,275)</b>
<b>Financing activities</b>			
Capital element of lease rentals paid. . . . .	(5,668)	(6,172)	(946)
Interest element of lease rentals paid . . . . .	(1,134)	(1,416)	(217)
Proceeds from bank loans and other borrowings . . . . .	10,087,258	15,035,093	2,304,230
Repayment of bank loans and other borrowings . . . . .	(9,587,386)	(7,788,427)	(1,193,629)
Proceeds from Fuzhou Sansheng. . . . .	8,493,035	3,284,508	503,373
Repayment to Fuzhou Sansheng . . . . .	(9,208,788)	(1,068,492)	(163,754)
Proceeds from bonds issue . . . . .	323,167	459,828	70,472
Repayment of bonds . . . . .	(243,384)	–	–
Capital injection from controlling shareholder . . . . .	30,000	–	–
Capital injection from non-controlling interests . . . . .	308,108	3,810,701	584,015
Interest paid . . . . .	(1,016,330)	(1,206,669)	(184,930)
Dividend paid to controlling shareholders of			
Time Fortune Investments Limited . . . . .	(50,000)	–	–
<b>Net cash (used in)/generated from</b>			
<b>financing activities. . . . .</b>	<b>(871,122)</b>	<b>12,518,954</b>	<b>1,918,614</b>

	<b>Year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>58,174</b>	<b>5,697,356</b>	<b>873,158</b>
<b>Cash and cash equivalents at January 1, . . . . .</b>	<b>1,631,717</b>	<b>1,689,327</b>	<b>258,901</b>
<b>Effect of foreign exchange rate changes. . . . .</b>	<b>(564)</b>	<b>(825)</b>	<b>(127)</b>
<b>Cash and cash equivalents at December 31 . . . . .</b>	<b>1,689,327</b>	<b>7,385,858</b>	<b>1,131,932</b>

## 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 Information 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 HKFRS, which differ in certain material respects from generally accepted accounting principles in other jurisdictions. In this section of the Information Memorandum, references to “2019” and “2020” refer to our financial years ended December 31, 2019 and 2020, respectively.*

### OVERVIEW

We are a leading comprehensive property developer in Fujian Province, focusing primarily on property development and sale, and property investment. Building on 33 years of experience, we have become a leading comprehensive property developer in Fujian Province and are systematically expanding into the broader Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and key hub cities. We have established a distinctive brand image of developing properties with the strong support from Sansheng Group, based on its solid integration capabilities on property development, operation and investment. As a large and diversified enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development.

Over the years we have accumulated a large customer base by consistently delivering quality projects to our customers, with our in depth understanding of the property markets and development trends in the regions which we operate. With proven track record and strong execution capabilities, we have won many industry awards which have enhanced our brand awareness. For the year ended December 31, 2020, we received a number of awards, including “Top 30 Most Valuable Real Estate Enterprise for Investment in China” issued by Guandian.cn (觀點指數), “Valuable Listed Real Estate Company for the year of 2020” issued by Daily Economic News (每日經濟新聞), “Listed Real Estate Enterprise with Great Growth Potential for the year of 2020 in China” jointly issued by China Real Estate Association and Leju Finance (樂居財經), “Top 10 Listed Real Estate Enterprise with Great Development and Growth Capability for the year of 2020 in China” issued by Yihan Think Tank, “2020 ESG Excellence Enterprise” jointly issued by New Real Estate Caijing(新地產財經) and Caijing.com.cn (財經網), “2020 Social Responsible Enterprise Awards” issued by International Finance News of the People’s Daily (人民日報社《國際金融報》), and “2020 China Real Estate Industry Leading Model Enterprise in Combating Pandemic, Respectable Real Estate Enterprises” issued by China Real Estate Business (中國房地產報).

We engaged in the property development and sale business primarily through Fuzhou Shangsheng Investment Co., Ltd (福州上盛投資有限公司) and its subsidiaries. For the year ended December 31, 2020, we recorded contracted sales of approximately RMB17,526 million, and a contracted sales area of approximately 1.4 million sq.m., of which 0.6 million sq.m. was located in Fujian Province and 0.3 million sq.m. was located in Jiangsu Province. The contracted but unrecognized sales of us amounted to RMB24,128.0 million and the estimated contracted GFA of us was approximately 1,953,387 sq.m. As at December 31, 2020, we had a total of 52 property projects that are held for sale, under development and



held for future development. Total site area of our land bank was approximately 3,349,955 sq.m and the planned total GFA was approximately 9,566,846 sq.m. We believe that our large-scale and strategically located land reserve will provide us with a sufficient project development pipeline in the foreseeable future and contribute to our continued business growth.

We engaged in the property investment business primarily through Harbin Lifu Commercial Building Co., Ltd. (哈爾濱利福商廈有限公司), Jiabiao Commercial Building (Qingdao) Co., Ltd. (嘉標商廈(青島)有限公司), Fujian Shengcheng Real Estate Development Co., Ltd.(福建盛創房地產開發有限公司), Yangzhou Sansheng Real Estate Development Co., Ltd. (揚州三盛房地產開發有限公司), Yantai Shengxiang Real Estate Co., Ltd.(煙臺盛祥置業有限公司), Fujian Oversea-Chinese Real Estate Development Co., Ltd. (福建閩僑房地產開發有限公司), Chengdu Jisheng Real Estate Co., Ltd. (成都吉盛置業有限公司), Hangzhou Xiaolin Real Estate Co., Ltd. (杭州蕭麟置業有限公司) and Gaoli Co., Ltd (高利有限公司). Our portfolio of investment properties comprises nine investment properties in Hong Kong and Mainland China. The investment properties in Harbin, Qingdao and Chengdu have been fully leased out, while only part of the investment properties in Fuzhou and Yangzhou have been leased out. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income. For the year ended December 31, 2020, we recorded unrealized net fair value gain on investment properties in Chengdu, Fuzhou, Harbin, Hangzhou, Yantai and Yangzhou of RMB48.8 million. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income.

For the years ended December 31, 2019 and 2020, our revenue was RMB2,337.6 million and RMB8,778.6 million (US\$1,345.4 million), respectively. Our total assets increased from RMB33,722.2 million as at December 31, 2019 to RMB56,576.4 million (US\$8,670.7 million) as at December 31, 2020. Our gross profit increased from RMB883.4 million in 2019 to RMB2,497.9 million (US\$382.8 million) in 2020. Our gross profit margin decreased from 37.8% in 2019 to 28.5% in 2020.

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

Our business, financial conditions and results of operations have been, and we expect will continue to be, affected by a number of key factors and material risks. See “Risk Factors.” We highlight some of the key factors and material risks below.

### **National and Regional Economic Conditions and Property Market in the PRC**

We derive most of our revenue from our operations in the PRC, therefore our business, financial condition and results of operations depend heavily on the economic conditions in the PRC, particularly in the regions and cities where we operate.

Given our revenue mainly derived from sales of properties, our business, financial condition and results of operations depend heavily on the property market in the PRC as well. The overall economic growth in the PRC and the rate of urbanization, being the key drivers of the property market in the PRC, will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply and demand

for properties and property pricing trends in the cities and regions where we operate. See *“Risk Factors — Risks Relating to Our Business — We are and will continue to be dependent on the performance of the PRC property market, particularly in Fujian province and the other regions where we operate and intend to operate, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our results of operations, financial condition and business prospects.”* If we fail to respond to changes in market conditions in a timely manner, there may be a material and adverse effect on our business, results of operations and financial conditions.

### **Ability to Acquire Suitable Land at Reasonable Cost**

As the property development and sale business is our largest business segment, our continued growth and profitability depend to a large extent on our ability to continue to acquire quality land at reasonable cost. Land acquisition cost is one of the primary components of our operating costs of properties. Cost of land depends on factors such as land use, location and form of land use right and can significantly affect a property’s profit margin. We have been historically able to acquire land reserves at relatively low costs. We expect competition among property developers to remain intense for land reserves that are suitable for property development, thus increasing the cost of land acquisition going forward. In addition, land supply policies of the PRC government may affect the level of competition for land in the PRC among property developers. In March 2010, the Ministry of Land and Resources promulgated a notice to strictly regulate the transfer of land for commercial housing. According to the notice, the area of a parcel of land granted for commodity residential development should be strictly restricted in accordance with the catalogue of restricted use of land and the minimum price of the land transfer should not be less than 70% of the benchmark price of the place where the land being transferred is located, and the real estate developer’s bid deposit should not be less than 20% of the minimum transfer price. See *“Regulation.”* These changes of policy may materially and adversely affect our cash flow and our ability to acquire suitable land for our operations.

### **Operating costs**

Apart from land costs, our results of operations are also significantly affected by the construction costs relating to properties sold, as well as operating costs such as the costs of commodities and labor relating to our trading and education service businesses, respectively.

Construction costs typically consist of costs for the design and construction of projects, including primarily payments to third-party contractors and architects. Construction costs of our projects vary according to not only the floor area and height of the buildings, but also the geology of the construction site. Our construction costs are affected by price volatility of construction materials such as steel and cement because we procure most construction materials from suppliers directly. Our construction costs have also been, and we expect will continue to be, affected by rising labor costs in the PRC. In addition, while we work closely with our external contractors and monitor the quality and progress of the construction and design processes, the contractors could introduce a performance risk which could have an adverse effect on our results of operations. See *“Risk Factors — Risks Relating to Our Business — We rely on third-party contractors and any failure by these contractors to provide satisfactory services, our reputation, business, results of operations and financial condition may be adversely affected.”*

Operating costs relating to our trading business varies to a larger extent depending on the market price of the commodities. We consider it important to obtain from our suppliers sufficient quantities of high-quality commodities in a timely manner and at competitive prices. The market prices of our key trading commodities, nonferrous metals and chemical products, are influenced by many factors, including the supply of and demand for such commodities, speculative activities by market participants, global political and economic conditions and related industry cycles and production costs in major producing countries. Price variations and market cycles have historically influenced our financial performance and are expected to continue to do so in the future.

### **Timing of Property Development, Pre-sale and Delivery**

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and complexity of the project, and no revenue with respect to such project is recognized until it is completed and delivered to the customers. Therefore, our cash flows and results of operation vary from period to period, subject to the selling prices and the GFA pre-sold/sold and delivered in the relevant periods. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and regulations. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. As a result of the time differences between costs incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

### **Revenue and Product**

We derive our revenue primarily from property development and sale and, to a lesser extent, hotel management, construction and property investment. For the year ended December 31, 2020, we recorded a total revenue of RMB8,778.6 million (US\$1,345.4 million), representing a year-on-year increase of 275.5%. As a result, our results of operations, including particularly our gross margins, and the sources and amount of cash from operations, have varied and may continue to vary significantly from year to year depending on the mix of our revenues from property development and sale, hotel management, construction and property investment. We proactively and closely plan and manage the relative growth of our property development and sale, hotel management, construction and property investment in order to achieve and maintain a desirable revenue mix from these businesses.

With respect to the revenue we generated from sale of properties, we price our properties by taking into account various factors, including prevailing local market prices, supply and demand conditions, the type and positioning of properties being developed. The price of properties in different cities can have significant difference, so are the related construction and land use rights costs. Therefore, our results of operations and cash flows may vary from period to period depending on the types, total GFA and the location of properties delivered and the average selling prices of these properties sold.

## **LAT**

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. The provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

## **CRITICAL ACCOUNTING POLICIES**

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operation, are set forth in detail in the Notes to our consolidated financial statements included in this Information Memorandum. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to certain accounting items. In each case, the determination of these items require management's judgment based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgment, estimation and assumptions and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. See Note 1 to the Group's 2020 Annual Financial Statements included elsewhere in this Information Memorandum, for more details of those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

## RESULT OF OPERATIONS

The following table sets forth our results of operations for the periods indicated which are derived from the consolidated statements of comprehensive income included in this Information Memorandum. Our historical results presented below are not necessarily indicative of future results.

	<b>Year ended December 31,</b>		
	<b>2019</b>	<b>2020</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	(restated)		
<b>Revenue</b> .....	2,337,641	8,778,600	1,345,379
Cost of sales .....	(1,454,241)	(6,280,703)	(962,560)
<b>Gross profit</b> .....	883,400	2,497,897	382,819
Net valuation gain on investment properties .....	47,602	48,801	7,479
Other income .....	50,386	74,876	11,476
Selling and marketing expenses .....	(407,334)	(495,583)	(75,951)
Administrative expenses .....	(225,381)	(362,660)	(55,580)
<b>Profit from operations</b> .....	348,673	1,763,331	270,243
Finance costs .....	(32,436)	(59,708)	(9,151)
Share of profit less losses of joint ventures .....	(6,428)	(13,634)	(2,090)
<b>Profit before taxation</b> .....	309,809	1,689,989	259,002
Income tax .....	(312,769)	(839,061)	(128,592)
<b>(Loss)/profit for the year</b> .....	(2,960)	850,928	130,410

## Revenue

Our revenue is mainly derived from sales of properties, with a small proportion from investment properties rental income, hotel and construction and design services. Our total revenue for the year ended December 31, 2020 amounted to RMB8,778.6 million (for the year ended December 31, 2019 (restated): RMB2,337.6 million). The following table sets forth the operating revenue attributable to each of the components above:

Business lines	For the year ended December 31,				
	2019		2020		
	(RMB'000) (restated)	%	(RMB'000)	(USD'000)	%
Sale of properties . . . . .	2,237,353	95.7%	8,646,232	1,325,093	98.5%
Investment properties rental income. . . . .	91,571	3.9%	89,378	13,698	1.0%
Hotel management . . . . .	8,717	0.4%	22,899	3,509	0.3%
Construction and design services . . . . .	—	—	20,091	3,079	0.2%
<b>Total. . . . .</b>	<b>2,337,641</b>	<b>100.0%</b>	<b>8,778,600</b>	<b>1,345,379</b>	<b>100.0%</b>

The revenue from sales of properties significantly increased by 286.4% to RMB8,646.2 million for the year ended December 31, 2020 from RMB2,237.4 million for the year ended December 31, 2019 (restated), mainly contributed by seven delivered properties located in Chengdu, Fuzhou, Jinan, Ningde, Qingdao and Zhangzhou. Significant increase in revenue from sales of properties was mainly due to more properties completed and delivered when compared to 2019.

Our investment properties rental income decreased by 2.4% to RMB89.4 million for the year ended December 31, 2020 from RMB91.6 million for the year ended December 31, 2019 (restated), it was mainly derived from commercial investment properties in Harbin, Fuzhou, Qingdao and Yangzhou. The decrease was mainly due to less rental income being received from the leased properties in Harbin and Fuzhou in 2020 when compared to 2019.

The hotel revenue increased by 162.7% to RMB22.9 million for the year ended December 31, 2020 from RMB8.7 million for the year ended December 31, 2019 (restated). The increase was mainly due to the hotel operation was commenced in October 2019, and the revenue was only generated for three months in 2019.

The revenue from construction and design services increased to total of RMB20.1 million for the year ended December 31, 2020 from RMB Nil for the year ended December 31, 2019. The increase was mainly due to the provision of such services was only commenced in 2020.

### **Cost of sales**

Our cost of sales increased by 331.9% to RMB6,280.7 million for the year ended December 31, 2020, from RMB1,454.2 million for the year ended December 31, 2019 (restated). The increase in cost of sales was mainly due to substantial increase in the number of properties delivered in 2020 when compared to 2019.

### **Gross profit and gross profit margin**

Our gross profit increased by 182.8% to RMB2,497.9 million for the year ended December 31, 2020 from RMB883.4 million for the year ended December 31, 2019 (restated). The increase in gross profit was mainly due to the increase in properties delivered in 2020, when compared to 2019. The gross profit margin decreased to 28.5% for the year ended December 31, 2020 from 37.8% for the year ended December 31, 2019 (restated), and the decrease was mainly because the average selling price per sq.m. delivered in 2020 was comparatively low, when compared to 2019.

### **Valuation gain on investment properties**

We recorded unrealized net fair value gain on investment properties in Chengdu, Fuzhou, Harbin, Hangzhou, Yantai and Yangzhou of RMB48.8 million and we recorded RMB47.6 million for the year ended December 31, 2019 (restated).

### **Other income**

Our other income increased by 48.6% to RMB74.9 million for the year ended December 31, 2020 from RMB50.4 million for the year ended December 31, 2019 (restated). The increase in other income was mainly due to the change from net exchange loss of RMB6.2 million for the year ended December 31, 2019 to net exchange gain of RMB44.3 million for the year ended December 31, 2020. The exchange gain recognized in 2020 was mainly arising from its bonds and loan which are denominated in US dollars, and the RMB against USD has continually appreciated in 2020 when compared to 2019.

### **Selling and marketing expenses**

Our selling and marketing expenses increased by 21.7% to RMB495.6 million for the year ended December 31, 2020, from RMB407.3 million for the year ended December 31, 2019 (restated). The increase in selling and marketing expenses was mainly due to substantial increase in the number of properties sold in 2020, when compared to 2019.

### **Administrative expenses**

Our administrative expenses increased by 60.9% to RMB362.7 million for the year ended December 31, 2020 from RMB225.4 million for the year ended December 31, 2019 (restated). The increase in administrative expenses was mainly due to substantial increase in the number of properties sold in 2020, when compared to 2019.

## **Income tax**

Our income tax increased by 168.3% to RMB839.1 million for the year ended December 31, 2020 from RMB312.8 million for the year ended December 31, 2019 (restated), and the increase in income tax was mainly due to the increase in LAT and CIT. The LAT increased by RMB289.0 million, which was mainly due to the increase in properties delivered in 2020, when compared to 2019. The CIT increased by RMB419.3 million, which was mainly due to the increase in the estimated taxable income in 2020, when compared to 2019.

## **Profit for the year attributable to equity shareholders of the Company**

We recorded profit attributable to equity shareholders of the Company of RMB809.2 million for the year ended December 31, 2020, and we recorded profit attributable to equity shareholders of the Company of RMB39.9 million for the year ended December 31, 2019 (restated).

For the year ended December 31, 2020, basic earnings per share was RMB1.65 (for the year ended December 31, 2019 (restated): RMB0.08).

The increase was mainly due to the increase in properties delivered during 2020, when compared to 2019.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash status**

As at December 31, 2020, our cash and cash equivalents amounted to RMB7,385.9 million (December 31, 2019 (restated): RMB1,689.3 million). We have unutilised credit facilities amounted to RMB4,338.2 million as at December 31, 2020 (December 31, 2019 (restated): RMB5,321.8 million), in which the unutilised credit facilities from banks and financial institutions was RMB2,258.4 million (December 31, 2019 (restated): RMB821.8 million), and the undrawn revolving facilities granted by Fuzhou Sansheng Property Co., Ltd.\* (福州三盛置業有限公司) (“Fuzhou Sansheng”) was RMB2,079.8 million (December 31, 2019: RMB4,500 million).

We have sufficient financial resources and flexible financial management policies in place to meet the needs of its business development in the coming years.

### **Borrowings**

As at December 31, 2020, our bank loans and other borrowings was RMB16,534.4 million (December 31, 2019 (restated): RMB9,287.7 million) and bonds payable was RMB1,391.4 million (December 31, 2019: RMB1,000.2 million).

Out of our total bank loans and other borrowings, and bonds payable, RMB4,187.1 million was repayable within one year (December 31, 2019 (restated): RMB4,392.4 million), while RMB13,738.7 million was repayable after one year (December 31, 2019 (restated): RMB5,895.5 million).



## **Finance costs**

Our finance costs mainly comprised interest arising from bank loans and other borrowings, private corporate bonds and amounts due to Fuzhou Sansheng. Certain finance costs were being capitalised as part of the cost qualifying assets. For the year ended December 31, 2020, the finance cost recorded in profit or loss was RMB59.7 million (for the year ended December 31, 2019 (restated): RMB32.4 million).

Our weighted average interest rate was 8.69% for the year ended December 31, 2020 (for the year ended December 31, 2019 (restated): 9.18%).

## **Gearing ratio**

Our gearing ratio (total indebtedness divided by total assets) was 89.1% (December 31, 2019 (restated): 93.5%) and the gearing ratio excluding receipts in advance and contract liabilities was 53.4% (December 31, 2019 (restated): 51.9%). Our current ratio (current assets divided by current liabilities) was 1.5 times as at December 31, 2020, as compared to 1.2 times as at December 31, 2019 (restated).

## **Pledge of assets**

As at December 31, 2020, Our inventories with a carrying amount of RMB16,933.1 million (December 31, 2019 (restated): RMB12,409.2 million) and investment properties with a carrying amount of RMB719.3 million (December 31, 2019 (restated): RMB650.2 million) were pledged to secure the bank loans and other borrowings.

As at December 31, 2020, Our investment properties with a carrying amount of RMB702.1 million (December 31, 2019 (restated): RMB702.9 million) and the properties and respective interests in leasehold land for own use with a carrying amount of RMB274.8 million (December 31, 2019 (restated): RMB300.1 million) were pledged for bank loans and other borrowings borrowed by related parties.

## **Material acquisition and disposal**

On August 24, 2020, Total Prestige Holdings Limited (a direct wholly-owned subsidiary of the Company) entered into a sale and Subscription and Placing Agreement, to conditionally acquire the entire interest in Rosy Path Group from Mega Regal Limited, the controlling shareholder of the Company, for the consideration of HK\$347.3 million. The consideration was settled by way of the issue and allotment of 49,480,000 new shares of the Company.

Rosy Path Group is principally engaged in construction and development of certain residential and commercial projects in the PRC.

The above transaction has been completed on November 24, 2020.

In 2020, we have acquired interests in a total of 30 property projects and land parcels including those included in Rosy Path Group. For details, please refer to the paragraph headed “Property projects and land acquisition in 2020” in this annual report.

## Contingent liabilities

As at December 31, 2020, we have issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB6,582.9 million (2019 (restated): RMB3,641.6 million), which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties.

The Directors do not consider it probable that we will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. We have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

As at December 31, 2020, certain properties and share of a subsidiary of us are pledged as security for related parties to obtain loan facilities from banks and financial institutions.

## Foreign exchange risk

The functional currency of the Company and its major subsidiaries is RMB, in which most of their transactions and assets are denominated. We have exposure to foreign exchange risk arising from its bonds, loans and cash at bank which are denominated in US dollars or Hong Kong dollars. We have not taken any measures to hedge the foreign currency exposure currently but will monitor closely the situation and review such a need from time to time.

## INDEBTEDNESS

As at December 31, 2019 and 2020, our outstanding indebtedness (excluding the amounts due to related parties) amounted to RMB10,288 million and RMB17,925 million (US\$2,747 million), respectively. As at December 31, 2019 and 2020, the weighted average effective annual interest rate for our borrowings (the total of interest expense and capitalized interest of the current year divided by the average of total indebtedness of the current year's and the previous year's ending balance) was 9.18% and 8.69%, respectively. Our indebtedness primarily consists of loans from commercial banks and other financial institutions. The following table sets forth the details of our indebtedness.

	<b>As at December 31, 2020</b>	
	<b>Actual</b>	
	<i>(RMB'000)</i>	<i>(US\$'000)</i>
<b>Current liabilities</b>		
Bank loans and other borrowings . . . . .	3,255,522	498,931
Bonds payable . . . . .	931,544	142,765
Due to Fuzhou Sansheng . . . . .	650,000	99,617
<b>Total current indebtedness . . . . .</b>	<b>4,837,066</b>	<b>741,313</b>
<b>Non-current liabilities</b>		
Bank loans and other borrowings . . . . .	13,278,836	2,035,071
Bonds payable . . . . .	459,828	70,472
Due to Fuzhou Sansheng . . . . .	2,420,193	370,911
<b>Total non-current indebtedness . . . . .</b>	<b>16,158,857</b>	<b>2,476,454</b>

We continue to enter into short-term and long-term borrowings in the ordinary course of business, including construction and project loans, to finance our operations.

### Bank Loans and other Borrowings

We and certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks, including but not limited to China Minsheng Banking Corp., Ltd, China Construction Bank Corporation, China Guangfa Bank and Industrial Bank Co., Ltd. These loans are mainly used to finance our business and our working capital requirements. They have terms ranging from one year to five years. As at December 31, 2020, the aggregate outstanding amount under these loans amounted to RMB16,534 million (US\$2,534 million).

All of our banking facilities are subject to the fulfilment of covenants which are commonly found in lending arrangements with financial institutions. If we were to breach the covenants, the drawn down facilities would become payable on demand. We regularly monitor our compliance with these covenants. As at December 31, 2020, none of the covenants relating to drawn down facilities had been breached (2019: Nil).

As at December 31, 2019 and 2020, all non-current interest-bearing bank loans and other borrowings were repayable as follows:

	<b>As at December 31,</b>		
	<b>2019</b>	<b>2020</b>	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
After 1 year but within 2 years . . . . .	2,686,350	7,816,136	1,197,876
After 2 years but within 5 years . . . . .	2,885,200	5,462,700	837,195

### Corporate Bonds

We issue corporate bonds from time to time as a source of financing. These bonds are interest-bearing at a weighted average rate of 9.79% per annum (2019: 13.12% per annum). As at December 31, 2019, 2020 and 2020, we had not breached any covenants of the bonds.

	<b>As at December 31,</b>		
	<b>2019</b>	<b>2020</b>	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
<b>Current</b>			
USD100 million private corporate bonds due			
November 2021 <sup>(a)</sup> . . . . .	676,229	629,237	96,435
HKD17.8 million private corporate bonds <sup>(b)</sup> . . . . .	–	14,933	2,289
USD44.2 million private corporate bonds <sup>(c)</sup> . . . . .	–	287,374	44,041
	<b>676,229</b>	<b>931,544</b>	<b>142,765</b>
<b>Non-current</b>			
HKD17.8 million private corporate bonds <sup>(b)</sup> . . . . .	15,776	–	–
USD44.2 million private corporate bonds <sup>(c)</sup> . . . . .	308,169	–	–
RMB dim sum bond due January 2023 <sup>(d)</sup> . . . . .	–	459,828	70,472
	323,945	459,828	70,472
	<b>1,000,174</b>	<b>1,391,372</b>	<b>213,237</b>

*Notes:*

- (a) The bond is secured over share of interest in certain subsidiaries of the Group.
- (b) On July 12, 2019, the Company issued 1.5-year private corporate bonds with principal amount of HKD17,800,000 issued at par. The bonds were fully settled in January 2021.
- (c) On July 19, 2019, the Company issued 2-year private bonds with principal amount of USD44,200,000 issued at par. Bonds with amount of USD20,000,000 were guaranteed by Mr. Lin Rongbin and Ms. Cheng Xuan. Part of the bonds with amount of USD23,700,000 were fully settled in January 2021.
- (d) On January 15, 2020, the Company issued a 3-year private bond with principal amount of RMB214,688,000. On October 14, 2020 and December 8, 2020, the Company issued additional bonds RMB153,040,000 and RMB92,100,000 respectively under the same program.

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

As at the date of this Information Memorandum, except for the contingent liabilities set forth above, 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, or credit support to us or engages in leasing or hedging activities with us.

## **MARKET RISKS**

We are, in the normal course of business, exposed to market risks primarily relating to credit risk, liquidity risk as well as fluctuations in interest rates and foreign exchange rates.

### **Credit Risk**

Our credit risk is primarily attributable to trade and other receivables. The carrying amounts of trade and other receivables represent our maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

#### ***Trade Receivables***

In respect of trade receivables, our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers.

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### ***Other Receivables***

At each reporting date, we measure the expected credit losses of other receivables in following ways:

If, at the reporting date, the credit risk on other receivable has not increased significantly since initial recognition, we measure the loss allowance for other receivable at an amount equal to 12-month expected credit loss. We measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition.

In respect of amounts due from non-controlling interests and joint ventures, we closely monitored their financial conditions and profitability. In respect of other receivables due from third parties, we review the exposures and manages them based on the need of operation.

We have assessed that the credit risk of other receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be immaterial.

### **Liquidity Risk**

We are responsible for all individual operating subsidiaries' cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. We regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

### **Interest Rate Risk**

Our business is sensitive to fluctuations in interest rates. Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from long-term borrowings.

Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively. We have a policy ensuring that most of its borrowings are effectively on a fixed basis, either through the contractual terms of the interest-bearing financial liabilities or through the use of interest rate swaps.

An increase in interest rates may also adversely affect prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue and profits. As at December 31, 2019, PBOC benchmark one-year lending rates in China (which directly affects the property mortgage rates offered by commercial banks in the PRC) was 4.35%. We cannot assure you that PBOC will not raise lending rates in the future or that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments.

## **Foreign Exchange Rate Risk**

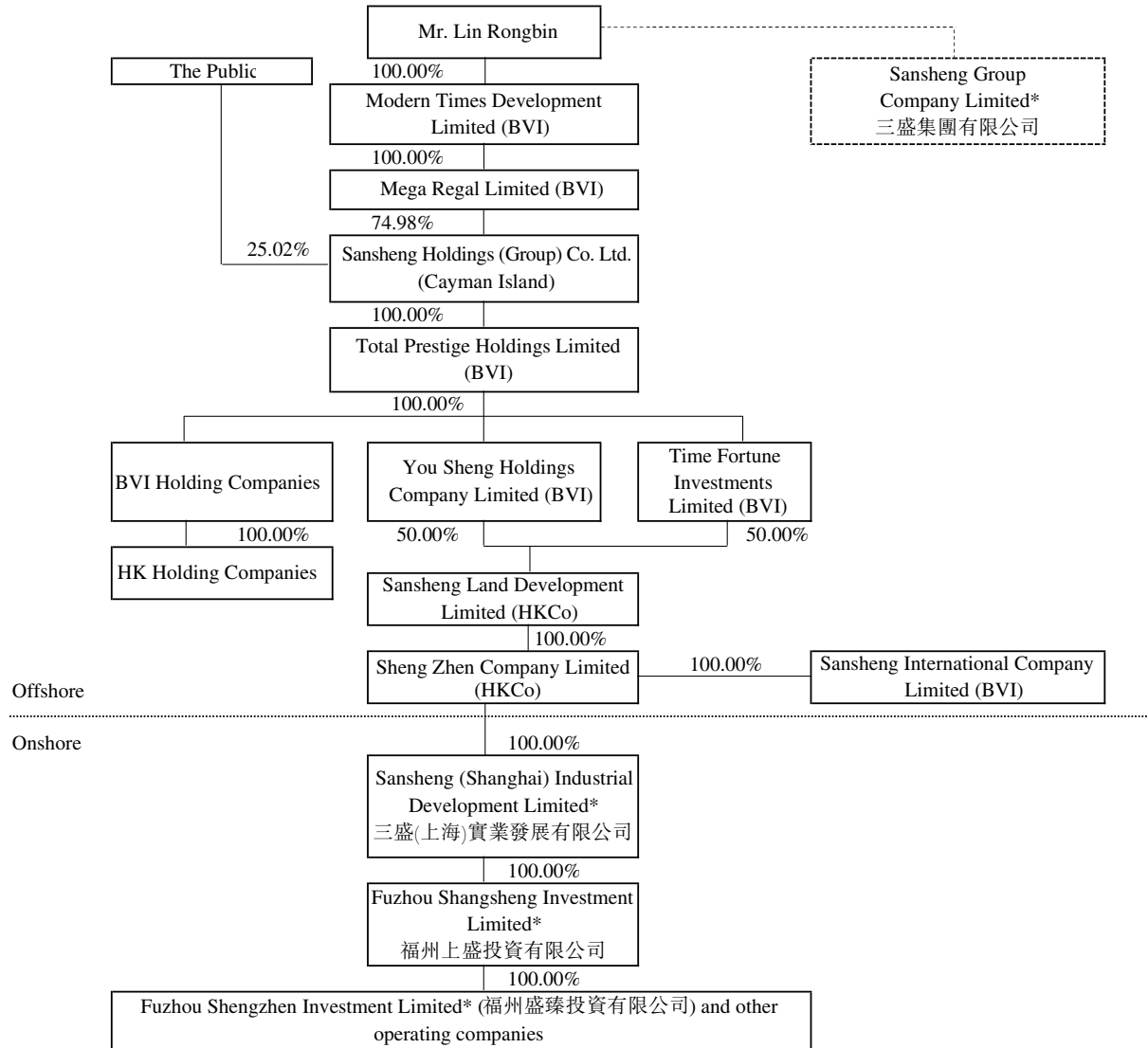
We are exposed to foreign currency risk primarily on bank balances and cash and bonds payable that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United State Dollars and Hong Kong Dollars.

Based on the assumption that Hong Kong Dollars continue to be pegged to United States Dollars, the Group considers the risk of movements in exchange rates between Hong Kong Dollars and United States Dollars to be insignificant.

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of Renminbi into foreign currencies, including the U.S. dollar and the HK 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.

## CORPORATE STRUCTURE

The following diagram sets forth our simplified corporate structure as at the date of this Information Memorandum:



\* These entities are limited liability companies incorporated in Mainland China. The English translation of the names are for reference only. The official names of the companies are in Chinese.

## BUSINESS

### OVERVIEW

We are a leading comprehensive property developer in Fujian Province, focusing primarily on property development and sale, and property investment. Building on 33 years of experience, we have become a leading comprehensive property developer in Fujian Province and are systematically expanding into the broader Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and key hub cities. We have established a distinctive brand image of developing properties with the strong support from Sansheng Group, based on its solid integration capabilities on property development, operation and investment. As a large and diversified enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development.

Over the years we have accumulated a large customer base by consistently delivering quality projects to our customers, with our in depth understanding of the property markets and development trends in the regions which we operate. With proven track record and strong execution capabilities, we have won many industry awards which have enhanced our brand awareness. For the year ended December 31, 2020, we received a number of awards, including “Top 30 Most Valuable Real Estate Enterprise for Investment in China” issued by Guandian.cn (觀點指數), “Valuable Listed Real Estate Company for the year of 2020” issued by Daily Economic News (每日經濟新聞), “Listed Real Estate Enterprise with Great Growth Potential for the year of 2020 in China” jointly issued by China Real Estate Association and Leju Finance (樂居財經), “Top 10 Listed Real Estate Enterprise with Great Development and Growth Capability for the year of 2020 in China” issued by Yihan Think Tank, “2020 ESG Excellence Enterprise” jointly issued by New Real Estate Caijing (新地財經) and Caijing.com.cn (財經網), “2020 Social Responsible Enterprise Awards” issued by International Finance News of the People’s Daily (人民日報社《國際金融報》), and “2020 China Real Estate Industry Leading Model Enterprise in Combating Pandemic, Respectable Real Estate Enterprises” issued by China Real Estate Business (中國房地產報).

We engaged in the property development and sale business primarily through Fuzhou Shangsheng Investment Co., Ltd (福州上盛投資有限公司) and its subsidiaries. For the year ended December 31, 2020, we recorded contracted sales of RMB17,526 million, and a contracted sales area of approximately 1.4 million sq.m., of which 0.6 million sq.m. was located in Fujian Province and 0.3 million sq.m. was located in Jiangsu Province. The contracted but unrecognized sales of us amounted to RMB24,128.0 million and the estimated contracted GFA of us was approximately 1,953,387 sq.m. As at December 31, 2020, we had a total of 52 property projects that are held for sale, under development and held for future development. Total site area of our land bank was approximately 3,349,955 sq.m and the planned total GFA was approximately 9,566,846 sq.m. We believe that our large-scale and strategically located land reserve will provide us with a sufficient project development pipeline in the foreseeable future and contribute to our continued business growth.



We engaged in the property investment business primarily through Harbin Lifu Commercial Building Co., Ltd. (哈爾濱利福商廈有限公司), Jiabiao Commercial Building (Qingdao) Co., Ltd. (嘉標商廈(青島)有限公司), Fujian Shengcheng Real Estate Development Co., Ltd.(福建盛創房地產開發有限公司), Yangzhou Sansheng Real Estate Development Co., Ltd. (揚州三盛房地產開發有限公司), Yantai Shengxiang Real Estate Co., Ltd.(煙臺盛祥置業有限公司), Fujian Oversea-Chinese Real Estate Development Co., Ltd. (福建閩僑房地產開發有限公司), Chengdu Jisheng Real Estate Co., Ltd. (成都吉盛置業有限公司), Hangzhou Xiaolin Real Estate Co., Ltd. (杭州蕭麟置業有限公司) and Gaoli Co., Ltd (高利有限公司). Our portfolio of investment properties comprises nine investment properties in Hong Kong and Mainland China. The investment properties in Harbin, Qingdao and Chengdu have been fully leased out, while only part of the investment properties in Fuzhou and Yangzhou have been leased out. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income. For the year ended December 31, 2020, we recorded unrealized net fair value gain on investment properties in Chengdu, Fuzhou, Harbin, Hangzhou, Yantai and Yangzhou of RMB48.8 million. We will from time to time review our investment properties portfolio and make every endeavour to increase our rental income.

For the years ended December 31, 2019 and 2020, our revenue was RMB2,337.6 million and RMB8,778.6 million (US\$1,345.4 million), respectively. Our total assets increased from RMB33,722.2 million as at December 31, 2019 to RMB56,576.4 million (US\$8,670.7 million) as at December 31, 2020. Our gross profit increased from RMB883.4 million in 2019 to RMB2,497.9 million (US\$382.8 million) in 2020. Our gross profit margin decreased from 37.8% in 2019 to 28.5% in 2020.

## **OUR STRENGTHS**

We believe that the following strengths of our Group are key to our potential growth and enable us to compete successfully.

### **Leading market position and premium brand**

We are a leading property developer in China based on a number of factors including scale, profitability, financial stability and growth potential. The “Sansheng” brand is well recognized and associated with large-scale, high-quality innovative and well-designed properties, including the representative product series we developed. We develop properties under several distinctive series to reflect each of its own standards, measured in terms of property specifications, ancillary facilities and property management service provided, which allows us to effectively market our products to target and provide guidelines for developing our properties series in other high-growth areas we have identified for our further expansion in China.

With over 20 years of experience in property development, we ranked among the 2020 top 45 real estate enterprises in China in terms of operating performance jointly recognized by a number of prominent institutions, namely the China Real Estate Industry Association (中國房地產協會), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and China Real Estate Appraisal Centre (中國房地產測評中心).

We intend to continue to promote the brand by focusing on the design and quality of our property projects and providing strong after-sale services and property management services. In addition, we will continue to pursue innovation within residential property developments. We believe our extensive experience in the real estate industry has earned us considerable market recognition and a strong brand name across the nation.

### **Diversified business portfolio**

Our business segments are primarily divided into (i) sale of properties; (ii) hotel management, (iii) construction and design services and (iv) investment properties rental income, which together from a comprehensive product mix by offering a variety of different products and services.

We have since our inception focusing on the property development in China and there have been in aggregate more than 50 projects developed under our brand name located in Jiangsu, Zhejiang, Fujian, Sichuan and other key provinces in China. As at December 31, 2020, we had a land bank with a total GFA of approximately 3,349,955 sq.m and projects were at various stages of development. In addition, leasing of our investment properties offers stable and recurring leasing income which helps us in maintaining stable cash flows. In addition, we focus on education and technology industries and focus on the synergistic development of smart education, academic education and education training. We establish a new brand position of “ideal place for a home with technology, education, health and life (智教康養·築家理想)”. We hold a controlling stack in the listed company Sansheng Education (Shenzhen Stock Exchange stock code: 300282), which joins hands with prestigious schools and enterprises to launch a quality education service platform, and aid the future of smart education for Chinese families. We also invested in Changelight (Shenzhen Stock Exchange stock code: 300102) to provide customized solutions to Chinese families’ personalized needs. Based on solid real estate development, business operation, investment and business resource integration capabilities, we are deeply involved in the living, education, health and technological manufacturing industry in close relation with the essence of a better life for Chinese families.

### **Established reputation and high quality assurance**

We focus on the development of high quality developments complemented by comprehensive property management services. In keeping with our commitment to product quality of our development, we place a significant emphasis on the overall aesthetics and artistic appeal, modern designs with practical features, landscaping and comprehensive ancillary facilities. We collaborate with reputable international architecture and interior design firms and well-established construction companies in China. We closely monitor all key stages of the construction process, from the selection of material suppliers through a tender process to final inspection conducted immediately before delivery.

We also place strong emphasis on market research in order to understand the underlying market trends which enable us to adjust our product portfolio accordingly. We believe that our core business segments as mentioned above allow us to meet the needs from a broad range of target clients.

## **Quality land bank in strategic locations**

We strategically located in the core strategic regions of China, such as the “Yangtze River Delta Region”, “West Coast Region”, “Beijing-ring Region”, “Shandong Region”, “Sichuan-Chongqing Region”, “Greater Bay Area Region” with total site area of our land bank of approximately 3,349,955 sq.m and the planned total GFA of approximately 9,566,846 million sq.m as at December 31, 2020. Over the years, we have gradually established two major systems for our Chinese household customers: the “Full Life Cycle” and the “Full Product Cycle, and have developed six representative product series, such as the Dufu Series, the Puyue Series, the Garden Series, the Ruyue Series, the Coast Series, and the Binjiang Series. Our projects are mostly centrally located in the regions aforementioned, which are close proximity to the most developed regions with rapid economic growth in China. We believe that a significant portion of our target customers operate and reside in these regions, and our location and presence in these regions have enabled us to capture the growing demand of our target customers.

In line with our strategic expansion development plan, we have strategically selected and acquired quality land in Hangzhou, Wuxi and Zhangzhou, which we consider key economic areas with high-growth potential. Based on our internal estimations, as at December 31, 2020, we had land reserves with a total planned GFA of approximately 9,566,846 sq.m., which we believe would be sufficient for our property development for the next three to five years.

Generally, we acquire land for our projects in top cities in China that we believe to have stable market conditions and strong consumer purchasing power. We believe our ability to acquire land in strategic locations at competitive prices through diversified channels is one of our distinctive competitive advantages, which is paramount to our long-term growth and profitability. We believe our strategically located quality land reserves provide us with a strong basis for property development and will be sufficient to support our continued growth in the future.

## **Diversified funding sources and prudent capital management**

The industry in which we engage is a capital-intensive industry. we met and expect to continue meeting our operating capital, capital expenditure and other capital needs when our shares were listed on The Stock Exchange of Hong Kong Limited in April 2017 through reverse takeover, project development financing, fixed asset financing, domestic bonds, capital contribution from shareholders and working capital loans provided by commercial banks. Over the years, we has established sound relationships with, and had access to loans and credit facilities from major PRC domestic financial institutions, including commercial banks such as China Construction Bank, China Minsheng Bank, China Bohai Bank, China Guangfa Bank, Bank of Dalian and Industrial and Commercial Bank of China, as well as other financial institutions, such as China Huarong Asset Management, Bohai International Trust Co., Ltd., Csc’ec Tou Fiduciary, Zhongrong International Trust Co., Ltd., Wanxiang Trust and China Orient Asset Management Co., Ltd. In addition, we has established sound relationship with an offshore commercial bank, Hang Seng Bank. As at December 31, 2020, we had access to credit facilities from banks in an aggregate principal amount of RMB22,738.7 million, of which approximately RMB2,258.4 million remain unutilized. To further diversify our financing channels, we intend to continue to obtain various sources of funding by accessing the capital markets overseas, including offerings and placement of the corporate bonds.

In addition, we pursue a prudent financial management policy by closely monitoring our capital and cash positions, the maturity profiles of our borrowings and managing the level of our liquid assets to ensure the availability of sufficient cash flows to service our debt and meet cash requirements arising from our business. Given our diversified sources of capital and high quality project portfolio, we are able to continuously optimize our debt structure.

### **Experienced senior management team and talented professionals**

We have an experienced senior management team. Under their leadership, we have become a leading property developer in China. Our management team possesses extensive expertise in the real estate industry and most members of our senior management have profound experience in the real estate industry in China. We have adopted a series of measures to refine our corporate governance. For example, we encourage all Directors to participate in continuous professional development to develop and refresh their knowledge and skills. We have arranged trainings for Directors in the form of provision of training materials and consultation and all Directors have provided their training records to us afterwards. In addition, with a view to enhancing the Board effectiveness, we have adopted the Board Diversity Policy with measurable objectives, including the selection of candidates is based on a range of diversity perspectives, such as gender, age, cultural and educational background and etc.

We have focused on motivating our employees and paid great attention to cultivating a sound corporate culture to achieve strong corporate cohesion and low staff turnover. With experienced management team and talented professionals, we have been able to maintain efficient management.

### **OUR STRATEGIES**

We are determined to maintain our current competitive strengths and plan to implement the following business strategies in order to achieve our goal of becoming a leading integrated property developer and operator with a focus on our target cities in China:

#### **Geographically focus on regional markets and expand our footprint to other cities with growth potentials**

We intend to continue to grow our property development business and consolidate our leading position in Jiangsu, Zhejiang and Fujian and further enhance our market position in other top provinces in China. We adhere to our strategies of focusing on developing properties within “Metropolitan Circle (都市圈)”, adopting “Upgrading 4-3-3 Land Acquisition Strategy (升級4-4-3 拿地策略)” and “3+N Industries and Cities Integration Strategy (3+產城融合標準化打法)”. The Upgrading 4-3-3 Land Acquisition Strategy denotes our 40% of land is acquired under the Land Sale by Application Mechanism (勾地政策), 30% land is acquired via corporate acquisition and the remaining 30% of land is acquired by means of auction, public tender and listing-for-sale process. We believe that, by virtue of our successful operating experience and resources in these regions, we will achieve sustained growth in revenue and profits in the areas we enter. We intend to procure more low-cost land in each of these regions by adhering to our disciplined approach. Under such approach, a decision to make a land acquisition is made only after comprehensive in-depth market research and analysis and the completion of strict internal review procedures.

We will rigorously develop the core economic region of China, and continue to establish stable yet rapid-development real estate zones such as the West Coast Economic Zone, Yangtze River Delta Economic Zone and Circum-Bohai Sea Economic Zone. Hangzhou, Wuxi and Zhangzhou have strong economic conditions and market demands and we believe that other cities, such as Changzhou and Qingdao, also present large growth potential in the property market and provide attractive opportunities for property development. We also intend to penetrate our business to Hebei, Shanxi, Liaoning, Guangdong, Henan province and etc. We therefore will continue to strengthen and enhance our position as a well-recognized property developer in these regions to exploit further opportunities and will also leverage our existing experience and brand recognition to expand our property development business to other cities in a strategic manner. This will further diversify our property development projects portfolio and revenue sources geographically. We will however, remain cautious and selective before entering into new markets.

### **Leverage synergies from the integration of our property leasing and other businesses**

Historically, we focused primarily on property development and sales. Over the years, we have leased our investment properties and revenue attributable to our investment properties amounted to RMB91.6 million, RMB89.4 million (US\$13.7 million) for the years ended December 31, 2019 and 2020, respectively. We intend to continue to further diversify our product mix by engaging in higher proportion of investment properties business segment in the coming years. We will retain our high-quality investment properties unless we believe their sale, as compared to leasing, will ultimately generate a better return on investment for us. We will continue to supplement our property developments with the roll-out of more attractive investment property projects to reinforce the association of our brand name with prestige and quality. We believe that diversifying our business portfolio will enhance our ability to expand and will enable us to effectively respond to any macro-economic policy affecting the PRC property sector. This also serves to increase the synergies that can be achieved among different segments of our businesses. In addition, we will continue focusing on education and technology industries in the coming years.

Leveraging our high-quality resources and mature management model, as well as our ability to effectively integrate real estate developments, industrial operations and investments, we believe we will continue to develop in a stable and effective manner, and continues to be a leading real estate enterprise in terms of operational performance, asset size and profitability.

### **Continue to replenish our land reserves and strengthen strategic partnerships with corporations to acquire land at lower costs**

We intend to maintain a prudent level of land reserves, and will continue to focus on cities where we currently have operations and further penetrate the market in other selected cities that we believe have high growth potentials. Sansheng Group has had more than 20 years' experience in the property industry and familiarity with market trends. We believe this valuable industry experience and knowledge will allow us to continue to acquire land before land prices surge in our target regions and time our acquisitions strategically to avoid periods of market overheating. We seek to continuously replenish and increase our land bank through diversified channels including investments in project companies and participation in urban redevelopment programs. We plan to continue to base our land acquisition decisions on thorough research and analysis of a project's expected return in the context of forecasted property market trends and economic trends in the relevant city. We intend to focus on projects with premium locations in central business districts and in key areas under urban development programs with favorable features for properties. Furthermore, we will actively increase our high-quality property and investment projects, and high-quality land reserves, as well as effectively advance the Group's development.

We will also seek to strengthen strategic partnerships with leading international and PRC corporations. We intend to make the best use of our strategic and joint venture partners' financial resources and expertise in developing large-scale integrated projects. In order to lower the execution risks and costs associated with existing operations and future expansions, in particular, land acquisition, we will continue to rely on our current experience in strategic partnerships and joint venture operations and seek mutually beneficial cooperation in project developments.

#### **Continue to optimize development efficiency and adopt prudent financial policies**

We will continue to optimize commencement and completion plans and payment plans and control major capital expenditures for land and construction. In addition, we will continue to adopt measures to increase the selling price of our properties and strive to reduce operating expenses. In order to maintain sufficient financial resources to ensure steady and sustainable long-term growth, we will continue to closely monitor our capital structure, cash flow and liquidity positions and carefully manage our costs and risk control, including key financial measures such as gearing ratios, interest coverage and working capital positions. By closely monitoring our sales and pre-sales, we manage our cash flow at all times to ensure the adequacy of our ongoing capital requirements. We intend to prioritize the importance of maintaining reasonable inventory levels in the near future to secure stable cash flow for our operation activities and debt repayment.

#### **Continue to enhance the Group's management capabilities and optimize the structure of our talent pool**

Adhering to the principle that "talent is the cornerstone of enterprise development", we are constantly optimizing the enterprise management model and building an excellent management team. We have deep insights into the needs of Chinese families and their pursuit of a better life. From this understanding, along with our ability to deliver quality products that are guided by the needs of the times, we will continue to provide products and services that are consistent with our reputation for creating valued communities.

We intend to continue to improve and streamline our management structure, so as to further increase our capabilities in terms of corporate management and internal control. We consider effective management at all organizational levels and among members of us to be important in optimizing our overall operational efficiency. We believe that our employees are one of our important assets and our continued ability to compete effectively in our existing businesses and expand into new businesses depends on our ability to attract, motivate and retain talent. As such, we will continue to invest in our employees and maintain a spirit of partnership with our employees to optimize the structure of our talent pool, so as to support our business goals and enhance our competitive advantages.

## OUR BUSINESS

Our business operations consist of four business segments: (i) sale of properties; (ii) hotel management; (iii) construction and design services; and (iv) property investment. We derive our revenue from sales of residential properties and accompanying retail spaces developed by us, providing real estate construction services, rental and service income derived from our hotels, and rental income derived from construction and design services and others. The table below sets forth a breakdown of our total revenue by business lines for the years indicated:

Business lines	For the year ended December 31,		
	2019	2020	
	(RMB'000) (restated)	(RMB'000) (audited)	(USD'000)
Sale of properties . . . . .	2,237,353	8,646,232	1,325,093
Hotel management . . . . .	8,717	22,899	3,509
Construction and design services . . . . .	–	20,091	3,079
Investment properties rental income . . . . .	91,571	89,378	13,698
<b>Total. . . . .</b>	<b>2,337,641</b>	<b>8,778,600</b>	<b>1,345,379</b>

### Sale of Properties

As at December 31, 2020, our portfolio of property development projects consisted of 52 projects (including projects we develop with our joint venture partners) under various stages of development in 32 cities in China, including Jinan, Hangzhou, Wenzhou, Fuzhou, Quanzhou, Guangzhou, Shenzhen. We divide our property developments into three categories: (i) completed property developments; (ii) properties under development; and (iii) properties held for future development. As our projects typically comprise multiple-phase developments on a rolling basis, one project may include different phases at various stages, including completion, under development or held for future development. As at December 31, 2020, we had, in terms of GFA in our 52 projects, completed properties unsold of approximately 1.23 million sq.m., properties under development of approximately 4.98 million sq.m. and properties held for future development of approximately 3.36 million sq.m. As at December 31, 2020, our projects (including projects we develop with our joint venture partners) held for future development included an aggregate planned GFA of approximately 0.49 million sq.m. for which we had not obtained land use rights certificates but had entered into land grant contracts or obtained land grant confirmation letters and were in the process of applying for the relevant land use rights.

We are based in Fujian Province and focus on the core areas of the Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim, which are in line with our national strategic layout, and strategically enter other central and southern areas with huge growth potentials. We also focus on the superior locations of core cities and emerging urban areas with growing potentials, to achieve a relatively firm selling price. The following map shows the geographic locations of our 52 property development projects as at December 31, 2020:



Our properties are located in urban and newly urbanized areas with convenient access to transportation facilities and surrounding infrastructures. Our major project portfolios include:

***Zhangqiu Jinan Shandong/The Puyue Bay***

Zhangqiu Jinan Shandong/The Puyue Bay (山東濟南章丘/璞悅灣) is located at Mingshui subdistrict, Zhangqiu district, Jinan City, bordering Shiji East Road to the east, floodway to the west and reach to Tiedao North Road to the south and Shanquan East Road to the north. The total site area is approximately 60,032 sq.m. and the total GFA is approximately 201,054 sq.m.. The land use of the project is for residential use. After the master layout plan for the project has been approved in March 2018, the initial pre-sale started in December 2018. The project is under development and expected to be completed in 2022.



### ***Pingtang Fujian/Sansheng International Coast (Phase 1)***

Pingtang Fujian/Sansheng International Coast (福建平潭/三盛國際海岸) (Phase 1) is located at Jinjing Wan Area, Pingtang Comprehensive Pilot Zone, situated at the north of the junction of Tianda North Road and Ruyi Road. The total site area is approximately 122,122 sq.m. and the total GFA is approximately 443,498 sq.m.. The land use of the project is mainly for residential and commercial uses. The master layout plan for the project was approved in July 2018 and the first batch of pre-sale commenced in October 2018. The project is under development and expected to be completed in 2022.

### ***Pingtang Fujian/Sansheng International Coast (Phase 2)***

Pingtang Fujian/Sansheng International Coast (福建平潭/三盛國際海岸) (Phase 2) is located at Jinjing Wan Area, Pingtang Comprehensive Pilot Zone, situated at the east of Ruyi Lake and west of the Huanhu Road. The total site area is approximately 75,500 sq.m. and the total GFA is approximately 196,900 sq.m.. The land use of the project is mainly for residential and commercial uses. The master layout plan for the project was approved in August 2019. The project is under development and expected to be completed in 2023.

### ***Mawei Fuzhou Fujian/Future City***

Mawei Fuzhou Fujian/Future City (福建福州馬尾/未來城) is located at the western part of Langqi Island, Mawei District, south of the island-entering section of Langqi Minjiang River Bridge, west of the Duting River, north of the planned green space, west of the Area A of Xianghai Xincheng (香海新城), and the northern side of the Yanhang River. The total site area is approximately 75,805 sq.m. and the total GFA is approximately 173,077 sq.m.. The land use of the project is mainly for residential and commercial uses. The relevant master layout plan was approved in September 2018 and the first batch of pre-sale launched in January 2019. The project is under development and expected to be completed in 2021.

### ***Rudong Nantong Jiangsu/Puyue Mansion***

Rudong Nantong Jiangsu/Puyue Mansion (江蘇南通如東/璞悅府) is located at the core area of Rudong Xincheng (如東新城), bordering Jiefang Road Primary School (解放路小學) to the east, Yangzhou River Banks Scenic Area (三河六岸風景區) to the west and reach to Longteng Road (Wenti Zhongxin North Side Road 文體中心北側路) to the south and north to Hengshiqi Road (south side of the Commercial Zone of Ruyi Bay (如意灣商貿區)). The total site area is approximately 77,481 sq.m. and the total GFA is approximately 187,980 sq.m.. The land use of the project is mainly for residential and commercial uses. After the master layout plan for the project has been approved in August 2018, the initial pre-sale launched in December 2018. The project is under development and expected to be completed in 2021.

### ***Longhai Zhangzhou Fujian/Sansheng • Puyue Sea***

Longhai Zhangzhou Fujian/Sansheng • Puyue Sea (福建漳州龍海/三盛 • 璞悅海) is located at Binhai New Town Area, Gangwei Town, Longhai City, northwest to the intersection of Yingbin Avenue and Binhuwei 6th Road and to the west of Sansheng International Coast. The total site area is approximately 23,457 sq.m. and the total GFA is approximately 49,046 sq.m.. The land use of the project is mainly for residential and commercial uses. The initial pre-sale of the project launched in September 2019. The project is under development and expected to be completed in 2021.

### ***Xishan Wuxi Jiangsu/Sansheng • Galaxy City***

Xishan Wuxi Jiangsu/Sansheng • Galaxy City (江蘇無錫錫山/三盛 • 星悅城) is located at Xishan District, Wuxi City, situated in the junction of Taihu Avenue and Huaxia South Road. The total site area is approximately 33,191 sq.m. and the total GFA is approximately 127,698 sq.m.. The land use of the project is mainly for commercial and office uses. After the master layout plan for the project has been approved in February 2019, the initial pre-sale launched in September 2019. The project is under development and expected to be completed in 2022.

### ***Xiapu Ningde Fujian/Puyue Mountains and Rivers***

Xiapu Ningde Fujian/Puyue Mountains And Rivers (福建寧德霞浦/璞悅山河) is located at Yemao Ridge, Wanxian Village, Songcheng Road, Xiapu County, Ningde City, Fujian Province. The total site area is approximately 65,358 sq.m. and the total GFA is approximately 219,947 sq.m.. The land use of the project is mainly for residential and commercial uses. After the master layout plan for the project has been approved in December 2018, the first batch of pre-sale launched in June 2019. The project is under development and expected to be completed in 2022.

### ***Longhai Zhangzhou Fujian/International Coast***

Longhai Zhangzhou Fujian/International Coast (福建漳州龍海/國際海岸) is located at Binhai New Town Area, Gangwei Town, Longhai City, northwest to the intersection of Yingbin Avenue and Binhuwei 6th Road. The total site area is approximately 237,697 sq.m. and the total GFA is approximately 409,363 sq.m.. The land use of the project is mainly for residential and commercial uses. The project launched its initial pre-sale in April 2016, and was completed in April 2020.

### ***Minhou Fuzhou Fujian/The Puyue Bay***

Minhou Fuzhou Fujian/The Puyue Bay (福建福州閩侯/璞悅灣) is located at the southeast intersection of Nantong Avenue and Beihuan Road, Minhou County. The total site area is approximately 77,983 sq.m. and the total GFA is approximately 257,292 sq.m.. The land use of the project is mainly for residential and commercial uses. After the master layout plan for the project has been approved in June 2017, the first batch of pre-sale launched in May 2018. The project is under development and expected to be completed in 2021.

### ***Cangshan Fuzhou Fujian/Binjiang International***

Cangshan Fuzhou Fujian/Binjiang International (福建福州倉山/濱江國際) is located at Cangshan District, with South Binjiang Avenue on the south, South Binjiang Avenue on the north, Gangtouwai Road on the southwest and Aofeng Bridge on the east. The total site area is approximately 33,968 sq.m. and the total GFA is approximately 320,777 sq.m.. The land use of the project is mainly for residential, commercial and office uses. After the master layout plan for the project has been approved in February 2014, the first batch of pre-sale launched in October 2014. The project is under development and expected to be completed in 2021.

### ***Wujin Changzhou Jiangsu/Sansheng • Xinzhu Mansion***

Wujin Changzhou Jiangsu/Sansheng • Xinzhu Mansion (江蘇常州武進/三盛心築雅園) is located at the area of South Xiashu Town, Wujin District, Changzhou, bordering Guihua Road to the east, Xinzhi Road to the west, Nanwan River to the south and Longfan Road to the north. The total site area is approximately 39,787 sq.m. and the total GFA is approximately 104,098 sq.m.. The land use of the project is mainly for residential and commercial uses. The master layout plan for the project has been approved in October 2019. The project is under development and expected to be completed in 2021.

### ***Haimen Jiangsu/Sansheng Puyue Mansion***

Haimen Jiangsu/Sansheng Puyue Mansion (江蘇海門/三盛璞悅府) is located at Sanchang Town, Haimen City. The total site area of the project is approximately 84,802 sq.m. and the total GFA is approximately 202,123 sq.m.. The land use of the project is for residential use. After the master layout plan for the project has been approved in April 2020, the project launched its initial pre-sale in July 2020. The project is under development and expected to be completed in 2022.

### ***Zhifu Yantai Shandong/Sansheng • Ruyue Mansion***

Zhifu Yantai Shandong/Sansheng • Ruyue Mansion (山東煙台芝罘/三盛汝悅銘著) is located at No. 188, Xingfu Middle Road, Zhifu District, Yantai City, Shandong Province. The total site area of the project is approximately 82,340 sq.m. and the total GFA is approximately 303,365 sq.m.. The land use of the project is mainly for residential use. After the master layout plan for the project has been approved in May 2020, the project launched its initial pre-sale in August 2020. The project is under development and expected to be completed in 2023.

### ***Rui'an Wenzhou Zhejiang/Ruyue Xiangrui***

Rui'an Wenzhou Zhejiang/Ruyue Xiangrui (浙江溫州瑞安/汝悅祥瑞) is located at Anyang Street, Ruixiang New District, Rui'an City. The total site area of the project is approximately 18,383 sq.m. and the total GFA is approximately 70,726 sq.m.. The land use of the project is for residential use. The project is under development and expected to be completed in 2022.

### ***Chenghai Shantou Guangdong/Puyue Mansion***

Chenghai Shantou Guangdong/Puyue Mansion (廣東汕頭澄海/璞悅府) is located at the south side of Yuting Road, Chenghai District, Shantou City. The total site area of the project is approximately 27,722 sq.m. and the total GFA is approximately 128,815 sq.m.. The land use of the project is mainly for residential and commercial uses. The project is under development and is expected to be completed in 2022.

### ***Chengdu Sichuan/Sansheng • Luhu Zuoan***

Chengdu Sichuan/Sansheng • Luhu Zuoan (四川成都/三盛 • 麓湖左岸) is located at Zhengxing Street, Tianfu New District, Sichuan. The total site area of the project is approximately 26,163 sq.m. and the total GFA is approximately 70,417 sq.m.. The land use of the project is mainly for residential and commercial uses. The project is under development and expected to launch its initial pre-sale in July 2021 and to be completed in 2023.

### ***Hantai Hanzhong Shaanxi/Sansheng Tianyue***

Hantai Hanzhong Shaanxi/Sansheng Tianyue (陝西漢中漢台/三盛天悅) is located at the northeast corner of the intersection of Bowang Road and Yizhou Road, Hanzhong City, Shaanxi Province. The total site area is approximately 44,031 sq.m. and the total GFA is approximately 160,698 sq.m.. The land use of the project is for residential and commercial uses. The project is under development and expected to be completed in 2022.

### ***Changle Fuzhou Fujian/Sansheng Puyue Binjiang***

Changle Fuzhou Fujian/Puyue Binjiang (福建福州長樂/璞悅濱江) is located at No. 288, Hexie Road, Yingqian Street, Changle District, Fuzhou City, bordered by Yingbin Road to the west, Hexie Road (Dongjiang Lake Park) to the south, Shizheng Road to the north and Xiangang Road to the east. The total site area is approximately 51,955 sq.m. and the total GFA is approximately 164,908 sq.m.. The land use of the project is mainly for residential and commercial uses. The project was completed in August 2020.

### ***Licheng Quanzhou Fujian/Sansheng Puyueli***

Licheng Quanzhou Fujian/Sansheng Puyueli (福建泉州鯉城/三盛璞悅里) is located at Jiangnan Street, Jiangnan New District, Licheng District. The total site area is approximately 16,960 sq.m. and the total GFA is approximately 40,716 sq.m.. The land use of the project is mainly for residential and commercial uses. After the master layout plan for the project has been approved in November 2019, the pre-sale launched in June 2020. The project is under development and expected to be completed in 2021.

### ***Longquanyi Chengdu Sichuan/Sansheng Metropolis***

Longquanyi Chengdu Sichuan/Sansheng Metropolis (四川成都龍泉驛/三盛都會城) is located at the east side of Longhua Road in Longquanyi District. The total site area is approximately 133,333 sq.m. and the total GFA is approximately 442,827 sq.m.. The land use of the project is mainly for residential and commercial uses. The project is being developed in five phases. Phase 1 and Phase 3 were pre-sold in 2013 and 2014 respectively and completed in 2016; Phase 4 was pre-sold in December 2017 and completed in 2020.

Our property projects are divided into six main series as follows:

- Puyue series (璞悅系) — it features a traditional Asian architectural style and distributes in 20 cities across China. Examples include our Zhangqiu Jinan Shandong/The Puyue Bay (山東濟南章丘/璞悅灣) in Jinan, Haimen Jiangsu/Sansheng Puyue Mansion (江蘇海門/三盛璞悅府) in Haimen, Rudong Nantong Jiangsu/Puyue Mansion (江蘇南通如東/璞悅府) in Nantong and Longhai Zhangzhou Fujian/Sansheng • Puyue Sea (福建漳州龍海/三盛 • 璞悅海) in Zhangzhou.
- Ruyue series (汝悅系) — it features a modern and elegant architectural style and aims to upgrade urban living standard. Examples include our Zhifu Yantai Shandong/Sansheng • Ruyue Mansion (山東煙台芝罘/三盛 • 汝悅銘著) in Yantai, Rui'an Wenzhou Zhejiang/Ruyue Xiangrui (浙江溫州瑞安/汝悅祥瑞) in Wenzhou, Wujin Changzhou Jiangsu/Ruyue Chunqiu (江蘇常州武進/汝悅春秋) in Changzhou and Xuzhou Jiangsu/Sansheng Ruyue Weiyang (江蘇徐州/三盛 • 汝悅未央) in Xuzhou.

- Dufu series (督府系) — it features a magnificent mansion style and enjoys a hundred acres of mountain park in the heart of the city. Examples include Binhu Wuxi Jiangsu/Sansheng Dufu Tiancheng (江蘇無錫濱湖/三盛•督府天承) in Wuxi.
- Garden series (公園系) — it realizes full access to the “smart education and health living” resources of Sansheng Group, including habitat, education, well-being, business and culture. Examples include our Pingyang Wenzhou Zhejiang/Yuefu Garden (浙江溫州平陽/悅府園) in Wenzhou and Yuecheng Shaoxing Zhejiang/Ruyue Garden (浙江紹興越城/汝悅璟園) in Shaoxing.
- Coast series (海岸系) — it brings a leisure and ecological living space located at the bay areas with mountains and sea. Examples include our Longhai Zhangzhou Fujian/International Coast (福建漳州龍海/國際海岸) in Zhangzhou, Jimo Qingdao Shandong/Sansheng International Coast (山東青島即墨/三盛國際海岸) in Qingdao, Pingtan Fujian/Sansheng International Coast (福建平潭/三盛國際海岸) in Pingtan.
- Binjiang series (濱江系) — it builds first tier riverside scenic mansions, consolidating ecological resources and city essence. Examples include our Changle Fuzhou Fujian/Sansheng Puyue Binjiang (福建福州長樂/三盛璞悅濱江) in Fuzhou, Xiapu Ningde Fujian/Binjiang International (福建寧德霞浦/濱江國際) in Ningde and Cangshan Fuzhou Fujian/Binjiang International (福建福州倉山/濱江國際) in Fuzhou.

For each of the years ended December 31, 2019 and 2020, our total contracted sales amounted to RMB12,132 million and RMB17,526 million (US\$2,686 million), respectively. Our contracted sales area amounted to 816 thousand sq.m. and 1,953 thousand sq.m. Our contracted but unrecognized sales amounted to RMB16,995.5 million and RMB24,128.0 million for the same period of time.

The following table sets forth a summary of our property projects and project phases developed, including projects and project phases under development as at December 31, 2020.

<u>Location/Project</u>	<u>Primary intended use of the Project</u>	<u>Attributable interest held by us</u> (%)	<u>Total site area</u> (sq.m.)	<u>Planned total GFA</u> (sq.m.)	<u>Attributable planned GFA</u> (sq.m.)	<u>Current status</u>
1. Zhangqiu Jinan Shandong/ The Puyue Bay	Residential	80.00	60,032	201,054	160,843	Under Development
2. Pingtan Fujian/Sansheng International Coast (Phase 1)	Residential/ Commercial	90.00	122,122	443,498	399,148	Under Development
3. Pingtan Fujian/Sansheng International Coast (Phase 2)	Residential/ Commercial	90.00	75,500	196,900	177,210	Under Development
4. Xiapu Ningde Fujian/Binjiang International	Residential/ Commercial	55.00	23,861	66,082	36,345	Completed
5. Mawei Fuzhou Fujian/Future City	Residential/ Commercial	100.00	75,805	173,077	173,077	Under Development

	<u>Location/Project</u>	<u>Primary intended use of the Project</u>	<u>Attributable interest held by us</u> (%)	<u>Total site area</u> (sq.m.)	<u>Planned total GFA</u> (sq.m.)	<u>Attributable planned GFA</u> (sq.m.)	<u>Current status</u>
6.	Mawei Fuzhou Fujian/ The Puyue Bay City	Residential/ Commercial	28.05	70,618	258,757	72,581	Under Development
7.	Rudong Nantong Jiangsu/Puyue Mansion	Residential/ Commercial	92.00	77,481	187,980	172,942	Under Development
8.	Longhai Zhangzhou Fujian/ Sansheng Puyue Sea	Residential/ Commercial	95.00	23,457	49,046	46,594	Under Development
9.	Changle Fuzhou Fujian/Puyue Mansion (Phase 1)	Residential/ Commercial	30.00	48,140	136,783	41,035	Under Development
10.	Changle Fuzhou Fujian/Puyue Mansion (Phase 2)	Residential/ Commercial	30.00	44,462	136,841	41,052	Under Development
11.	Pingyang Wenzhou Zhejiang/ Yuefu Garden	Residential	8.25	52,181	156,359	12,900	Under Development
12.	Pingyang Wenzhou Zhejiang/ Jiangcheng Town	Residential	8.25	50,746	151,955	12,536	Under Development
13.	Gulou Fuzhou Fujian/Sheng Mansion	Residential	10.50	13,882	43,502	4,568	Under Development
14.	Shenhe Shenyang Liaoning/Yifu Project	Residential/ Commercial	100.00	31,376	186,065	186,065	Held for Future Development
15.	Xishan Wuxi Jiangsu/Sansheng Galaxy City	Commercial/ Office	100.00	33,191	127,698	127,698	Under Development
16.	Xiapu Ningde Fujian/Puyue Mountains And Rivers	Residential/ Commercial	85.50	65,358	219,947	188,055	Under Development
17.	Longhai Zhangzhou Fujian/ International Coast	Residential/ Commercial	95.00	237,697	409,363	388,895	Under Development
18.	Minhou Fuzhou Fujian/ The Puyue Bay	Residential/ Commercial	95.00	77,983	257,292	244,427	Under Development
19.	Cangshan Fuzhou Fujian/ Binjiang International	Residential/ Commercial/ Office	95.00	33,968	320,777	304,738	Under Development
20.	Xiuyu Putian Fujian/ Datang Shijia	Residential/ Commercial	35.00	95,070	254,507	89,077	Under Development
21.	Wujin Changzhou Jiangsu/ Sansheng Xinzhu Mansion	Residential/ Commercial	95.92	39,787	104,098	99,851	Under Development
22.	Zhangpu Zhangzhou Fujian/ Sansheng Puyue Mansion	Residential/ Commercial	71.25	73,082	226,570	161,431	Under Development

	<u>Location/Project</u>	<u>Primary intended use of the Project</u>	<u>Attributable interest held by us</u> (%)	<u>Total site area</u> (sq.m.)	<u>Planned total GFA</u> (sq.m.)	<u>Attributable planned GFA</u> (sq.m.)	<u>Current status</u>
23.	Haimen Jiangsu/Sansheng Puyue Mansion	Residential	80.00	84,802	202,123	161,698	Under Development
24.	Zhifu Yantai Shandong/Sansheng Ruyue Mansion	Residential	96.80	82,340	303,365	293,657	Under Development
25.	Wujin Changzhou Jiangsu/Ruyue Chunqiu	Residential/ Commercial	51.00	38,307	91,263	46,544	Under Development
26.	Chengxiang Putian Fujian/Puyue Fenghua	Residential/ Commercial	51.00	46,207	118,474	60,422	Under Development
27.	Taicang Jiangsu/Hujing Tianzhu	Residential	34.00	69,993	139,986	47,595	Under Development
28.	Changle Fuzhou Fujian/Puyue Longmen	Residential	20.40	22,549	66,971	13,662	Under Development
29.	Danyang Jiangsu/Puyue Guandi	Residential/ Commercial	51.00	78,820	207,756	105,956	Under Development
30.	Rui'an Wenzhou Zhejiang/Ruyue Xiangrui	Residential	95.00	18,383	70,726	67,190	Under Development
31.	Xiaoshan Hangzhou Zhejiang/Ruyue Meijing	Residential/ Commercial	28.05	39,489	141,003	39,551	Under Development
32.	Yuecheng Shaoxing Zhejiang/Ruyue Garden	Residential	75.86	21,240	95,729	72,620	Under Development
33.	Chenghai Shantou Guangdong/Puyue Mansion	Residential/ Commercial	95.00	27,722	128,815	122,374	Under Development
34.	Chengdu Sichuan/Sansheng Luhua Zuoan	Residential/ Commercial	100.00	26,163	70,417	70,417	Held for Future Development
35.	Rui'an Wenzhou Zhejiang/Mingyuexuan	Residential/ Commercial	23.75	32,856	88,685	21,063	Under Development
36.	Binhu Wuxi Jiangsu/Sansheng Dufu Tiancheng	Residential/ Commercial	60.00	52,638	130,598	78,359	Under Development
37.	Rudong Nantong Jiangsu/Sansheng Puyue Guandi	Residential/ Commercial	50.00	59,621	169,659	84,830	Under Development
38.	Zhangjiagang Suzhou Jiangsu/Sansheng Puyue Xindi	Residential	33.96	41,533	126,983	43,123	Under Development
39.	Xuzhou Jiangsu/Sansheng Ruyue Weiyang	Residential	48.45	47,129	104,072	50,423	Under Development
40.	Shijiazhuang Hebei/Sansheng Puyue Changan	Residential	76.00	31,976	129,051	98,079	Under Development

<u>Location/Project</u>	<u>Primary intended use of the Project</u>	<u>Attributable interest held by us</u> (%)	<u>Total site area</u> (sq.m.)	<u>Planned total GFA</u> (sq.m.)	<u>Attributable planned GFA</u> (sq.m.)	<u>Current status</u>
41. Fengrun Tangshan Hebei/ Sansheng Puyue Fenghua	Residential	63.65	64,208	226,340	144,065	Held for Future Development
42. Hantai Hanzhong Shaanxi/ Sansheng Tianyue	Residential/ Commercial	95.00	44,031	160,698	152,663	Under Development
43. Nanchong Sichuan/Yuejiang Mansion	Residential	38.00	25,093	88,516	33,636	Under Development
44. Nanchong Sichuan/Qishan House	Residential	38.00	37,099	93,678	35,598	Under Development
45. Changle Fuzhou Fujian/ Sansheng Puyue Binjiang	Residential/ Commercial	95.00	51,955	164,908	156,663	Under Development
46. Licheng Quanzhou Fujian/ Sansheng Puyueli	Residential/ Commercial	95.00	16,960	40,716	38,680	Under Development
47. Longquanyi Chengdu Sichuan/ Sansheng Metropolis	Residential/ Commercial	95.00	133,333	442,827	420,686	Under Development
48. Tongshan Xuzhou Jiangsu/ Sansheng Midtown	Residential/ Commercial	48.45	118,546	529,916	256,744	Under Development
49. Wenling Taizhou Zhejiang/ Sansheng Puyue Mansion	Residential/ Commercial	76.00	35,631	117,361	89,194	Under Development
50. Jimo Qingdao Shandong/ Sansheng International Coast	Residential/ Commercial	70.30	532,518	879,620	618,373	Under Development
51. Hanjiang Putian Fujian/ Sansheng Puyuegongguan	Residential	70.30	20,897	69,011	48,515	Under Development
52. Jiaozuo Henan/Jiaozuo Tianyue Mansion	Residential	95.00	22,117	59,428	56,457	Held for Future Development
<b>Total</b>			<b>3,349,955</b>	<b>9,566,846</b>	<b>6,669,905</b>	

*Notes:*

- 1 Data on site area have been excerpted from the information contained in the relevant land use rights certificate and housing title certificate (or real estate title certificate) or, if there is no relevant land use rights certificate, from the data on site area in the land grant agreement.
- 2 With respect to the GFA, the data on a completed project have been excerpted from the housing title certificate (or real estate title certificate) or documents of acceptance; the data on a project under development or planning shall be excerpted from the information (with a deviation of no more than 3% from the actual GFA) contained in the relevant construction work planning permit or construction work commencement permit or, if there is no construction work planning permit, from the data on the capacity building area in the land grant agreement.
- 3 Leasable GFA refers to the area from which rental income can be generated.



- 4 A property is considered as “sold” after we entered into the relevant Subscription and Placing Agreement with and has delivered it to the customer. A property is deemed to have been delivered to the customer after it has passed the acceptance check. A property is considered as “pre-sold” in the event that we have entered in the relevant Subscription and Placing Agreement but has not yet delivered it to the customer.
- 5 Refers to the date on which we obtained the construction work commencement permit or the date estimated by us.
- 6 Refers to the date on which we obtained or is expected to obtain the pre-sale permit of the project, based on the internal records of us.
- 7 Refers to the date on which acceptance examination upon completion is obtained or the expected date of completion.
- 8 Based on the actual equity interests held by us in the relevant project companies pursuant to PRC laws.

As at December 31, 2020, there were four projects for which our project companies had entered into contracts or obtained land grant confirmation letters but for which we had not obtained the relevant rights certificates.

In general, land use rights in the PRC are for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for comprehensive use properties. The relevant authorities will not issue a formal land use rights certificate in respect of a piece of land until we (i) pay the land premium in full; (ii) satisfy all conditions under the land grant contract according to applicable laws and regulations, and (iii) pay in full the relevant taxes and fees. As a result, according to the pace of development, the land for a property development may be divided into one or more parcels for which multiple land use rights certificates were granted at different stages of development.

The site area information for an entire project is based on either the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. The aggregate GFA of a project includes salable and non-salable GFA, car parking spaces as well as leasable and hotel GFA. “Salable GFA” represents the GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project. “Non-salable GFA” represents the GFA of a property which is not for sale and largely includes ancillary facilities such as clubhouses and schools. “Leasable GFA” refers to the GFA that is held for investment and is available for rental purposes and “hotel GFA” refers to the GFA of the relevant hotel subject to hotel management.

The figures for completed GFA that appear in this Information Memorandum are based on figures provided in the relevant government documents. The following information that appear in this Information Memorandum are based on our internal records and estimates: (a) figures for GFA under development, GFA held for future development, GFA sold and unsold, salable GFA, non-salable GFA, leasable GFA and hotel GFA, and (b) information regarding planned completion date and number of units. The information setting out the construction period for the completed blocks or phases of our projects in this Information Memorandum is based on relevant government documents or our own internal records.

Properties are sold when the purchase contract with a customer has been executed and the properties have been delivered to the customer. Properties are pre-sold when the purchase contract has been executed but the properties have not yet been delivered to the customer.

We include in this Information Memorandum the project names which we have used, or intend to use, to market our properties. Some of the names for our property developments are pending approvals by the relevant government authorities and may be subject to change.

## **OUR PROJECT DEVELOPMENT PROCESS**

We have demonstrated strong execution abilities and rich experience in developing large-scale residential properties and mixed-use projects that integrate residential buildings and commercial properties. Our project development process, starting from site selection to project planning and design, is centered on the needs and preferences of our target customers. We adopt a customer-oriented product design philosophy, pursuant to which we pay significant attention to details so that the design of our property products will bring increased convenience to our customers based on their lifestyles and habits. We value both in-house design capabilities and external collaboration with other PRC well-known third-party architectural and design firms, and we work closely with anchor tenants and customers with specific requirements to better serve their needs. We also endeavor to capture the regional characteristics in our product designs as we expand into different geographies. We continuously innovate our product design based on customer feedback and research as to market trend and development. The main steps our project development process general involve are listed below:

### **Investment and expansion**

#### ***Market Research and Region Selection***

We have established a market research center to monitor and study the property market cycle and determine the right timing in making land acquisitions. We have an assessment system in conducting city and market research based on different criteria, and we select target cities after completing in-depth and extensive research. When we study a particular city, we analyze its economics, industries, population, transportation, urban construction planning and other relevant indicators. We conduct long-term and continuous monitoring of cities that perform well according to these indicators. When we study market conditions, we analyze consideration factors such as local customer structure, inventory level, demand structure, price level and other relevant market factors. Based on our city development and market condition analysis results, we will identify a map of cities to invest in and confirm the key regions where we plan to develop our presence.

## *Site Selection*

We have standardized our investment decision-making process and initiated projects through an open tender, auction and listing-for-sale process and acquiring projects by way of merger and acquisition. We have devoted a substantial amount of management resources to site selection and market evaluation. Prior to purchasing a parcel of land, we collect all relevant information regarding the potential acquisition opportunity and conduct preliminary feasibility studies and market research to evaluate the general development of the city, potential demand for a property development on such site, healthiness of the market and popularity of the land market. If necessary, we may also engage external property consultants to conduct further market research and feasibility studies with respect to the chosen site. We proceed with the acquisition if we conclude from our evaluation procedures that a particular site has good development potential and an acceptable risk profile. All these pre-purchase measures help us to acquire land prudently and develop our projects with a clear market positioning from the beginning. Our investment criteria primarily include:

- overall economic development and development potential of the city;
- population of the city and population trends;
- average annual income of the residents;
- the ratio of average annual income per resident to average property sale price of the city;
- average annual commercial residential sales;
- urban planning and development by local government;
- the suitability of the scale and type of the potential development;
- clearance of any material legal obstacles with respect to ownership interest;
- popularity of the land and overall competition landscape;
- premium locations within the city, existence of neighbouring public amenities and infrastructures such as public transportation, hospitals, banks, supermarkets and other ancillary facilities for business and residential communities;
- natural environment and surroundings;
- development cost, estimated return on investment and the impact on cash flow;
- prospects for property price increase;
- level of government support; and
- conditions for pre-sales.

Furthermore, during land selection, we also consult with the relevant local authorities as to how the development of the targeted land can fit within the overall development plan of the region, city or area in which the land is located. We have an investment decision-making committee (normally made up of the Chairman, President, Vice President and Managers in charge of investment), which will supervise the process and is responsible for approving the investment decisions.

### ***Land Acquisition***

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing developments must be granted by the government through public tender, auction or listing-for-sale. We adopt the “Upgrading 4-3-3 Land Acquisition Strategy (升級4-4-3拿地策略)”, which denotes that 40% of our land is acquired under the Land Sale by Application Mechanism (勾地政策), 30% of our land is acquired via corporate acquisition and the remaining 30% of our land is acquired by means of the auction, public tender and listing-for-sale process. We primarily acquire land for our projects under the Land Sale by Application mechanism through which we normally make application to the relevant government authorities for the acquisition of the land use rights with commitment to a certain amount of consideration. In deciding to whom the land use rights will be granted, the relevant government authorities may consider the applicant’s credential, the real estate development experience and other relevant factors as a whole. In addition, we acquire land for our projects through the listing-for-sale process organized by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant government authorities may consider not only the bidding price, but also the bidder’s real estate development experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanization and development plans. In addition, we also acquire land through auctions and public tenders.

We have also employed land acquisition strategies to acquire land at competitive costs by cooperating with third-party business partners through joint ventures and associated companies. As we believe that acquiring land parcels at competitive prices is critical to our development strategy, we will employ the acquisition strategy that we believe will best meet such goal.

In conjunction with the acquisition of land use rights from the PRC government, property developers in the PRC are required to pay a land grant premium to the relevant government authority and apply for a land use rights certificate (if applicable, a real estate rights certificate) conferring land use rights. In general, upon the payment of the land grant premium to the relevant land authorities, land use rights are granted for a term of 70 years for residential properties, 40 years for mixed-use complexes and 50 years for office complexes.

### **Project Design**

Through systematic review and research and based on our in-depth understanding of market trends and customer needs, we make an objective assessment of our planned projects and form specific project design guidelines, in which we set out the design criteria in light of market demand and functional requirements, such as the ratio of office and retail space, in order to maximize return.

We have a design division which works closely with our project managers as well as external designers and architects in master planning, architectural design, landscape design and interior design. Our design division consists of engineers who supervise our architectural design, landscape design, mechanical engineering and structural engineering. Only upon the confirmation of the final design proposal, will we start construction work. The planning and design of our projects typically involve (i) evaluating the characteristics of the site and determining the theme to be applied to the project; (ii) analysing and determining the appropriate infrastructure required to materialize the project theme, including the type of commercial property, ancillary facilities and landscaping; and determining the steps of overall construction and interior design, the amount of construction materials and equipment required. We may from time to time work with selected third-party architectural and interior design institutions for their leading and unique design concepts and their offering of innovative features and process engineering. Our design division also monitors the work progress to ensure that the project designs meet our design specifications and are completed on time.

We believe that our commitment to excellence in planning and design will enhance our brand value, ensure a solid foundation for our long-term success and help to maximize returns on our investments.

## **Development and Construction**

### ***Project Construction***

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit and the construction work planning permit are obtained). As at the date of this Information Memorandum, except for the projects we had not commenced construction, we had obtained land use rights certificates and all relevant certificates (if applicable, real estate rights certificates) and permits as required by the PRC laws and regulations for all of our projects or project phases under development and projects held for future development.

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

### ***Materials Tender and Procurement***

We are responsible for directly procuring certain special construction materials and equipment from our suppliers through a tender process, such as the doors, windows and elevator equipment used in our projects. To ensure quality, we normally procure materials from approved qualified suppliers' within our suppliers' database. Our database contains data about the service quality and pricing of related suppliers and is regularly reviewed and updated. At least three qualified contractors from the database will be invited to submit bids in any single tender, and we will assess the price and quality of each supplier. When we select suppliers, we will consider their product and service quality, suitability in handling the potential projects and their reputation.

Construction companies are normally responsible for the procurement of most construction materials such as steel and cement but we will generally specify in our construction contracts regarding certain brands and the quality requirements for such materials that they need to procure. The procurement terms are usually fixed-priced and do not contain any minimum purchase commitments. We can, to a certain extent, pass the increases in raw material costs onto our customers by increasing the prices of our properties. However, we 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.

In general, we make payments to our suppliers in installments in accordance with the terms and conditions stipulated in the procurement contracts, and payment terms granted by our suppliers may vary depending on factors such as the relationship between the supplier and us and the transaction size. We normally settle payment to our suppliers within 30 days of the receipt of their invoices, which are normally provided to us after the products having passed our quality control inspection processes and those of the construction supervision companies.

Most of our general contractor agreements include price adjustment mechanisms, under which contract prices will adjust accordingly if market prices of the related materials fluctuate beyond a certain range (normally 5% to 15%). Therefore, we will assume or enjoy the related risks or benefits that arise from material price volatility. In 2019 and 2020, our Directors believe that the volatility in construction material prices did not exceed the range we have agreed with our construction contractors.

Our construction materials are primarily procured from our suppliers in the PRC. Our group level project management department and the project management teams at our local subsidiary's level will monitor the quality in project development, carry out monthly on-site inspection and check the construction materials before they are used in our projects. We do not normally maintain inventories of special construction materials and equipment that we have purchased, and will order them as and when required. As we have established a qualified supplier's database, we have sufficient options and alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. In 2019 and 2020, we were not subject to any shortage of or delay in supply of construction materials or equipment that had a material adverse impact on our operations.

### ***Cost Control and Contract Management***

We have established a vigorous cost control system. After approval of the project plan, we apply the same cost control standard according to our internal cost control guideline, and estimate our target cost. These targets will be reviewed by our cost management center and finance center and serve as benchmarks for implementing the actual cost control mechanisms for the projects.

We have established a cost management center at our headquarters, and have aligned our projects under our cost and contract management system to monitor the costs incurred for each project each month, including comparing the actual costs incurred to the contract price, settlement price and payment to be made each month. It estimates the potential costs and review their reasonableness. We compare each project to our other projects and analyze its cost profile at the planning and designing stage. If there are material changes in project positioning or market conditions which cause the actual costs to exceed target costs, such changes will be reported to our senior management to make the necessary decisions and to seek approval in accordance with our internal regulations.

We have a contract management system which forms part of our cost management information system. The information recorded in the system includes the payment timetable for each construction or procurement contracts that we have signed. Our Directors believe that the contract management system helps us manage our payment, settlement, certificate alternation and cash flow, and allows us to assess the quality of our suppliers and service providers, thus providing useful information for the selection of our contractors and suppliers in the future.

### ***Quality Control and Construction Supervision***

We place a strong emphasis on quality control to ensure that our properties and services comply with relevant rules and regulations relating to quality and safety and meet market standards. We typically contract with reputable design and construction companies and procure materials from highly regarded suppliers to ensure the quality of subcontracted work. We will normally enter into strategic cooperation agreements with highly regarded suppliers based on our experience and will prepare both whitelist and blacklist for us to select suppliers. We will not cooperate with any supplier who was included on our blacklist. To ensure quality and monitor the progress and workmanship of construction, we hire independent supervisory companies in addition to our own construction supervision team to conduct on-site inspection and monitor construction progress on a regular basis. Each of our project developments has its own on-site project management team from project division. Prior to handing over a property to our customers, our project division, together with our engineers inspect the property and take immediate action to cure any defect revealed.

We have quality control procedures in place in our various functional divisions. We have established stringent internal control guidelines which apply to the quality of materials used in our property projects. Materials entering the construction process must comply with our specifications and requirements and go through the procedures of submission, sampling and testing before they are used in our projects. Prior to the commencement of any major individual construction work, including the construction of floors, roof, installation of doors and windows, landscaping and street work, our construction contractors are required to build construction work models and submit them for our inspection and approval. Full-scale construction may only begin once the submitted samples have been examined and approved.

During construction, every work phase must undergo self-inspection, inter-process inspection and professional inspection from independent third parties. The construction companies are required to ensure that the construction work satisfies construction specifications and guidelines laid down by the relevant authorities before they are submitted for inspection and examination by us. We also engage external quality supervisory companies to conduct quality and safety control checks on construction and workmanship on our sites. We maintain strict and fully documented guidelines in respect of all procedures involved in the construction process and external contractors are required to adhere to the guidelines and report any exceptions.

## **Sales and Marketing**

### ***Pricing Policy***

Our project pricing is mainly determined by a number of factors such as our strategic planning, profitability targets, competitive landscape, cost profile, and sales volume targets. The pricing of our projects open for sale is determined based on factors such as the prices we planned at the project initiation stage, pricing of the nearby projects, quantity of our prospective customers, customers' interest, our target sell-through rate, and general market conditions. We normally adopt the prices planned at the project initiation as our bottom line price, and we will then add a reasonable premium onto it while ensuring our ability to achieve an adequate sell-through rate.

We have adopted a “timely management and dynamic adjustment” pricing policy. We closely monitor the market conditions and sales of each project through our internal daily, weekly and monthly sales reports, as well as the sales management platform at our headquarters. We timely adjust our sales strategy and pricing to ensure fulfillment of our sales targets, and strike a balance between our target pricing premiums and sell-through rates.

### ***Pre-Sales***

According to the applicable PRC laws and regulations, there are certain criteria which must be met before we 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. Before pre-sales, we will pay all land premiums and acquire all the relevant licenses and permits including pre-sale permits, in strict compliance with the applicable PRC laws and regulations. Subject to the local government policy on pre-sales activities, our pre-sales activities normally take place within 6-10 months after the acquisition of relevant land parcel. The proceeds derived from our pre-sales will only be used for constructing and developing relevant projects according to the applicable rules and regulations of the cities where the projects are located.

We usually commence pre-sales activities for our properties prior to their completion of projects. We directly display our properties and services to customers through our model flats and show rooms for inspection.

### ***Marketing and Control***

Our sales and marketing team conducts feasibility studies based on market analysis, design sales and pricing plans, and determines appropriate advertising and promotion campaigns for a particular property development. We usually determine our prices based on the competitive landscape and other relevant market factors, with the goal of achieving our profit targets while maintaining stable cash flows. We also carry out market research at different stages of our development to ensure market trends and updates are captured in a timely manner. Using our understanding of our target customers, we perform a range of sales and marketing activities through various channels to maintain our relationships with existing customers and to reach potential purchasers. As a part of our sales and marketing strategy we advertise primarily through media channels including newspapers, outdoor billboards, television, magazines, the internet, radio and high-end cocktail party. We participate in large-scale social and public welfare activities where we offer participants updates on our new developments.



To ensure effective sales and pricing strategies and risk management, we work with external marketing consultants. Based on market conditions and other indicators such as each project's occupancy rate, height limit and density of the buildings and ancillary facilities, external consultants have helped to optimize our sales and marketing strategies for particular developments. By ensuring that each project meets the market demand we can also effectively manage and minimize our business risk.

We conduct training sessions on market conditions, sales techniques, and knowledge of the property market, among others topics, for our staff from time to time and also conduct specific training for each project prior to the commencement of its pre-sales. We, through our subsidiaries, offer performance-based remuneration packages for our sales force in order to create incentives for them to achieve our sales goals.

### ***Payment Arrangements***

We have adopted a "rapid capital recovery" payment policy. Although pursuing a high sell-through rates is important, we also attach high importance to managing our customers' payment recovery. We have set up standardized operational steps for our sales processes in order to avoid any deviation that can negatively impact on the pace of capital recovery and impede our capital flow. We control each step in the sales process, including appointing employees to take charge of each step, and setting up operational processes and completion deadlines for each step, all in an effort to comprehensively monitor the project sales process and resolve any problem that may impact on our payment recovery and speed up capital flow.

Consistent with the market practice in the PRC, we have entered into long-term cooperation agreements with banks on providing mortgage loans offered to our customers. If necessary, these banks will require us to provide guarantees for the mortgage loans. The guarantee will last until the earlier of the following two dates: (i) the date when the property ownership rights are transferred to our buyers, and the related building ownership certificates to which banks are beneficiaries are registered, or (ii) the date when mortgage loans are settled between the mortgagee bank and the purchaser, under the circumstance that the purchaser pays off purchase price in advance. As a guarantor, we must pay the outstanding amount to the banks according to the loan agreement if our buyers fail to repay the mortgage loans on time.

### ***Delivery and After-sales Services***

#### ***Project Completion and Delivery***

We are committed to delivering high-quality properties to our customers in accordance with the delivery timetable under the pre-sale or sales contracts. When delivering the properties to our customers, we need to obtain the relevant project completion certificates (property construction completion acceptance forms) or other certificates required under the sales contracts we entered into and the applicable laws and regulations. The time gap between pre-sale and the procurement of project completion certificates is normally ranged from two to three years. In 2019 and 2020, we have not experienced any major delay in relation to the delivery of ownership rights documents after project completion or project sale.

Prior to project delivery, we will organize third parties to assess and identify risks in delivery, and rectify identified problems to ensure delivery quality. We closely monitor the project construction process and conduct checks prior to project delivery. Our specialized functional centers for construction, customer service and marketing will conduct checks to ensure the completed projects can meet our quality standards prior to delivery. Our employees will then inform our customers before the agreed delivery date under the sales contracts, to arrange the delivery process.

Delivery time is set out in the relevant sales contracts. In 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. As of the same years, we did not encounter any delivery delays that can have material adverse effect on our businesses, financial status and operating performance.

### *After-sales Services*

Our customer service center and the property management companies that we hire provide after-sales services. To boost service quality, we analyze customers' preferences and provide feedback to the design and construction teams. We offer multiple communication channels to our customers to provide their feedback and complaints about our products or services, including a telephone hotline at our head office and complaints departments at our project companies. Our customer service team conducts surveys on homeowners' satisfaction, and collects and analyzes homeowners' data. We conduct differentiated homeowner satisfaction surveys with focuses on sales period, delivery period and move-in period. In addition, we rely on third-party agencies' data to ascertain homeowners' demands, resolve homeowners' problems, identify problems in and improve our after-sales services.

### **HOTEL MANAGEMENT**

We started operating hotel management business through our subsidiary Yangzhou Sansheng Real Estate Development Co., Ltd. in October 2019. We developed Sansheng International Plaza located in Yangzhou. We have engaged an independent third party, namely Hilton Hotel Management (Shanghai) Co., Ltd, an affiliate of Hilton Worldwide Inc., to manage the operation of Sansheng International Plaza. We possess the land use rights of Sansheng International Plaza. For each of the years ended December 31, 2019 and 2020, the revenue generated from our hotel management business was RMB8.7 million, RMB22.9 million (US\$3.5 million).

## **CONSTRUCTION AND DESIGN SERVICES**

We started operating our construction and design services business in April 2020, primarily through our subsidiary Fuzhou Jingya Decoration Engineering Co., Ltd (福州景雅裝飾工程有限公司), by entering into the framework agreement. Pursuant to the framework agreement, they and/or their subsidiaries are responsible for providing (i) design services including drafting and finalising design proposals and implementation plans, cooperation work during the construction stage, which will cover interior and exterior design works (for example, walkways, corridors, decorations, water supply and drainage and structures) of the property development projects; and (ii) construction services, including landscaping, structures, decorations, roadworks, recreational facilities, water supply and drainage and electricity. The design proposal will be submitted to the relevant local government authority for final approval contingent upon it is reviewed and approved by internal departments, namely our Design Department and Marketing Department for the particular district. We will carry out the construction work based on the design proposal after the relevant local government authorities have approved the design proposal. Fuzhou Jingya Decoration Engineering Co., Ltd is mainly responsible for the landscape design and construction work. For each of the years ended December 31, 2019 and 2020, the revenue generated from our construction and design services business was nil and RMB20.1 million (US\$3.1 million), respectively.

## **INVESTMENT PROPERTIES**

Capitalizing on Sansheng Group's brand, professional experience and its professional workforce, we have been actively acquiring quality land for our land bank resources through both acquisitions and cooperation as well as participation in public land auctions. In 2019, we have four investment properties, including those owned by Time Fortune Investments Limited and its subsidiaries, of which we acquired the entire interest. In 2020, we have further acquired five investment properties, including those owned by Rosy Path Group and its subsidiaries through the major acquisitions. These investment properties enhanced our investment properties portfolio with a more optimized property and will continue to improve the return on investment properties held by us and provide a longer-term guarantee to the asset values.

For the year ended December 31, 2020, we recorded unrealized net fair value gain on investment properties in Chengdu, Fuzhou, Harbin, Hangzhou, Yantai and Yangzhou of RMB48.8 million.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)**

### **Sustainable Development Management**

We believe that sustainable development governance is not only about complying regulatory requirements, but also be integrated into our daily operations. We have established an ESG Working Group with the aim of managing risks related to ESG issues more effectively and promoting the implementation of ESG policies by all departments. The directors of the Company are fully responsible for the ESG strategies, reporting and bear all the responsibilities, assessing and identifying related risk management and internal control system to improve overall environmental and social performance of the Company. Our management is responsible for implementing relevant policies and measures to ensure the effectiveness of the Group's risk management and corresponding internal control systems in ESG and to promote our sustainable development. We also strive to maintain communication with our stakeholders through various channels and incorporate their views into our management policies and strategic planning to continuously improve our products, services and operating model.

## **Production of Exquisite Products**

In order to standardize the quality inspection and evaluation of construction projects, improve the engineering management level, and reduce the quality and safety risks, we have formulated the “Construction Inspection and Evaluation Management Measures”. The Project Management Department shall complete the Project Management Plan 21 days prior to the initiation of the project and submit it to the Regional Engineering Department for review and approval before the commencement of the project. In addition, our Operation Management Department is required to supervise the preparation of annual engineering evaluation forms by third parties, and to conduct on-site evaluations of projects under construction and delivery, prepare evaluation briefings, and propose corrective actions. Our Operation Management Department will visit the site to check the aforesaid assessment.

We are also committed to creating a better living atmosphere for customers and provide a comfortable living experience. We have formulated the “Management Measures of Delivery Evaluation” to improve the quality and service of each project during the centralized delivery period and the cumulative delivery period, and to ensure the steady improvement of the product and service quality of the projects. We provide consultation, complaint, maintenance and property service monitoring services through various customer service channels including customer service platform, customer service email, online message, exhibitions and large-scale reception events. Meanwhile, we highly value information security and protection of customer privacy, strictly complies with relevant national and local laws and regulations. The Group has formulated the “Management on the Confidentiality of Customer Data”, which aims to clarify the interface of user security and the scope of user privacy information as well as to protect user privacy from the management level and technical level.

We place significant emphasis on the management of sustainable suppliers. In order to reduce the impact of the upstream supply chain on the environment and to promote the fulfillment of environmental protection responsibilities by suppliers, we have imposed specific requirements on our supply chain partners in respect of environmental protection, including compliance with the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) and other relevant laws and regulations. We follow the tender process of the “Management Measures for Tendering and Procurement”, which stipulates that only on the approved list are eligible for participating in the tender activities, with an aim to build an “Open, fair and impartial” procurement tender platform. Through the annual evaluation of suppliers, we assess whether the listed suppliers can meet the requirements for projects under construction in the coming year and ensures that there are sufficient qualified suppliers in each category.

## **Establishment of a Competent Team**

we renewed the Internal Competitive Recruitment Management System in addition to our existing Recruitment Management System, with the aim of providing fair and open career development opportunities for our employees. We have established the “Employee Performance Appraisal Program” to semi-annually and annually carry out performance appraisals and approve year-end performance bonuses based on employee performance and appraisal results to reward their past contributions and efforts. we have updated our Training and Management System to build a career ladder for employee growth, a cornerstone for organizational development and an efficient talent supply chain. We comply with the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Supervision and Administration of Occupational Health at Work Sites, the Regulation on Work-Related Injury Insurances and other relevant laws and regulations, striving to create a healthy and safe working environment for our staff.

## **Creating a Green Ecology**

We are committed to continuously improving our green building construction techniques to bring more environmentally friendly buildings to the community. Meanwhile, we have incorporated the industry's best practices into our construction work in accordance with various environmental policies and standards. In the early stage of projects, we conduct an environmental impact assessment of the construction site, anticipating the ecological changes, biodiversity and pollutants that may be produced by the construction, and predicting, analyzing and evaluating the possible negative impacts. We save construction materials and achieve the goal of reducing resource consumption through the selection of construction materials, structural layout, structural calculation and internal force analysis, and strict detailed reinforcement design and construction. Furthermore, we actively make use of new environmentally friendly materials, such as lightweight gypsum, passive house, exterior wall insulation and system windows. We also take the initiative to promote and drive the development of the "energy-saving and low-carbon green building industry chain" by proactively integrating construction planning and showcase units, construction materials suppliers, engineering and construction units, property management companies, interior design units, decoration companies, etc., in order to realize the new real estate development model of "low energy consumption, low pollution and low carbon emission".

## **Building a Warm Community**

Faced with the outbreak of the novel coronavirus, we remain committed to our mission and actively fulfill our corporate social responsibility to combat the pandemic and overcome the difficulties together. In particular, we reduced the rents of our tenants during the pandemic period, in order to overcome the difficulties together. We also donated RMB5 million to the Red Cross Society to help frontline medical personnel in the fight against the pandemic. We sought and donated pandemic prevention supplies through overseas resources, the National Health and Family Planning Commission, provincial and municipal Property Management Associations, and other channels to tide over the crisis together with all sectors of the community.

## **COMPETITION**

We are a leading comprehensive property developer based in Fujian Province, China, focusing primarily on the development of residential properties and the development, operation and management of commercial and multi-use properties. According to the CRIC, in 2020, we ranked 15th in terms of total contracted sales of residential properties in all of the nine prefecture-level cities in Fujian Province.

We believe that the PRC residential and commercial property markets in the regions we operate and in China as a whole are highly competitive and fragmented. Our existing and potential competitors include major national, regional and local real estate developers. We compete with other real estate developers on a number of factors, including but not limited to property and service quality, geographic location, price, financial resources, brand recognition and ability to acquire proper land reserves.

Despite the high level of competition, we believe we have demonstrated resilience to market changes and competition with our substantial experience and reputation in property development, creative design, property operations, prudent project planning and high quality property products and services. Further, given our brand recognition, proven property development capabilities, customer-oriented product offerings, and strong execution capabilities, we believe that we can continue to react promptly to the challenges in the PRC real estate market. We endeavor to further strengthen our market position in Fujian Province while we are systematically expanding into the broader Western Straits Economic Zone, the Yangtze River Delta Economic Zone and the Bohai Economic Rim and key hub cities.

## **INTELLECTUAL PROPERTY**

Our intellectual property rights primarily consist of patents, trademarks and domain names that we use in our operations. We rely on a combination of trademarks and domain name registrations to establish and protect our brand name, logos, marketing designs and internet domain names. We use registered trademarks as the names and logos for business operations and development. These registered trademarks have been widely recognized by the public as being synonymous with our business. We also use registered domain names to promote our projects and enhance public awareness of our business.

As at the date of this Information Memorandum, our Company and our subsidiaries had registered approximately six trademarks, including “**San-Sum 三盛**” under different business operations of our group including but not limited to our property development business, trading business and education service. We have also registered a number of domain names. As at the date of this Information Memorandum, we are not aware of any infringement (i) by us of any intellectual property rights owned by third parties or (ii) by any third parties of any intellectual property rights owned by us.

## **INSURANCE**

We maintain insurance coverage in amounts that we believe are consistent with our risk and customary practice in the relevant industry. Consistent with the customary practice in the PRC, we do not carry any third-party liability insurance to cover claims in respect of personal injury or property or environmental damage arising from accidents on our property or relating to our operations, nor do we carry any business interruption insurance or key-man life insurance on our key employees. Such insurance is not mandatory according to the laws and regulations of the PRC and would impose additional costs on our operations and would reduce our ability to compete in the PRC.

We believe that we have sufficient insurance coverage in place and that the terms of our insurance policies are in line with industry practice in the PRC.

## **EMPLOYEES**

As at December 31, 2020, we had approximately 1,299 full-time employees.

In the PRC, in accordance with the relevant national and local labor and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, childbirth insurance and a housing fund.

We recruit our personnel from the open market. We offer competitive remuneration packages to our employees, including salaries and bonuses to qualified employees. We provide technical as well as operational training to all new employees and ongoing training for all employees.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We believe our relationship with our employees is good. We have not experienced significant labor disputes which adversely affected or are likely to have any adverse effect on our business operations.

## **INFORMATION TECHNOLOGY**

We believe the effective operation of our information technology system is a safeguard for our business operations. Our information technology team is responsible for planning, model selection, implementation, optimization, daily operation and maintenance of the information system, to support our business expansion and meet our business needs. The centralized information technology system is controlled and operated by our headquarters.

The information technology system is subject to growing risks of cyberattacks. To mitigate such risks, we have purchased firewalls and prepared backups for system data. In addition, we regularly check our computer rooms and perform necessary upgrades to our servers, to prevent potential attacks. Our information security team arranges safety drills from time to time to ensure the smooth operation of our information technology systems in the long term.

## **ENVIRONMENTAL MATTERS**

We are subject to PRC national and local environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by PRC national, provincial and municipal governments and authorities. We believe that our businesses are in compliance with currently applicable national and local environmental laws and regulations in all material aspects.

As at the date of this Information Memorandum, we are not in breach of any applicable environmental laws and regulations which have led to penalties imposed on us by the environmental authorities and there are no existing material legal proceedings, arbitrations or administrative penalties against us.

## **HEALTH AND SAFETY**

We regard occupational health and safety as one of our important corporate and social responsibilities. Some of our business operations involve significant risks and hazards that could result in damage or destruction of property, death and personal injury, business interruption and possible legal liabilities. Pursuant to the applicable PRC laws, we have implemented a variety of internal rules and operating procedures for work safety, accident handling and safety training. We have not experienced any material safety accident which adversely affected or are likely to have any adverse effect on our business operations.

In addition, our project directors and project management teams engage in safety inspections from time to time to ensure the safety of the work environment of our construction sites.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

We have been involved in disputes with various parties involved in the construction, development and the sale of our properties, including contractors, suppliers, construction workers, joint venture partners and property purchasers, in the ordinary course of business. There is no litigation, arbitration or claim of material importance which is pending or to our knowledge threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

## REGULATION

### The Land System of the PRC

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas in a city or town is state-owned, and all land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively-owned. The State has the right to repossess land in accordance with the law if required for the benefit of the public.

Although all land in the PRC is owned by the State or by collectives, private individuals, enterprises and other organizations are permitted to hold, lease and develop land for which they are granted land use rights.

#### *National Legislation*

On 12 April 1988, the Constitution of the PRC (中華人民共和國憲法) (the “Constitution”) was amended by the National People’s Congress (全國人民代表大會) to allow for the transfer of land use rights for value. On 29 December 1988, the Land Administration Law of the PRC (中華人民共和國土地管理法) was amended to permit the transfer of land use rights for value.

Under the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-Owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the “Urban Land Regulations”) promulgated on 19 May 1990, and amended on 29 November 2020, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights upon payment of a grant premium.

<b>Use of Land</b>	<b>Maximum Period (in years)</b>
Commercial, tourism, entertainment . . . . .	40
Residential . . . . .	70
Industrial. . . . .	50
Public utilities. . . . .	50
Others . . . . .	50

Under the Urban Land Regulations, there are different maximum periods of grant for different uses of land. They are generally as follows:

Under the Urban Land Regulations, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The State may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. A land user may lawfully assign, mortgage or lease its land use rights to a third party for the remainder of the term of grant.



Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings thereon will revert to the State without compensation.

The National People's Congress adopted the PRC Civil Code(中華人民共和國民法典)(the "Civil Code") on 28 May 2020, which became effective on January 1, 2021. According to the Civil Code, when the term of the right to use construction land for residential (but not other) property purposes expires, it will be renewed automatically; and the payment, reduction or exemption of relevant renewal fees shall be handled in accordance with the provisions of laws and regulations.

In order to stop illegal occupation and abusive use of land, prevent overheating in investment in real property in some areas, and implement strict protection of cultivated land, the General Office of the State Council(國務院辦公廳)issued the Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land(關於深入開展土地市場治理整頓嚴格土地管理的緊急通知)on 29 April 2004.

The notice addresses issues including, (i) continuing the rectification of the land market by cooperation between the PRC Ministry of Land and Resources (authorities on problems existing in the grant of state-owned land use right by way of tender, auction and invitation for bidding; (ii) strictly administering approvals of construction land; (iii) protecting basic agricultural land; (iv) strictly implementing the general strategy and annual plan for land use, and the balance system for resuming and compensating cultivated land; and (v) actively promoting the reform of the administration system of land and resources. Also, according to the notice, the rectification of the land market will take approximately half a year from the issuance of the notice. Approvals for converting agricultural land to non-agricultural construction land will be suspended throughout China during this period, except for certain major public infrastructure projects which shall be approved by the State Council.

On 26 March 2005, the General Office of the State Council promulgated a Notice on Effectively Stabilising House Prices(關於切實穩定住房價格的通知)to restrain the excessive growth of house prices and promote the sound development of the property market. The notice provided that housing prices should be stabilised and the system governing housing supply should be vigorously adjusted and improved. In accordance with the notice, seven departments of the State Council including the Ministry of Construction issued the Opinions on Stabilising Property Price(關於做好穩定住房價格工作的意見)on 30 April 2005. The opinion stated, amongst the others, that: (i) the local government should focus on increasing the supply of low to medium-end ordinary residential houses while controlling the construction of high-end residential houses; (ii) to curb any speculation in the property market, business taxes would be levied from 1 June 2005 on the total revenue arising from any transfer by individuals of houses within two years upon their purchase thereof or on the difference between the transfer price and the original price for any transfer of non-ordinary houses(非普通住宅)by individuals after two or more years upon their purchase thereof; and (iii) the real estate registration department will no longer register the transfer of apartment units which are pre-sold, where such units have not obtained the relevant Real Estate Ownership Certificates.

On 24 May 2006, the General Office of the State Council further issued a Notice on the Opinions on Adjusting the Housing Supply Structure and Stabilising the Housing Prices(關於調整住房供應結構穩定住房價格意見的通知). The notice provided for six broad measures including but not limited to the following specific directives to (i) encourage mass-market residential developments and to curb the development of high-end residential properties; (ii) enforce the collection of business taxes on property sales (business taxes will be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties); (iii) restrict housing mortgage loans to not more than 70% of the total property price (for houses purchased for self-residential purposes and with an area of less than 90 sq.m., the owners are still able to apply for housing mortgage up to an amount representing 80% of the total property price); (iv) halt land supply for villas projects and restrict land supply for high-end, low density residential projects; (v) moderate the progress and scale of demolition of old properties for redevelopment; (vi) local governments are also required to ensure that at least 70% of the total development and construction area also must consists of units of less than 90 sq.m. in size (with any exceptions requiring the approval of the Ministry of Construction); and (vii) banks are not permitted to provide loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project. On 31 August 2006, the State Council published the Notice by the State Council on Strengthening the Regulation and Control of the Land(關於加強土地調控有關問題的通知), which regulates the management of land in the PRC and also the protection of cultivated land. According to the notice, land designated for industrial purposes shall be granted by way of tender, auction and invitation for bidding, but in any event shall not be sold below the reserve price.

On September 30, 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties of Urban Low-income Families and Further Strengthening Macro-control of Land Supply(關於認真貫徹國務院〈關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知), which was then revised on 3 December 2020. Pursuant to this opinion, at least 70% of the land supply arranged by the relevant land administration authority at municipality or county level for residential property development for any given year must be used for developing low-to-medium-cost and small-to-medium-size units, low-cost rental properties and affordable housing.

On January 3, 2008, the State Council issued the Notice on Promoting Economization of Land Use(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 of land appreciation tax (the "LAT") 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 units 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.

In order to encourage the consumption of the ordinary residence and support the real estate developer to handle the market change, 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)on 20 December 2008. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from 20 December 2008 to December 31, 2009, business tax is imposed on the full amount of the sale income upon the transfer a non-ordinary residence by an individual within two years from the purchase date. For the transfer of non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favourable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to “low- to medium-cost” or “small- to medium-size” ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

On 7 January 2010, the General Office of the State Council issued a Notice on Facilitating the Stable and Healthy Development of Property Market(關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilise market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down-payment of 40% of the purchase price.

On 8 March 2010, the Ministry of Land and Resources promulgated the Notice 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)in order to strictly regulate the transfer of land for commercial buildings. According to this Notice, the area of a parcel of land granted for commodity residential project should be strictly restricted in accordance with the Catalogue of Restricted Use of Land promulgated on 23 May 2012 (2012 Version) (限制用地項目目錄(2012)) and the minimum price of the land transfer shall not be less than 70% of the benchmark price of the place where the land being transferred is located, and the bidding deposit shall not be less than 20% of the minimum transfer price. After land transfer deal is closed, land transfer contract shall be executed within 10 working days therefrom. The first installment of 50% of the land transfer price shall be paid within one month of the execution of the contract and the remaining payment shall be made in time in accordance with the contract, which shall not be later than one year. A system of declaration on commencement and finish of real estate project should be established since 1 April 2010. Property developer should make written declaration to the land and resources authorities when the project commenced or finished.

On 17 April 2010, the State Council issued the Notice on Resolutely Containing the Excessive Hike of Property Price in Some Cities(堅決遏制部分城市房價過快上漲的通知)(the “17 April Notice” or the “April 2010 Notice”), which provides that where the first home purchasers (including a borrower, his or her spouse and children under 18) buy a residence with a unit floor area of more than 90 sq.m. for self use, the minimum down payment shall not be less than 30%; where for the second home buyers that use mortgage financing, it is required that the minimum down payment shall be 50% of the purchase price with minimum mortgage lending interest rate at the rate of 110% of the benchmark rate; where a third or further buyers that use mortgage financing, the minimum down payment and interest rate thereof shall be further substantially raised. The 17 April Notice, further requires that in cities where property prices are overly, high with excessive price hikes and a strained house supply, commercial banks may in light of risk exposure suspend extending bank loans for a third or more buyers; also provision of housing loans shall be suspended to non-local residents who cannot present the local tax returns or social insurances certification of more than one (1) year.

Three authorities, including the MOHURD, the PBOC and the CBRC, jointly released the Notice on Regulating the Standards for Identifying the Second Set of Housing in Commercial Individual Housing Loans(關於規範商業性個人住房貸款中第二套住房認定標準的通知) on 26 May 2010, so as to regulate recognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the notice, the number of houses owned by a family in applications for commercial housing loans for individuals shall be calculated according to number of sets of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plans to purchase a house. The notice also stipulated that house purchasers shall check the house registration records of the family via the house registration system, and shall provide the results in writing. The loan applicant shall provide the credit guarantee in writing to prove the actual number of houses owned by his/her family.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Issues Concerning Improving Differentiated Housing Loan Policies(關於完善差別化住房信貸政策有關問題的通知), which stipulates that all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contribution for more than one year. If a real estate developer has records of having idle land, changing the land use purpose and nature, delaying the project commencement or completion time, hoarding land, and other infractions, all commercial banks shall stop issuing loans or providing loan extension services to such real estate developer for its new projects.

On 2 November 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Notice on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan(關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loans for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On 4 November 2010, the State Administration of Foreign Exchange and the MOHURD jointly issued the Notice on Further Regulating the Administration of Housing Purchases by Overseas Institutions and Individuals(關於進一步規範境外機構和個人購房管理的通知), which indicates that unless otherwise provided for in laws and regulations, an overseas individual may purchase only one self-use house within the territory of China; any overseas institution which sets up a branch or representative office within the territory of China may purchase a non-residence house required for business purposes only in the city where such branch or representative office is registered.

On 26 January 2011, the General Office of the State Council issued the Notice concerning Further Strengthening the Macroeconomic Control of the Real Property Market(關於進一步做好房地產市場調控工作有關問題的通知). This Notice, among others, provides that: (i) people selling residential property within five years of their purchase of such residential property will be charged business taxes on the full amount of the sale price of such houses, whether ordinary or non-ordinary; (ii) the minimum down payment for second house purchases is raised from 50% to 60%; (iii) the PRC government will forfeit the land use rights if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract; and (iv) municipalities directly under the PRC central government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of houses that local residents can buy in a specified period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly-built houses and second-hand houses). Sales of properties to (a) local resident families who own two or more houses, (b) non-local resident families who own one or more houses, and (c) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period, shall be suspended in local administrative regions.

In order to implement the Notice concerning Further Strengthening the Macroeconomic Control of the Real Property Market (關於進一步做好房地產市場調控工作有關問題的通知), on 23 February 2011, the Guangzhou Municipal Government promulgated the Notice on Further Strengthening Control over the Guangzhou Property Market(關於貫徹國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知的實施意見), which provided, among other things, that (i) the minimum down payment for second house purchases using bank loans or housing reserves is raised to 60% with a minimum lending interest rate of 110% of the benchmark rate; (ii) both local families who have one house only and non-local families who do not own a house in Guangzhou and have paid social insurance or individual income tax for an accumulative 12 months over the last two years in Guangzhou, are allowed to buy one more house; and (iii) (a) local families who already have two or more houses, (b) non-local families who have one house, and (c) non-local families who fail to provide evidence of payment of social insurance or individual income tax for an accumulative 12 months over the last two years in Guangzhou, are suspended from purchasing a new house in Guangzhou. On 15 February 2011, the Beijing Municipal Government promulgated the Notice on Further Strengthening Control over Beijing Property Market(關於貫徹落實國務院辦公廳文件精神進一步加強本市房地產市場調控工作的通知), which among other things, provides that (i) a local family that owns one house in Beijing (including a family that holds an effective Beijing Certificate for Work and Residence) and (ii) a non-local family with an effective Certificate for Temporary Residence that does not own a house in Beijing and has paid social insurance or individual income tax for five consecutive years, are permitted to purchase one additional house in Beijing (including newly-built and second-hand houses). Furthermore, (i) a local family that owns two or more houses in Beijing, and (ii) a non-local family that owns one house or more in Beijing, or fails to provide both an effective Certificate for Temporary Residence and evidence of payment of social insurance or individual income tax for consecutive five years, is suspended from purchasing a new house in Beijing. In addition to Beijing, other cities, including Tianjin, Shanghai, Suzhou, Nanjing, Qingdao, Chengdu and Harbin have also announced their new purchase limit policies which are almost the same as the requirements in the Notice Concerning Further Strengthening the Macroeconomic Control of the Real Property Market(國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知).

On 26 February 2013, the General Office of the State Council promulgated the Notice to Further Enhance 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 provides, among other things, that in cities where the housing prices are increasing at an excessively high rate, the local counterparts of the PBOC may further increase the down payment ratio and interest rates for loans to purchase second residential properties in accordance with the price control policies and targets of the corresponding local governments. In the third quarter of 2013, several cities, including Guangzhou, Shanghai and Hangzhou, have increased the minimum down payment for purchasers of second residential properties to 70% of the purchase price. See “Real Estate Loans”.

On 19 May 2018, the MOHURD issued the Notice on Further Improving the Macroeconomic Control of the Real Property Market(住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知), which provides that the proportion of the residential land shall be raised, and shall be no less than 25 per cent of the urban construction land. The proportion of the land used for public housing, rental housing and joint property rights housing shall reach 50 per cent or more in 3 to 5 years.

## ***Grant***

PRC law distinguishes between the ownership of land and the right to use land. Land use rights can be granted by the State to a person to entitle him to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. A premium is payable on the grant of land use rights. The maximum term that can be granted for the right to use a piece of land depends on the purpose for which the land is used. As described above, the maximum limits specified in the relevant regulations vary from 40 to 70 years depending on the purpose for which the land is used.

Under the Urban Land Regulations, there are three methods by which land use rights may be granted, namely by agreement, tender or auction.

On 11 June 2003, the Ministry of Land and Resources promulgated the Regulation on Grant of State-Owned Land Use Rights by Agreement(協議出讓國有土地使用權規定). According to such Regulation, if there is only one intended user on a piece of land, the land use rights (excluding land use rights used for business purposes, such as commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate the plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. The local land bureau and the person who is interested will negotiate and enter into the grant contract based on such plan. If two or more entities are interested in the land use rights proposed to be granted, such land use rights shall be granted by way of tender, auction or invitation for bidding. Furthermore, according to the Provisions on the Regulations on Assignment of State-Owned Construction Land Use Right through Bidding, Auction and Quotation(招標拍賣掛牌出讓國有建設用地使用權規定)effected from 1 November 2007, which repealed the Assignment of State-Owned Land Use Right Through Bid Invitation, Auction and Quotation(招標拍賣掛牌出讓國有土地使用權規定)effected from 1 July 2002, land use rights for properties for industrial use, commercial use, tourism, entertainment and commodity residential purposes can only be granted through tender, auction or invitation for bidding.

Where land use rights are granted by way of tender, invitations to tender will be issued by the local land bureau. The invitation will set out the terms and conditions upon which the land use rights are proposed to be granted. A committee will be established by the relevant local land bureau to consider tenders which have been submitted. The successful bidder will then be asked to sign the grant contract with the local land bureau and pay the relevant land premium within a prescribed period. The land bureau will consider the following factors: the successful bidder shall be either the bidder who can satisfy the comprehensive evaluation criteria of the tender, or who can satisfy the substantial requirements of the tender and also offers the highest bid.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the bidder with the highest bid. The successful bidder will be asked to enter into a grant contract with the local land bureau.

Where land use rights are granted by way of invitation for bidding, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bidding and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid and which satisfies the terms and conditions. The successful bidder will then enter into a grant contract with the local land bureau.

Upon signing of the contract for the grant of land use rights, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local land bureau for the issuance of the land use right certificate, and the land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract. According to the Law of the People's Republic of China on the Administration of Urban Real Property(中華人民共和國城市房地產管理法)(the "Urban Real Property Law"), promulgated by National People's Congress on 5 July 1994 and amended on 30 August 2007, 27 August 2009 and 26 August 2019, upon expiration of the term of grant, the grantee may apply for renewal of the term. Upon approval by the relevant local land bureau, a new contract shall be entered into to renew the grant, and a grant premium shall be paid.

On 18 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). This Notice raises the minimum down-payment for land premium to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

The Ministry of Land and Resources promulgated the Notice on Issues Regarding Strengthening Control and Monitor of Real Estate Land Supply(關於加強房地產用地供應和監管有關問題的通知)(the "Notice") on 8 March 2010. According to the Notice, the land provision for affordable housing, redevelopment of shanty towns and small/medium residential units for occupier owner should be no less than 70% of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The Notice also requires that the lowest land grant price should not be less than 70% of the basic land price of the place where the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. The land grant agreement must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50% and must be paid within one month after the execution of the land grant agreement. The rest payment should be paid in accordance with the agreement, but not later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land should not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.



On 21 September 2010, the Ministry of Land and Resources and the MOHURD issued the Notice of the Ministry of Land and Resources and the MOHURD on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates(國土資源部、住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知), to tighten the examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders' borrowing, on-lending or raised funds, and the credit certificate issued by commercial financial institutions. Where the bidders are found to have conducted any of the following illegal or irregular activities, then the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use rights; (3) where the land is idling for a period of more than one year due to the enterprises' reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

In order to control and facilitate the procedure of obtaining land use rights, several local governments have stipulated standard provisions for land grant contracts. Such provisions usually include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total gross floor area and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premium and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the added value of the new use. Registration procedures must then be carried out immediately.

Pursuant to the Notice on Further Strengthening the Administration and Control of Land-Use and Construction of Real Estates(關於進一步加強房地產用地和建設管理調控的通知)jointly promulgated by the Ministry of Land and Resources and the MOHURD on 21 September 2010, the grant of two or more bundled parcels of lands or uncleared lands(毛地)is prohibited.

Base on the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of Real Property Market(關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知), which was jointly promulgated by the Ministry of Land and Resources and the MOHURD and effective on 19 July 2012, all local governments shall strictly enforce the macroeconomic policy on real property market. The grant of real property land shall not exceed the upper limit of area and the grant of two or more bundled parcels of lands or uncleared lands is prohibited. The plot ratio of residential land shall not be less than one. Residential construction projects shall be commenced within one year from the land title delivery date which stipulated in the land allocation decision or land grant contract, and shall be completed within three years from the date of commencement. Inspection of land bidders' qualification shall be strictly implemented to preclude bank loans from being used to pay for the land premium. The competent authority of land and resources shall forbid the land users from participating the land bidding for a certain period if the land users: (1) fail to pay land premium in time; (2) leave the land idle; (3) reserve lands for future development or speculation; (4) commit to a construction scale beyond its actual development capacity; or (5) fail to perform land use contract.

According to the Provisions on the Economic and Intensive Use of Land (2019 revision)(節約集約利用土地規定) (2019修訂), land users and land premium for commercial lands shall be determined by bidding. Land premium for compensable use of land shall not be less than lowest price standard stipulated by the State. Land premium shall not be reduced or relieved in any way, such as exchanging projects with land, returning fees after collecting, granting subsidies or rewards.

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 1 April 2017, which provides, among others, that local government should adjust land supply on the basis of the inventory turnover cycle of the commercial residential property. If the cycle is longer than 36 months, no land shall be supplied; if the cycle lasts from 18 months to 36 months, land supply shall be reduced; if the cycle lasts from six months to 12 months, land supply shall be increased; if the cycle is shorter than six months, land supply shall be increased significantly. In addition, the circular stipulates that local authorities should adopt examination and approval procedure to insure that property developers use legitimate self-owned funds to acquire lands.

### ***Withdrawal of Land***

According to the Urban Real Property Law, where a real property development is carried out on land for which the land use rights are acquired by means of grant, the land must be developed in line with the specified use for the land and the deadline for commencement of development set out in the land grant contract. Where the development does not commence within one year from the specified date set out in the land grant contract, an idle land fee may be charged at a rate equivalent to not more than 20% of the relevant land premium. Where the development does not commence within two years from the specified date, the relevant land use rights may be withdrawn without compensation, except where the commencement of construction is delayed due to force majeure, an act of the government or relevant government departments, or delays in preliminary work necessary for the commencement of development.

According to the Measures on Disposal of Idle Land(閒置土地處置辦法), which was promulgated on 28 April 1999 and amended on 22 May 2012, “idle land” refers to the state-owned construction land granted but laying idle because the state-owned construction land use right owner fails to commence development and construction within one year after the commencement date agreed or stipulated in paid-use state-owned construction land use right contract or allocation decision. The following state-owned construction land, where the construction has been suspended for one year, may be deemed as “idle land”, if:

- (i) The construction has been commenced but the constructed land area is less than 1/3 of the total construction area; or
- (ii) The contributed investment amount is less than 25% of the total investment amount.

Where that the land is found as “idle land” after investigation, relevant municipal or county land administrative authorities (the “Land Administrative Authorities”) shall issue an Idle Land Affirmation Notice and implement the disposal of idle land accordingly.

In the event that the delay of construction commencement is caused by governmental behaviour or force majeure, the disposal methods of idle land include, among others, the following:

- (i) extending the time frame for construction commencement. Supplemental agreement shall be entered into and provides a new time frame for construction commencement, completion and default liabilities. The time limit of construction commencement shall not be extended over one year from the date specified in the supplemental agreement;
- (ii) adjusting the land use and planning conditions; land grant procedure shall be re-applied and land premium shall be appraised, collected or refund according to the new land use or planning conditions;
- (iii) arranging temporary use for the idle land by the government. The time frame from temporary use shall not exceed two years after the temporary arrangement;
- (iv) entering into agreement on redeeming the land use right with compensation;
- (v) exchanging the idle land. Where the land premium has been paid, project is fully funded and the idle of land is caused by planning adjustment, the government may exchange the idle land with other state-owned construction land of same value and land use for the state-owned construction land use right owner to develop and construct. If the exchange is related to grant of land, a new land grant contract shall be executed, which specifies the land as exchange land; and
- (vi) other disposal ways stipulated by the Land Administrative Authorities based on actual situation.

Save for the above item (iv), the construction commencement date shall be calculated according to the newly agreed or stipulated time frame.

The Notice on Promoting the Economical and Intensive Use of Land(關於促進節約集約用地的通知) issued by the State Council on 3 January 2008 urges the full and effective use of existing construction land and the preservation of farming land and emphasizes the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20% of the land grant premium, as well as for land left idle for more than two years, with such idle land forfeited without compensation.

### ***Transfer***

After land use rights relating to a particular area of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights are granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the State. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas in the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract between the parties which must be registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the State are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

Under the Urban Real Property Law, real property that has not been registered and of which a title certificate has not been obtained in accordance with the law may not be assigned. Also, under the Urban Real Property Law, if land use rights are acquired by means of grant, the real property shall not be assigned before the following conditions have been met: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use right certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract; (iii) where the investment involves property construction, more than 25% of the total amount of investment or development must have been made or completed; and (iv) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purposes have been satisfied.

### ***Termination***

A land use right terminates upon the expiration of the term of the grant specified in the land grant contract and the resumption of that right. Upon expiry, the land use right and ownership of the related buildings erected there on and other attachments may be acquired by the State without compensation. The land user will take steps to surrender the land use right certificate and cancel the registration of the certificate in accordance with relevant regulations. A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewed right.

According to the Civil Code(中華人民共和國民法典), when the term of the right to use construction land for residential (but not other) property purposes expires, it will be renewed automatically; and the payment, reduction or exemption of relevant renewal fees shall be handled in accordance with the provisions of laws and regulations.

The State generally will not withdraw a land use right before the expiration of its term of grant and for special reasons (such as in the public interests), it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

### ***Document of Title***

In the PRC, there are two registers for property interests. Land registration is achieved by the issuance of a land use right certificate by the relevant authority to the land user. It is evidence that the land user has obtained land use rights which can be assigned, mortgaged or leased. The building registration is the issuance of a property ownership certificate(房屋所有權證)or a real estate ownership certificate(不動產權證書)(the “Real Estate Ownership Certificate”) to the owner. It is evidence that the owner has obtained building ownership rights in respect of the building erected on a piece of land. According to the Land Registration Regulations(土地登記規則)(the “Registration Regulations”) promulgated by the State Land Administration Bureau (國家土地管理局)on 28 December 1995 and implemented on 1 February 1996, all land use rights and building ownership rights which are duly registered are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC, the above systems are separate systems. However, in Shenzhen, Shanghai, Guangzhou and some other major cities, the two systems have been consolidated and a single composite real estate ownership certificate(不動產權證書)will be issued evidencing the ownerships of both land use rights and the building erected thereon.

The Interim Regulations on Real Estate Registration (2019 revision)(不動產登記暫行條例, 2019修訂) provides, among others, the following:

- The real estate authorities shall establish a uniform real estate registration book to record, among others, collective land ownership, ownership of constructions and structures, ownership of forests and woods, construction land use rights, sea use rights and mortgages; and
- The Ministry of Land and Resources shall in coordination with other related departments, establish a uniform management platform for real estate registration information. The information registered by the real estate registration authorities at all levels shall be incorporated into the uniform management platform to ensure the real-time sharing of registration information at the national, provincial, municipal and county levels.

The Ministry of Land and Resources promulgated 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 revised on 24 July 2019. The implementing rules authorize the real estate registration authority to perform site inspection following the acceptance of an application for real estate registration and set out regulations regarding information management of real estate registration.

### ***Mortgage and Guarantee***

The grant of mortgage in the PRC is governed by the Civil Code(中華人民共和國民法典), the Measures for Administration of Mortgages of Urban Real Estate promulgated by the Ministry of Construction(城市房地產抵押管理辦法)on 9 May 1997 and amended in 30 May 2021, and by relevant laws regulating real estate. Under the Civil Code, any mortgage contract must be in writing and must contain specified provisions including (i) the type and amount of the indebtedness secured; (ii) the period of the obligation by the debtor; (iii) the name, quantity and other circumstances of the mortgaged property; and (iv) the scope of the mortgage. For mortgages of urban real properties, new buildings on a piece of land after a mortgage has been entered into will not be subject to the mortgage.

The validity of a mortgage depends on the validity of the mortgage contract, possession of the real estate ownership certificate and/or land use right certificate of the mortgagor and registration of the mortgage with authorities. If the loan in respect of which the mortgage was given is not duly repaid, or if any circumstances for mortgage right realization agreed upon by the parties occur, the mortgagee may, upon agreement with the mortgagor, convert the mortgaged property into money or exercise priority right of payment from the proceeds generated from the auction or sale of the mortgaged property. If the proceeds from the sale of such property are not sufficient to cover the outstanding amount, the mortgagee may bring proceedings before a competent court or arbitration tribunal (where there is an agreement to recover the amount still outstanding through arbitration) in the PRC.

The Civil Code also contains comprehensive provisions dealing with guarantees. Under the Civil Code, guarantees may be in two forms: (i) guarantees whereby the guarantor bears the liability when the debtor fails to perform the payment obligation; and (ii) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

The Civil Code further provides that where indebtedness is secured by both a guarantee and by mortgaged property, when the debtor fails to pay its due debts or any circumstance for realizing the property for security as agreed upon by the parties concerned occurs, the creditor shall realize his creditor's rights in accordance with agreement; where there is no agreement or such agreement is not explicit, and the debtor provides his/its own property for security, the creditor's right shall be realized by the security by property first; where the security by property is provided by a third party, the creditor may realize the creditor's right in respect of the property or require the guarantor to assume guarantee liability. The third party for providing the security may, after assuming the security liability, is entitled to recourse payments against the debtor.

### ***Resettlement***

On 21 January 2021, 2011, the State Council promulgated the Regulation on Expropriation and Compensation of Houses on State-Owned Land(國有土地上房屋徵收與補償條例)(the "Expropriation and Compensation Regulation"), which replaced the Administration Rules of Demolition and Removal of Housing in Urban Areas. The Expropriation and Compensation Regulation provides that, among other things:

- (i) buildings can be expropriated under certain circumstances for public interests, and only governmental authorities can be in charge of resettlement activities; real estate developers are prohibited from being involved in demolition and relocation procedures;
- (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 publishing the notice 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 can apply to the real estate appraisal institution for re-appraisal; and
- (iv) neither violence nor coercion may be used to force homeowners to leave sites, nor can certain measures, such as illegally cutting water and power supplies, be used in relocation work.

The Measures of Expropriation and Evaluation of Properties on State-Owned Land (國有土地上房屋徵收評估辦法), which was promulgated and implemented on 3 June 2011, provides that, among other things:

- (i) The value of the expropriated property is the sum would have been reached by informed and willing parties in arm's length transaction, excluding factors such as lease, pledge and seizure;
- (ii) The market value of the property for exchanging the expropriated property shall be determined by evaluation. The benchmark date of evaluation of the expropriated property is the date when the property expropriation decision is posted; and

- (iii) The evaluation of expropriated property shall consider location, property use, construction structure, condition, building area, floor area, land use right and other factors that might affect the value of the property. The value of interior decoration, relocation fee for machinery equipments and materials and compensation for halting the production and business shall be determined through negotiation by relevant parties; if the parties fail to reach such an agreement, the value may be determined by evaluation conducted by a real estate evaluation institution appointed by the parties.

### ***Property Development***

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale of units. A large tract development project consists of comprehensive development of an area to be suitable for industrial use, leveling of the land and construction of necessary infrastructure such as water, electricity, road and communications facilities. The developer may either assign the land use rights of the developed area, or construct buildings on the land itself and sell or lease the buildings thereon.

According to the PRC Urban-rural Planning Law(中華人民共和國城鄉規劃法)promulgated by the Standing Committee of the National People's Congress on 28 October 2007, implemented on January 1, 2008 and amended on 24 April 2015 and 23 April 2019, and the Measures on the Planning of Grant of State-Owned Land Use Rights(國有土地使用權出讓轉讓規劃管理辦法)promulgated by the Ministry of Construction on 4 December 1992 and implemented on January 1, 1993, real estate developers shall apply for the construction land planning permit from the relevant municipality or county urban-rural planning authority after obtaining the approval or filing certificates of the projects and signing the contract of grant of state-owned land use rights. A construction enterprise or individual shall apply for the construction land planning permit at the relevant municipality or county urban-rural planning authority before commencing the construction of buildings, structures, roads, pipes or other construction works. According to the Measures on Permission of Construction Works (2021 revision)(建築工程施工許可管理辦法，2021修訂)after obtaining the construction land planning permit real estate developer shall apply for and obtain the construction land works permit at the relevant construction authority of the government above the county level, except for the construction projects with the investment below CNY 300,000 or gross floor area below 300 sq.m.. Failure to obtain the construction land works permit for any real property project as required by law will result in prohibition of commencement of the construction work.

A property project developed by a property developer shall comply with the relevant laws and other statutes, requirements on construction quality, safety standards and technical guidance on survey, design and construction work, as well as provisions of the relevant contract. After completion of works for a project, the property developer shall organise 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 30 January 2000 and amended on 23 April 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 MOHURD on 2 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 on 4 April 2000 and as amended on 19 October 2009. 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 conducted 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.

### ***Establishment of a Real Estate Development Enterprise***

According to the Urban Real Property Law, the concept of real estate development enterprises refers to the enterprises that conduct the business of real estate development and management for profits. According to the Regulations on Administration of Development and Management of Urban Real Estate (2020 revision)(城市房地產開發經營管理條例·2020修訂)(the “Development and Management Regulations”), a real estate development enterprise must fulfil the following conditions: (1) having registered capital of above CNY 1,000,000; (2) having more than four full time technical staff with the qualification certificates of real estate or construction engineering and more than two full time accountants with the relevant qualification certificates. The Development and Management Regulations also stipulates that the government of provinces, autonomous regions and/or the administrative divisions directly under the Central Government may implement stricter rules on the registered capital of the real estate development enterprise and the conditions of the professional technical staff, depending on the local actual situations.

According to the Development and Management Regulations, establishment of a real estate development enterprise requires an application for registration at the relevant administrative authority of industry and commerce. A real estate development enterprise shall also make a filing with the governmental authority of real estate development within thirty days after obtaining the business licence.

### ***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 on 29 March 2000, and amended on 4 May 2015 and 22 December 2018, respectively, a property developer shall apply for registration of its qualifications according to 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 under the government 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 that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

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 of its receipt of the above report. The Provisional Qualification Certificate shall be effective one year from its issuance, 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 limited 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 GFA of less than 250,000 sq.m. and the specific scope of business shall be as confirmed by the construction authority under the government 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 authorised 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 under the people's government of the relevant province, autonomous region or municipality.

### ***Environmental Protection***

The laws and regulations governing the environmental requirements for real estate development 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(建設項目環境保護管理條例).

Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

## *Pre-sale and Sale*

Pursuant to the Urban Real Property Law and the Administrative Measures Governing the Pre-sale of Urban Real Estate(城市商品房預售管理辦法) (the “Administrative Measures”) promulgated on 15 November 1994, implemented on January 1, 1995 and amended on 20 July 2004, commodity houses which have not been completed may be sold when certain conditions and/or requirements are satisfied.

Pre-sale of commodity houses is regulated by an approval system. Developers who intend to pre-sell their commodity houses shall apply to the relevant Real Estate Administration Department of the People’s Government at municipality or county level(市、縣人民政府房地產管理部門)and obtain a pre-sale permit.

When commodity houses are pre-sold, the following requirements shall be satisfied according to the Urban Real Property Law and the Administrative Measures:

- (i) the land premium in respect of the land use rights must be paid in full and the land use right certificate must have been obtained;
- (ii) the construction works planning permit and the work commencement permit must have been obtained;
- (iii) funds contributed to the development of the project shall amount to at least 25% of the total amount of the project investment, and project progress and the date of completion of the project for use must have been ascertained; and
- (iv) the pre-sale permit must have been obtained through pre-sale registration.

The Ministry of Construction and the NDRC jointly promulgated the Notice on Further Rectifying the Trade Order of Real Estate (關於進一步整頓規範房地產交易秩序的通知)on 6 July 2006. The purpose of this notice is to strengthen the regulation over the pre-selling of real estate. The Notice provides that real estate development enterprises shall sell commodity residential properties within 10 days after obtaining the pre-sale permit. The Notice was abolished by the Announcement of the Ministry of Housing and Urban— Rural Development on Issuing the Results of Inventory and Review of the Rules and Regulatory Documents(關於公佈住房和城鄉建設部規範性文件清理結果目錄的公告)on 26 January 2011.

On 13 April 2010, the MOHURD issued the Notice on Further Strengthening on Real Estate Market Supervision and Improvement of the Commercial Housing Pre-sale System(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). It stipulates that:

- property developers shall not charge the purchaser earnest or advance money in forms of subscription, order or grant of VIP card in relation to the project for which it has not obtained the pre-sale permits;
- property developers shall disclose all housing that is permitted to be sold at one time and the price of each housing unit within 10 days after obtaining the pre-sale permits;
- pre-sale permits can only be issued to entire buildings, in addition, pre-sale permit shall not be issued to individual floors or units;

- property developers shall conduct commercial housing pre-sale programs and sell the commercial housing in accordance with such programs. The programs shall include basic information on the project, such as construction schedule, number of pre-sale housing, predicted size, the areas of public space and public facilities, sale prices and the range of changes in sale prices and the monetary system for pre-sale proceeds. The pre-sale programme and all material changes to such programme shall be reported to the relevant authorities for record and be published;
- all pre-sale proceeds shall be deposited into accounts under monitoring to ensure the legitimate use for project construction; and
- property developers shall take primary responsibility for the quality of properties developed, while enterprises in the business of survey, design, construction or supervision shall also take the respective responsibilities accordingly.

Commodity buildings may be put to post-completion sale after they have passed the clearance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

According to the Notice Concerning Further Strengthening the Microeconomic Control of the Real Property Market(國務院辦公廳關於進一步做好房地產市場調控工作的有關問題的通知)promulgated by the General Office of the State Council on 26 January 2011, the administrative divisions directly under the Central Government, cities specifically designated in the State plan, provincial capital cities and the cities with excessive or rapid rising real estate price shall implement strict measures with housing-purchase limitation for a reasonable period of time. As the general rule, a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment of a certain period is limited to purchasing one house (including new constructed commercial property and second hand property); and, a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that is unable to provide evidence of local tax or social insurance payment of a certain period shall be suspended from purchasing house in the relevant administrative region.

On 16 March 2011, the National Development and Reform Commission promulgated the Regulations on Clearly Marking Price in the Sale of Commodity Houses(商品房銷售明碼標價規定), according to which the sale of commodity housing shall mark prices on a per unit basis, and show to the public the collection of handling fees and property management charges. A commodity house operator shall not charge any additional fees other than those clearly marked during the property sale. After the price of a commodity house is clearly marked, the developer may reduce the price or provide discounts, however, any increase in price shall be re-filed with the competent authority for record. These regulations also apply to the selling of second hand property by real estate agents.

According to Notice on Conducting Special Inspections of the Sale of Commodity Houses with Marked Prices(關於開展商品房銷售明碼標價專項檢查的通知) promulgated by the General Office of the National Development and Reform Commission and implemented on 11 May 2011, real estate developers who failed to mark a price on each unit in accordance with relevant regulations will be imposed a fine of CNY5,000 for each unit sold. If the real estate developers are found to have committed in price fraud, order of correction, confiscation of illegal gains and fine will be imposed; in serious cases, the real estate developers will be ordered to suspend business.

According to 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) promulgated by MOHURD on 10 October 2016, real estate developers conducting improper operations will be subject to investigation and punishment according to the law. Improper operations include releasing and spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices through fabricating or spreading information on rising housing price, and other operations.

### *Transfer of Real Estate*

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate promulgated by the Ministry of Construction(城市房地產轉讓管理規定)on 7 August 1995, as amended on 15 August 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to transfer must 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 real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land use rights as provided by the land grant contract and a land use rights certificate has been properly obtained;
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed;
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled made ready for industrial or other construction purposes; and
- in case of where the real property has been completed in construction, the property ownership certificate shall be obtained.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term provided in the land grant contract after deducting the time that has been used by the former land users. In the event that the assignee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant municipality or county level and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, among others, change the use of the land and adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, such allocation may be changed to land use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Land for industry (including warehouse land, but excluding mining land), commercial use, tourism, entertainment and commodity housing development must be assigned by tender, auction or invitation for bidding under the current PRC laws and regulations.

### *Real Estate Loans*

On 5 June 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Loans(關於進一步加強房地產信貸業務管理的通知). According to this Notice, the commercial banks shall focus their business towards supporting real estate projects targeted at medium-to-low-income families and appropriately restrict the granting of real estate loans to projects involving spacious apartments, luxurious apartments and villas. The Notice strictly prohibits banks from advancing working capital loans to real estate developers. When applying for a real estate loan, the real estate developer's own capital in any proposed real estate project should not be less than 30% of the total investment of the project. The Notice also prohibits loans advanced for the payment of land premium for land use rights.

On 12 August 2003, the State Council(國務院)published the Notice by the State Council on Facilitating Sustained and Healthy Development of Real Estate Market(國務院關於促進房地產市場持續健康發展的通知), which provides a series of measures to control the property market, including but not limited to increasing the supply of common residential houses, controlling the construction of high-end commodity houses, and strengthening the supervision of the real property administration. The purpose of the Notice is to create a positive influence on the long-term development of the property market in China.

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 China Banking Regulatory Commission on 30 August 2004, commercial banks may not provide any loan in any form for a project without the State-Owned Land Use Rights Certificate, Construction Land Use Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. Any property developer applying for property development loans must have invested at least 35% of the capital required for the development and a commercial bank should maintain a strict project approval mechanism for processing applications for property development loans.

Under the Notice of the People's Bank of China on Adjusting the Housing Credit Policies of Commercial Banks and Deposit Interest Rate of the Excess Part of the Reserve(中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知)issued by the PBOC on 16 March 2005 and effective from 17 March 2005, the minimum amount of down payment for an individual residence shall be increased from 20% to 30% of the purchase price for properties in cities where the property market is considered to be overheating.

On 24 May 2006, the General Office of the State Council issued the Opinion developed by the Ministry of Construction (and relevant authorities) on Adjusting the Housing Supply Structure and Stabilising the Housing Prices(關於調整住房供應結構穩定住房價格意見). According to the opinion, in order to curtail the rapid rise in property prices, from 1 June 2006, the minimum amount of down payment for individual housing shall not be less than 30%. However, considering the housing needs of low-and-middle-income earners, the minimum down payment for self-occupied housing with a GFA of less than 90 sq.m. per unit remains unchanged, and shall not be less than 20%.

On 27 September 2007, the PBOC and the CBRC promulgated the Notice on Strengthening the Administration of Commercial Real-estate Credit Loans(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 notice aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures, among others, include: prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties. In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

On 5 December 2007, the PBOC and the CBRC jointly issued the Supplemental Notice on Strengthening the Administration of Commercial Real-estate Credit Loans(關於加強商業性房地產信貸管理的補充通知), which clarifies that the times of property mortgage loans should be calculated on a family basis, including the borrower and his or her spouse and minor children.

On 29 July 2008, the PBOC and the CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land(關於金融促進節約集約用地的通知), requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

On 22 October 2008, the PBOC promulgated the Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans(關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知), which provides that, effective 27 October 2008, the float-down range for interest rate for individual mortgage loans is expanded and the ratio of down payments be adjusted. As a result, the minimum interest rate for individual mortgage loans is 70% of the benchmark loan interest rate and the minimum down payment ratio is adjusted to 20%.

On 20 December 2008, the General Office of the State Council issued the Opinion on Promoting the Healthy Development of Real Estate Market(國務院辦公廳關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self-occupied housing for the first time by borrowing a mortgage loan shall enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self-occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate shall be determined by the commercial banks based on the benchmark interest rate and their banks' risk assessments.

On 8 December 2008, the General Office of the State Council promulgated the Opinions on Financially Strengthening the Current Economic Development(國務院辦公廳關於當前金融促進經濟發展的若干意見), which decides to implement and introduce the measures of credit policy to support the residents to purchase the first ordinary self-use house and the house for the purpose of improving the dwelling conditions, increase the credit support for construction of low-rent house, economically affordable house and rebuilding of shanty areas for urban low-income residents, and pilot the real property investment trusts and expand the financing channels for real property enterprises.

According to the Notice on Adjusting the Portion of Capital for Fixed Assets Investment(國務院關於調整固定資產投資項目資本金比例的通知)issued by the State Council on 25 May 2009, the capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital for other property is adjusted from 35% to 30%. Financial institutions shall decide based on the capital ratio adjustments whether or not to issue loans to real estate companies.

The General Office of the State Council issued the Notice on Facilitating the Stable and Healthy Development of Property Market(關於促進房地產市場平穩健康發展的通知)on 7 January 2010. The notice reinforces the enforcement of differentiated credit policy. In addition to continuing to support the first-time purchase of common housing with loans, the government strengthens the administration for the second housing bought with loans. It provides that the down payment for the second housing bought with loans shall not be less than 40% of the total price. The interest rate will be adjusted based on risk pricings.

On 17 April 2010, the State Council issued the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities(國務院關於堅決遏制部分城市房價過快上漲的通知)which stipulated that down payment for the first property that is larger than 90 sq.m. shall not be less than 30% of the purchase price; down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the down payment and interest rate shall significantly increase for the third or further properties bought with mortgage loans. In certain areas where commodity residential property is in short supply and prices rise too quickly, the banks may suspend granting mortgage loans for the third or further properties bought with mortgage loans or to non-local residents who cannot provide any proof of tax or social insurance payment more than one year.

Three authorities, including the MOHURD, PBOC and CBRC, jointly released the Notice on Regulating the Standards for Identifying the Second Set of Housing in Commercial Individual Housing Loans(關於規範商業性個人住房貸款中第二套住房認定標準的通知) (the “Notice”) on 26 May 2010, so as to regulate cognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the Notice, the number of houses owned by a family for commercial housing loans for individuals shall be calculated according to the number of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plan to purchase a house. The Notice also stipulated that house purchasers shall check the house registration records of the family via the house registration system, and shall provide the results in written. The loan applicant shall provide the credit guarantee in written to prove the actual number of houses owned by his/her family.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Issues Concerning Improving Differentiated Housing Loan Policies(關於完善差別化住房信貸政策有關問題的通知), which stipulates that all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contribution for more than one year.

On 2 November 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Notice on Regulations of Policies Concerning Personal Housing Provident Fund Loan(關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. On 26 January 2011, the State Council issued the Notice Concerning Further Strengthening the Macroeconomic Control of the Real Property Market(關於進一步做好房地產市場調控工作有關問題的通知), according to which, the minimum down payment is raised to 60% for second-house purchases with the minimum lending interest rate at 110% of the benchmark rate.

On 26 February 2013, the General Office of the State Council promulgated the Notice to Further Enhance 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 provides, among other things, that in cities where the housing prices are increasing at an excessively high rate, the local counterparts of the PBOC may further increase down payment ratio and interest rates for loans to purchase second residential properties in accordance with the price control policies and targets of the corresponding local governments. In the third quarter of 2013, several cities, including Guangzhou, Shanghai and Hangzhou, have increased minimum down payment for purchasers of second residential properties to 70% of the purchase price.

On 29 September 2014, the PBOC and the CBRC jointly issued the Notice on Further Improving Financial Services for Residential Property(關於進一步做好住房金融服務工作的通知), which stipulates that (i) the minimum mortgage loan interest rate for first-time purchasers of residential property is 70% of the benchmark lending interest rate; (ii) where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to purchase another residential property to improve living conditions, the bank may apply the aforesaid mortgage loan policy for first-time purchasers of residential property; and (iii) in cities that have lifted restrictions on the purchase of residential property by residents or those that have not imposed such restrictions, when a household that owns two residential properties or more and has paid off its existing mortgage loans applies for a new mortgage loan to purchase 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, to decide the down payment ratio and loan interest rate. In view of the local urbanisation plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies.

On 30 March 2015, the PBOC, the CBRC and the MOHURD jointly issued the Notice Concerning the Issues of the Policy of Personal Housing Loan(關於個人住房貸款政策有關問題的通知). The notice lowers the minimum down payment to 40% of the property price for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to buy a second residential property to improve its living conditions.



On 27 August 2015, the MOHURD, the Ministry of Finance and the PBOC jointly issued the Notice on the Adjustment of the Rate of the Minimum Down Payment for Personal Housing Loans from Housing Provident Fund(關於調整住房公積金個人住房貸款購房最低首付款比例的通知). The notice lowers the minimum down payment rate payable by households from 30% to 20% when such households, which own a residential property and have settled the housing loans, apply for loans from the housing provident fund for a second residential property to improve living conditions.

On 1 February 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). The notice provides that, in cities where restriction on the purchase of residential property is not imposed, the minimum down payment is 25% of the property price for a household applying for personal housing commercial loans to purchase its first ordinary residential property, which may be further decreased 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%.

On 28 December 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% of the required proportion based on the statistical data relating to such financial institution as at 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.

### ***Hotel Development***

Hotel developments in China are subject to regulations governing property development generally, including those relating to land use, project planning and construction. Currently, no dedicated regulator has been designated for the hotel industry in the PRC. The governmental regulation of operation of hotel business is undertaken by different authorities in accordance with the respective business scopes of different hotels.

### ***Supervision on Security and Fire Control***

Pursuant to the Measures for the Control of Security in the Hotel Industry(旅館業治安管理办法)issued by the Ministry of Public Security of the PRC on 10 November 1987 and amended on 8 January 2011 and 29 November 2020, a hotel can start operation only after obtaining business licence from the SAMR and approval from the local public security bureau. A hotel operator should make a filing with the local public security bureau and its branches in the county or municipality, if the hotel operator has any material change such as closing, transferring business or merging into other business, and changing place of business and name.

Pursuant to the Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions(機關、團體、企業、事業單位消防安全管理規定)enacted by the Ministry of Public Security on 14 November 2001 and enforced on 1 May 2002, hotels (or motels) are subject to special regulation in terms of fire control and safety. When a hotel is under construction, renovation or re-construction, a fire control examination procedure is required and when the construction, renovation or re-construction project is completed, a hotel can only open for business after passing a fire control inspection.

#### *Supervision on Public Health*

According to relevant regulations and rules in relation to public health, hotels are subject to public health regulation. The operating enterprise should gain the sanitation licence. The measures for granting and managing sanitation licence are formulated by public health authority of province, autonomous region, and municipality directly under the central government. The sanitation licence is signed by the relevant public health administration and the public health and epidemic prevention institutions grant the licence. The sanitation licence should be reviewed once every two years.

#### *Supervision on Catering*

According to the relevant regulations and rules in relation to catering services, hotels operating catering services should obtain catering service permits. Catering service permits are granted by food and drug administrative authorities above county level. The purchase, reserve and processing of food, tableware, and service should meet relevant requirements and standards for catering services.

#### *Insurance*

There is no mandatory provision under PRC laws and regulations requiring a property developer to obtain insurance policies for its property developments. 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.

#### ***Foreign Investment in Property Development***

The Urban Land Regulations state that foreign entities may acquire land use rights in China unless the law otherwise provides. However, in order to develop the land acquired, foreign investment enterprises in the form of equity or co-operative joint ventures or wholly foreign-owned enterprises must be established.

All property development companies, including foreign investment enterprises, are also required to apply for a property development enterprise qualification certificate(房地產開發企業資質證書)from the central or local construction authority.

## *Foreign Investment Catalogue*

Since the implementation of 2015 revision of Catalogue of Industries for Guiding Foreign Investment (外商投資產業指導目錄) on 10 April 2015 and the 2017 revision on 28 July 2017, real estate development (including development of whole land plot) is no longer within the restricted or prohibited category of foreign investment.

## *Foreign Investment Filings*

On 15 March 2019, the National People's Congress of the PRC approved the Foreign Investment Law(中華人民共和國外商投資法) (the "FIL"), which has come into force as of January 1, 2020. The FIL has replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Wholly Foreign-owned Enterprises and the Law on Sino-Foreign Contractual Joint Ventures to become the legal foundation for foreign investment in the PRC. The FIL stipulates certain forms of foreign investment and regulates foreign investment through a system of pre-entry national treatment and a negative list. The negative list, which will be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field prohibited from foreign investment under the negative list and shall meet the investment conditions stipulated under the negative list for any restricted fields under the negative list. For fields not mentioned in the negative list, domestic and foreign investments shall be treated equally.

On 26 December 2019, the state council promulgated the Implementing Regulations of the Foreign Investment Law(中華人民共和國外商投資法實施條例), which has come into force as of January 1, 2020. The government and relevant departments shall treat domestic and foreign investments equally in terms of government funding, land allocation, tax deductions and exemptions, qualification, standard setting, project declarations, human resources policies.

On 30 December 2019, MOFCOM and SAMR jointly issued the Measures for Reporting of Information on Foreign Investment(外商投資信息報告辦法), which provides that, since January 1, 2020, the establishment of the foreign invested enterprises and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

## **Foreign Exchange Controls**

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. The SAFE(國家外匯管理局), under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to December 31 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China(中國銀行) or other designated banks. Such conversion had to be effected at the official rate prescribed by the SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of the SAFE.

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of Renminbi. Pursuant to such systems, the PBOC sets and publishes the daily Renminbi-US dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-US dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On 29 January 1996, the State Council promulgated the Regulations for the Control of Foreign Exchange (中華人民共和國外匯管理條例) (the “Foreign Exchange Control Regulations”) which became effective from 1 April 1996 and amended on 8 January 2011. The Foreign Exchange Control Regulations classify all international payments and transfers into current account items and capital account items. Current account items are no longer subject to the SAFE approval while capital account items still are. The Foreign Exchange Control Regulations were subsequently amended on 14 January 1997 and on 5 August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange(結匯、售匯及付匯管理規定)(the “Settlement Regulations” or the “Provisional Regulations”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Bank Foreign Exchange Settlement and Sale by Foreign-invested Enterprises(外商投資企業實行銀行結售匯工作實施方案). The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, the PBOC and the SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business(關於停辦外匯調劑業務的通知)with effect from 25 October 1998, pursuant to which all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, the PBOC announced that, beginning from 21 July 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. The PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in China (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in China (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of the SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprise which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from the SAFE or its competent branch.

The Foreign Exchange Control Regulations were amended by the State Council on 1 August 2008 and became effective on 5 August 2008. Under the revised Foreign Exchange Control Regulations, the compulsory settlement of foreign exchange is dropped. As long as the capital inflow and outflow under the current accounts are based upon real and legal transactions, individuals and entities may keep their income in foreign currencies inside or outside China according to the provisions and terms to be set forth by the SAFE. The foreign exchange income generated from current account transactions may be retained or sold to financial institutions engaged in foreign currency settlement and exchange. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions is subject to approvals from the SAFE or its branches, except for otherwise stipulated by the State. Foreign exchange or settled Renminbi of capital account must be used in the way as approved by the SAFE or its branches, and the SAFE or its branches are empowered to supervise the utility of the foreign exchange or settled Renminbi of capital account and the alterations of the capital accounts. The Renminbi follows a managed floating exchange rate in line with the market demand and supply. A domestic individual or entity who conducts the overseas direct investment or overseas issue and transaction of negotiable securities and derivative financial products shall file with competent authorities of the PRC. Furthermore, such individual or entity shall apply for the approval on such investment, issue or transaction form relevant authorities prior to the filing if otherwise required by relevant PRC laws and regulations.

On 1 September 2006, the Ministry of Construction and the SAFE promulgated the Notice on the Issues Concerning the Regulation of Foreign Exchange Administration of the Real Estate Market(關於規範房地產市場外匯管理有關問題的通知). This notice states that: (i) where foreign exchange is remitted for a real estate purchase, the foreign purchaser shall be subject to examination by the designated foreign exchange bank. The remitted funds shall be directly remitted by the bank to the CNY account of the real estate development enterprise and no payment remitted from abroad by the purchasers shall be kept in the foreign exchange current account of the real estate development enterprises; (ii) where the real estate purchase fails to complete and the foreign purchaser intends to remit the purchase price in CNY back to foreign currencies, the foreign purchaser shall be subject to examination by the designated foreign exchange bank; and (iii) when selling real estates in China and the purchase price received in CNY is remitted to foreign currencies, the foreign purchaser shall be subject to examination by the local branch of the SAFE.

On 12 May 2014, SAFE promulgated the Provisions on Foreign Exchange Administration for Cross-border Guarantees(跨境擔保外匯管理規定). According to the Provisions, where the guarantors are non-bank financial institutions or enterprises, they shall, within 15 days after entering into a guarantee contract, apply with the relevant foreign exchange authorities for the registration of the executed domestic guarantee for overseas loans contract. Where there is any change in key terms in the guarantee contract, they shall apply for alteration of the domestic guarantee for overseas loans contract registration. The relevant foreign exchange authorities shall examine the registration applications by non-bank institutions following authenticity and compliance principles. The use of funds in respect of overseas loans guaranteed by domestic guarantor shall comply with the following provisions: (1) such funds shall only be used for relevant expenditures within the normal business scope of the debtors, and shall not be used for the transactions beyond the normal business scope of the debtors or for arbitrage or other speculative transactions against fictitious trading background; (2) without approval of the SAFE, the debtors shall not directly or indirectly transfer funds under the guarantee for domestic use by means of offering loans, equity investments, or securities investments in the PRC.

On 14 July 2014, SAFE promulgated the Notice on the Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Roundtrip Investment via Special Purpose Vehicles(關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)(“Circular No. 37”). Domestic residents are required to register with foreign exchange authorities before they invest in special purpose vehicles with legitimate domestic and overseas assets or equity interests. Failure to comply with the registration procedures set forth in Circular No. 37 may result in restrictions imposed on the subsequent foreign exchange activities of the relevant domestic residents, including remittance of dividends and profits to the PRC. Prior to the implementation of Circular No. 37, domestic residents who invested special purpose vehicles with legitimate domestic and overseas assets or equity interests but fail to conduct the foreign exchange registration of overseas investments shall submit an explanatory statement and state the reasons to the bureau of foreign exchange administration. The foreign exchange authorities may make complementary registration under the principles of legitimacy and rationality. In event of any violation of foreign exchange regulations by domestic residents who apply for the foresaid complementary registration, administrative penalty would be imposed in accordance with relevant laws.

On 30 March 2015, SAFE issued the Notice on the Reform of the Administration of Foreign Exchange Registered Capital Settlement for Foreign-Invested Enterprises(關於改革外商投資企業外匯資本金結匯管理方式的通知)effective from 1 June 2015, under which a reform on the administration of foreign exchange capital settlement for foreign-invested enterprises is carried out in China and foreign-invested enterprises may make equity investments within China by utilizing the CNY funds converted from their foreign exchange registered capital. On 9 June 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專案結匯管理政策的通知)to further reform foreign exchange capital settlement nationwide.

According to the FIL(中華人民共和國外商投資法), foreign investors may freely remit into or out of China, in Renminbi or any other foreign currency, their contributions, profits, capital gains, income gained from asset proposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and the like.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

As at the date of this Information Memorandum, our Board currently consists of seven members, including the chairman and six other directors. The initial term of our directors is two years, which is renewable automatically for successive terms of one year. The Board determines major matters of the Company and is primarily responsible for implementing the decisions of and reporting to our shareholders, determining the business plans and investment proposals, making the annual financial budget plans, profit distribution plans and major financing and restructuring plans, determining our management structure and appointing our general manager and other senior management.

The table below sets forth information regarding our directors as at the date of this Information Memorandum.

Name	Age	Position/Title
Lin Rongbin (林榮濱).....	53	Chairman of the Board, chairman of the nomination committee
Cheng Xuan (程璇).....	53	Executive director, a member of the remuneration committee
Xiao Zhong (肖眾).....	55	Non-executive director
Xu Jianwen (許劍文).....	41	Non-executive director
Pan Dexiang (潘德祥).....	67	Independent non-executive director, chairman of the remuneration committee, a member of the audit committee and the nomination committee
Mr. Yuan Chun (袁春).....	52	Independent non-executive director, chairman of the audit committee, a member of the nomination committee
Mr. Zhu Hongchao (朱洪超).....	61	Independent non-executive director, a member of the audit Committee and the remuneration Committee

**Mr. Lin Rongbin (林榮濱)** (alias Lin Rongxin) (“Mr. Lin”), aged 53, is the chairman of the Board, an executive director and the chairman of the nomination committee of the Company and served as a director of several subsidiaries of the Company. Mr. Lin is also the director of Mega Regal Limited and Modern Times Development Limited. Mr. Lin currently also holds the following positions in the following companies which are not subsidiaries of the Company: executive director and general manager of Sansheng Group Company Limited\* (三盛集團有限公司), chairman of Sansheng Intellectual Education Technology CO., LTD. (三盛智慧教育科技股份有限公司, a mainland A-share listed companies, SZSE stock code: 300282), executive director and general manager of Shanghai Jisheng Industrial Development Co., Ltd.\* (上海吉盛實業發展有限公司), general manager of Fuzhou Sanwei Rubber & Plastic Chemical Co., Ltd\* (福州三威橡塑化工有限公司), chairman of Quanzhou Dongbai Real Estate Development Company Limited\* (泉州東百房地產開發有限公司), chairman and general manager of Fuzhou Oriental Sunrise Golf Real Estate Development Co., Ltd.\* (福州東方旭日高爾夫房地產開發有限公司), chairman and general manager of Fujian Wuhe Construction Development Company Limited\* (福建五和建設發展有限公司), chairman of Fujian Bo En Property Group Company Limited\* (福建伯恩物業集團有限公司), chairman and general manager of Fujian Sansheng Real Estate Development Co., Ltd.\* (福建三盛房地產開發有限公司) and executive director and general manager of Fuzhou Sansheng Property Co., Ltd.\* (福州三盛置業有限公司), in which he is responsible for the overall strategic planning and business operations of these companies, including land acquisition, financial management and business development.



Mr. Lin has extensive experience in the real estate industry in the PRC. He completed advanced business administration course in real estate (實戰型房地產高級工商管理研究生課程) from Tsinghua University in 2005. Mr. Lin was awarded the title of senior economist in 2006. Mr. Lin is also a member of the 12th Fujian Province Committee of the Chinese People's Political Consultative Conference, the vice president of China Real Estate Chamber of Commerce\* (全聯房地產商會), the vice president of Fujian Federation of Industry and Commerce (General Chamber of Commerce)\* (福建省工商業聯合會(總商會)), a member of Fifth Board of Directors of China Society for Promotion of Guangcai Program\* (中國光彩事業促進會第五屆理事會), the honorary vice president of Fourth Board of Directors of Fujian Society for Promotion of the Guangcai Program\* (福建省光彩事業促進會第四屆理事會), the president of Third Board of Director of Fuzhou City Quanzhou Chamber of Commerce\* (福州市泉州商會第三屆理事會), the chairman of China Fujian Real Estate Alliance\* (中國閩商地產聯盟), the vice chairman of Fujianese Entrepreneurs Culture Development Foundation\* (福建省閩商文化發展基金會) and honorary president of Second Board of Fujian Province Chamber of Commerce for Privately Owned Enterprise\* (第二屆福建省民營企業商會).

Ms. Cheng Xuan, an executive director and the chief executive officer of the Company, is the spouse of Mr. Lin.

**Ms. Cheng Xuan (程璇)** (“Ms. Cheng”), aged 53, is an executive director, the chief executive officer, and a member of the remuneration committee of the Company. She also served as a director of several subsidiaries of the Company.

Ms. Cheng currently also holds the following positions in the following companies which are not subsidiaries of the Company: supervisor of Sansheng Group Company Limited\* (三盛集團有限公司), supervisor of Shanghai Jisheng Industrial Development Co., Ltd.\* (上海吉盛實業發展有限公司), supervisor of Fujian Sansheng Real Estate Development Co., Ltd.\* (福建三盛房地產開發有限公司), supervisor of Fuzhou Sansheng Property Co., Ltd.\* (福州三盛置業有限公司), director of Chengdu Jisheng Property Co., Ltd. (成都吉盛置業有限公司), director of Chengdu Zhonghai Investment Real Estate Co., Ltd.\* (成都中海投資置業有限公司), a director of Qingdao Offshore Real Estate Co., Ltd. (青島海上置業有限公司), a director of Fujian Province Kowloon Real Estate Co., Ltd.\* (福建省九龍房地產有限公司), a director of Fujian Bo En Property Group Company Limited\* (福建伯恩物業集團有限公司) and a director of Fuzhou Jiahuang Education Investment Co. Ltd.\* (福州加皇教育投資有限公司), in which she is involving in domestic and foreign real estate development of these companies, and other aspects which mainly include branding strategic planning, marketing management and cost management as well as human resources management.

Ms. Cheng has extensive managements and operation experience in the real estate industry in the PRC. She obtained certificates of completion of Executive Management Program in Business Administration of Real Estate (房地產專業高級工商管理) in August 2006, Doctor of Business Administration program (工商管理博士核心課程研修班) in February 2008 from The University of Hong Kong School of Professional and Continuing Education and Fudan University, Shanghai, and has also obtained the certificate of completion of Advanced Modern Economics Management Course (現代經濟管理高級研修班) from Tsinghua University in July 2006. Ms. Cheng was awarded the title of senior economist in 2007.

Ms. Cheng is the spouse of Mr. Lin Rongbin, the Chairman of the Board and executive director of the Company.

## Non-executive Directors

**Mr. Xiao Zhong (肖眾)** (“Mr. Xiao”), aged 55, is a non-executive director of the Company. Mr. Xiao has been appointed as deputy general manager of Fujian Sansheng Real Estate Development Co., Ltd.\* (福建三盛房地產開發有限公司) since May 2007 and was a vice president of Sansheng Group Company Limited\* (三盛集團有限公司) until December 2019. Mr. Xiao has extensive experience in real estate investments and merger and acquisition projects. Prior to joining the said companies, Mr. Xiao was a practicing solicitor in the PRC. Mr. Xiao obtained a Bachelor’s Degree in Engineering in July 1987 and a Master’s Degree in Engineering in January 1990 from Donghua University (formerly known as China Textile University). He also obtained the Postgraduate Diploma in Corporate Finance and Investment Management from the University of Hong Kong in April 2014.

**Mr. Xu Jianwen (許劍文)** (“Mr. Xu”), aged 41, is a non-executive director of the Company. Mr. Xu is currently the chief compliance and risk officer of Dongxing Securities (Hong Kong) Financial Holdings Limited. Mr. Xu obtained a Bachelor’s Degree in Laws from the Sun Yat-Sen University in June 2005, and a Master’s Degree of Common Law from the University of Hong Kong in November 2007. He has extensive working experience in the financial industry. He worked in several financial institutions, including China Merchants Securities (HK) Co., Limited, China Securities (International) Finance Holding Company Limited and Southwest Securities (HK) Financial Management Limited, at which he is principally involved in the management in the aspects of legal, compliance and risk control. Mr. Xu was awarded with the Legal Professional Qualification Certificate in the PRC in February 2009.

## Independent non-executive Directors

**Mr. Pan Dexiang (潘德祥)** (“Mr. Pan”), aged 67, is an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Pan obtained a Bachelor’s Degree in economics from Xiamen University in January 1982. From February 1982 to June 1999, he worked initially as an officer and served several positions including the deputy head of the planning department, the deputy president of the Xiamen City branch, with the last position as the deputy president, at the Fujian Branch of Agricultural Bank of China. From March 2000 to May 2010, he acted as the president at the Fuzhou branch of China Merchants Bank. He then acted as the chairman of the small enterprise credit center of China Merchants Bank in May 2010.

**Mr. Yuan Chun (袁春)** (“Mr. Yuan”), aged 52, is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yuan has extensive experience in equity investment, corporate finance and investment banking. He is currently a Partner of Greenwoods Private Equity Funds. He was an executive director and the chief executive officer of China Development Bank International Investment Limited (SEHK stock code: 1062). Mr. Yuan joined China Development Bank International Holdings Limited (“CDBIH”) in April 2013. Prior to CDBIH, Mr. Yuan held various senior positions in several financial institutions. From August 2004 to July 2008, he worked as a director of the China marketing, global banking and markets department at HSBC Markets (Asia) Limited. From July 2008 to August 2011, he worked as the managing director, head of asset sales in China of the financial markets division at ING Bank N.V. From September 2011 to March 2013, he worked as the managing director at Reorient Global Limited, a wholly-owned subsidiary of Reorient Group Limited (now known as Yunfeng Financial Group Limited, Stock Exchange stock code: 376). Mr. Yuan obtained a Bachelor’s Degree in economics from Peking University in July 1992 and a Master’s Degree in international finance from Graduate School of the People’s Bank of China\* (中國人民銀行總行金融研究所) in February 1995. He also obtained a Master of Business Administration from INSEAD in December 2001.

**Mr. Zhu Hongchao (朱洪超)** (“Mr. Zhu”), age 61, is an independent non-executive director, a member of each of the audit committee and the remuneration committee of the Company. Mr. Zhu is the founding partner of Shanghai United Law Firm and has been its director and senior partner since 1986. Mr. Zhu has served as the 3rd, 4th, 5th and 6th Vice President of the All China Lawyers Association, the 6th President of the Shanghai Bar Association, and a delegate to the 13th and 14th People’s Congresses of Shanghai. Mr. Zhu is currently an arbitrator of the China International Economic and Trade Arbitration Commission, the Shanghai International Economic and Trade Arbitration Commission (SIETAC) and the Shanghai Arbitration Commission. He is also the Deputy Director of the Shanghai Economic and Trade Commercial Mediation Center, Vice President of the Shanghai Law Society’s Litigation Law Research Association\* (上海市法學會訴訟法研究會) and an adjunct professor at the law school of the East China University of Political Science and Law. Mr. Zhu currently holds directorships in the following listed companies: an independent director of Jupai Holdings Limited (NYSE stock code: JP) since July 2015; an independent director of Leju Holdings Limited (NYSE stock code: LEJU) since March 2017; an independent non-executive director of E-House (China) Enterprise Holdings Limited (Stock Exchange stock code: 2048) since July 2018; an independent non-executive director of Haitong Securities Co., Ltd. (Stock Exchange stock code: 6837, and Shanghai Stock Exchange stock code: 600837) since June 2019; and an independent director of Shanghai Hysea Industrial Communications Co., Ltd.\* (上海海希工業通訊股份有限公司) (National Equities Exchange and Quotations (NEEQ) stock code: 831305) since July 2020. Mr. Zhu received his bachelor’s degree in law from Fudan University in 1983 and his master’s degree in foreign legal history from Fudan University in July 1996. In 1993, he was qualified by the China Securities Regulatory Commission to engage in securities law practice.

### Senior Management

The table below sets forth information regarding our senior management as at the date of this Information Memorandum.

Name	Age	Position/Title
Cheng Xuan (程璇).....	53	Chief executive officer

**Ms. Cheng Xuan (程璇)** is our executive director and chief executive officer. For Ms. Cheng’s biography, please see “Executive Directors” above.

### Audit Committee

The audit committee currently comprises three independent non-executive directors, namely Mr. Yuan Chun, Mr. Pan Dexiang and Mr. Zhu Hongchao. Mr. Yuan Chun is the chairman. The primary duties of the audit committee are, but not limited to, to assist the Board in providing an independent view of the effectiveness of the financial reporting process, the internal controls and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

### ***Remuneration Committee***

The remuneration committee currently comprises three members, namely Mr. Pan Dexiang and Mr. Zhu Hongchao, independent non-executive directors, and Ms. Cheng Xuan, executive director. Mr. Pan Dexiang is the chairman of the remuneration committee. The primary duties of the remuneration committee are, but not limited to, to evaluate and make recommendations to the Board regarding the remuneration packages and compensation of the executive directors and senior management. In addition, the remuneration committee conducts reviews of the performance, and determines the remuneration structure of the senior management of the Company.

### ***Nomination Committee***

The nomination committee currently comprises three members, namely Mr. Lin Rongbin, the chairman and executive director, and Mr. Pan Dexiang and Mr. Yuan Chun, independent non-executive directors. Mr. Lin Rongbin is the chairman of the nomination committee. The primary duties of the nomination committee are, but not limited to, to formulate nomination policies for consideration of the Board, implement the nomination policies laid down by the Board, and make recommendations to the Board to fill vacancies on the same.

### ***Compensation of Directors and Senior Management***

The aggregate amount of compensation (including fees, salaries, bonuses, allowances and benefits in kind, share-based compensation expenses and contributions to pension plans) paid or payable to our directors for each of the years ended December 31, 2019 and 2020 was RMB3,230 thousand and RMB3,232 thousand (US\$495 thousand), respectively.

During the years ended December 31, 2019 and 2020 and other than as set out below:

- No remuneration was paid by us or receivable by our directors as an inducement to join or upon joining us.
- No compensation was paid by us to or receivable by our directors or past directors for the loss of office as a director or for loss of any other office in connection with the management of our affairs.
- None of our directors waived any compensation.

The remuneration of members of our senior management team is determined by the remuneration committee and is reviewed on an annual basis taking into consideration performance criteria such as the Company's operating results, individual performance and comparable market statistics.

Except as disclosed above, no other payments have been paid or payable by us or any of our subsidiaries to our directors, with respect to the years ended December 31, 2019 and 2020.

\* *The English translation is for identification purpose only*

## DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司), a company incorporated in the Cayman Islands with limited liability, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company which 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 (as defined below) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated on or about July 6, 2021, among the Company, the Subsidiary Guarantors and The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London at One Canada Square, London E14 5AL, United Kingdom, as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. 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). Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon written request and proof of holding to the satisfaction of the Trustee, during usual business hours on or after the Original Issue Date at the corporate trust office of the Trustee at One Canada Square, London E14 5AL, United Kingdom.

### Brief Description of the Notes

The Notes:

- are general obligations of the Company;
- are senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- rank 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);
- are guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “- The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors - Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this Information Memorandum;
- are 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

- are effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on July 5, 2022, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 13.0% 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 January 6, 2022 and July 5, 2022 (each an “Interest Payment Date”). Interest on the Notes will be paid to the Holders of record at the close of business on December 22, 2021 or June 20, 2022 (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held in global form in Euroclear and/or Clearstream, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register (as defined below) 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.

Except as described under the captions “— *Optional Redemption*” and “— *Redemption for Taxation Reasons*” below 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 (if any) on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. 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 Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under the caption “— *Further Issues.*” *Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.*

The Notes will 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 the Notes, but the Company, the Transfer Agent or the Registrar may require indemnity or payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent currently located at One Canada Square, London E14 5AL, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided that*, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in a register of noteholders (the “Register”) maintained by the Registrar (as defined below) or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

## **The Subsidiary Guarantees and the JV Subsidiary Guarantees**

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of the following companies (collectively, the “Initial Subsidiary Guarantors”):

1. Total Prestige Holdings Limited 全耀控股有限公司
2. You Sheng Holdings Company Limited 友盛控股有限公司
3. Time Fortune Investments Limited 時幸投資有限公司
4. Sansheng Land Development Ltd 三盛置地發展有限公司
5. Sheng Zhen Company Limited 盛臻有限公司
6. Joyous Wing Limited 榮熹有限公司
7. Upper Vision Limited 上景有限公司
8. Sonic Plus Limited 嘉昇有限公司
9. Gold Target Limited 高標有限公司
10. Statevalue Limited
11. Gain High Limited 高利有限公司
12. Swift Rich Holdings Limited 捷富控股有限公司
13. Silver Joy Limited 銀怡有限公司
14. Systech International Industrial Limited 興榮國際實業有限公司

These Initial Subsidiary Guarantors are holding companies that do not have significant operations. Other than the Initial Subsidiary Guarantors, neither the other Restricted Subsidiaries organized outside the PRC (collectively, the “Initial Offshore Non-Guarantor Subsidiaries”) nor those Restricted Subsidiaries organized under the laws of the PRC (the “PRC Non-Guarantor Subsidiaries”) will be a Subsidiary Guarantor on the Original Issue Date. In addition, none of the existing or future Restricted Subsidiaries organized under the laws of the PRC or any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

1) If 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% of the Capital Stock of a Restricted Subsidiary that is established after the Original Issue Date, or (2) if the Company or any Restricted Subsidiary 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, a

Listed 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 or Listed Subsidiaries) to provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or the relevant Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (b) requiring the Company or such Restricted Subsidiary to deliver or keep in place a guarantee by such Restricted Subsidiary 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 Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary (each, a “JV Subsidiary Guarantee”), 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 Holders and 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, each such JV Subsidiary Guarantee is legal, valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to the 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* in right of payment with all other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and 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 the 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 and unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- will be 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 (and in any event within 30 days) after such Person 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 sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (such Restricted Subsidiaries that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the Indenture, “New Offshore Non-Guarantor Subsidiaries,” and together with the Initial Offshore Non-Guarantor Subsidiaries, the “Offshore Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary; *provided that* the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors in aggregate do not account for more than 20% of Total Assets.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.” The Offshore Non-Guarantor Subsidiaries, together with the PRC Non-Guarantor Subsidiaries, Exempted Subsidiaries and Listed 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 (including Restricted Subsidiaries organized under the laws of the PRC) 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.

As at December 31, 2020, the Company and its consolidated Subsidiaries had total debt of approximately RMB50,414 million (US\$7,726 million), of which approximately RMB16,534 million (US\$2,534 million) was secured debt.

As at December 31, 2020, the Non-Guarantor Subsidiaries had total debt of approximately RMB41,221 million (US\$6,317 million) and capital commitments of approximately RMB7,140 million (US\$1,094 million).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium (if any) on and interest on, and all other amounts payable under, the Notes and the Indenture; *provided that* any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their respective rights 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 repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Relating to the Notes, Subsidiary Guarantees and 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" of this Information Memorandum.

#### **Release of the Subsidiary Guarantees or 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 the caption "— 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;
- upon the sale, merger or disposition 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 the captions "— 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, merger or disposition 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; or

- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a New Offshore 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% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with or as soon as practicable after 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 that is also a Subsidiary Guarantor, and upon such release such Subsidiary Guarantor and such Restricted Subsidiaries will become New Offshore Non-Guarantor Subsidiaries (such that each New Offshore Non-Guarantor Subsidiary will no longer Guarantee the Notes); *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 such New Offshore Non-Guarantor Subsidiaries and excluding Exempted Subsidiaries and Listed Subsidiaries) do not account for more than 20% 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 any of the Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such relevant Restricted Subsidiary from permitting the release of such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of 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 relevant Restricted Subsidiary to cause to deliver or keep in force a replacement guarantee by such Restricted Subsidiary 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 (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary 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 legal, 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, without limitation, the covenants described under the captions “— Certain Covenants — Limitation on Asset Sales” and “— Certain Covenants — Limitation on Restricted Payments.” Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the covenant described under the caption “— Certain Covenants — Limitation on Asset Sales” to the extent required.

As of the date of the Indenture, all of the Company's Subsidiaries will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain Subsidiaries as “Unrestricted Subsidiaries.” The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

### **Further Issues**

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any) 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 under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” below.

## **Optional Redemption**

At any time prior to July 5, 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 the Paying Agent is responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to July 5, 2022, the Company may, at its option, 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 113.0% of the principal amount of the Notes redeemed, 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 originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

## **Selection and Notice**

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders (which notice shall be irrevocable) and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any national securities exchange and/or being held through any clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed and/or in compliance with the requirements of the clearing systems through which the Notes are held, as applicable; or
- (2) if the Notes are not listed on any national securities exchange or held through any clearing system, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate in its sole and absolute discretion, unless otherwise required by law.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

## **Repurchase of Notes upon a Change of Control Triggering Event**

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (see the definition of "Offer to Purchase").

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 respective rights 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 the 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, the Subsidiary Guarantees and the JV Subsidiary Guarantees — We may not be able to repurchase the Notes upon a Change of Control" of this Information Memorandum.

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.

The Trustee shall not 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 and shall not be liable to any person for any failure 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 by or on behalf of the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor of principal of, and premium (if any) on and interest on the Notes or under the Subsidiary Guarantees and the 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 the caption “—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, if applicable, the PRC (each, as applicable, a “Relevant Jurisdiction”), or any jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “Taxing Jurisdiction”), 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 Taxing Jurisdiction, 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 Taxing 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, on 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 Taxing Jurisdiction, 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 Taxing Jurisdiction, 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 U.S. Internal Revenue Code of 1986, as amended (“FATCA”), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted or issued in any jurisdiction implementing such an intergovernmental agreement or 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 Taxing Jurisdiction, 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 on 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.

### **Redemption for Taxation Reasons**

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, in whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) 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 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, 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 or a Subsidiary Guarantor or 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, a Surviving Person, a Subsidiary Guarantor or 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, a 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, a Subsidiary Guarantor or a 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 and is entitled to conclusively rely on and 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.

Any Notes that are redeemed will be canceled.

### **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, and Restricted Subsidiaries may issuer Preferred Stock, if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness or issuance of Preferred Stock 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 be not 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 held by the Company, a Subsidiary Guarantor or a JV 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* Guarantee;
  - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below (together with refinancings thereof); *provided that* such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g), (m) and (o) below);
  - (d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by 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 and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly 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 none of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, 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; provided further that any Preferred Stock issued by a Subsidiary Guarantor or JV Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;

- (e) Indebtedness (“Permitted Refinancing Indebtedness”) of the Company or any Restricted Subsidiary 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 (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (h), (n), (p), (q), (r), (s), (t), (u) or (v) 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, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is 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, as the case may be, 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, or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Non-Guarantor Subsidiary, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause (e) by means of any Indebtedness of any JV Subsidiary Guarantor;
- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations in the ordinary course of business to reduce or manage the exposure of the Company or such Restricted Subsidiary, as applicable, to fluctuations in interest rates, currencies or the price of commodities;
- (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 assets, 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 the Permitted Business; *provided that*, in the case of sub-clauses (x) and (y) of this clause (h), (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 assets, 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 aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (p), (q), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% 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 in the nature of such Guarantee shall at no time exceed the gross proceeds actually received 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) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the covenant described under the caption "— Limitation on Issuances of Guarantees by Restricted Subsidiaries";

- (n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less 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 Person 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 such Staged Acquisition Agreement; *provided that* such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;
- (p) Indebtedness Incurred or Preferred Stock or Disqualified Stock issued by any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary, and Indebtedness of the Company or a Restricted Subsidiary constituting a Guarantee by, or grant of a Lien on the assets of, the Company or a Restricted Subsidiary in favor of a Trust Company Investor with respect to the obligation to pay a guaranteed or preferred return to such Trust Company Investor on Capital Stock of such Restricted Subsidiary held by such Trust Company Investor, *provided that*, on the date of such Incurrence of all such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (p) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clause (h) above and clauses (q), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (p) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% 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 aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h) and (p) above and clauses (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% of Total Assets;
- (r) 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);
- (s) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary, *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (s) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p) and (q)

above and clauses (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% of Total Assets;

- (t) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) 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 (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q) and (s) above and clauses (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% of Total Assets;
  - (u) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties and Guarantees thereof by the Company or any Restricted Subsidiary, *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (u) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q), (s) and (t) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% of Total Assets;
  - (v) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; provided that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (v) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q), (s), (t) and (u) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40% of Total Assets; and
  - (w) Indebtedness constituting a Subordinated Shareholder Loan.
- (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 clause (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock in one or more types of such Indebtedness or Preferred Stock described above.

- (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 or Preferred Stock 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 in shares of the Company’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;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of any Subordinated Indebtedness (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 the clause (1) of the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock”; or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date, shall exceed the sum (without duplication) of:
  - (i) 50% of the aggregate amount of the Consolidated Net Income (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 April 1, 2021 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, (D) 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, or (E) any Person becoming a Restricted Subsidiary (whereupon all 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 the definition of "Permitted Investment") but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (c); *plus*
- (v) US\$25.0 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 of the Subsidiary Guarantors or JV Subsidiary Guarantors 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 any 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 a sale (other than to a Restricted Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any 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, provided, however, that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors 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 of the Subsidiary Guarantors or JV Subsidiary Guarantors (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, provided, however, that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) the declaration and 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) 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 paragraph (2)(p) of the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock”;
- (7) cash payments in lieu 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, however, that any such cash payments shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the Board of Directors of the Company);
- (8) 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 (x) such purchase occurs within 12 months after Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) 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;

- (9) (A) 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, (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) or (C) declaration or payment of dividends or other distributions in cash on Capital Stock of any Restricted Subsidiary held by 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) in connection with an employee benefit plan or employee incentive scheme; *provided that* the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock under (A), (B) and (C) above shall not exceed US\$3.0 million (or the Dollar Equivalent thereof) in any fiscal year;
- (10) declaration or payment of dividends in kind or other distributions in kind on Capital Stock of any Restricted Subsidiary held by 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) in connection with an employee benefit plan or employee incentive scheme in the ordinary course of business, which are solely used to acquire Capital Stock of any Restricted Subsidiary engaged in any property development projects;
- (11) 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;
- (12) the payment of any dividend or distribution payable or paid 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;
- (13) the declaration and payment of dividends on the Common Stock of the Company by the Company for any fiscal year in an aggregate amount not to exceed 25% of profit for year based on the consolidated financial statements of the Company for such fiscal year; or
- (14) the distributions or payments of Securitization Fees in connection with Receivable Financings,

*provided that*, in the case of clauses (2), (3), (4), (8) and (13) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment made pursuant to clauses (1) and (13) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payments set forth in clauses (5) through (14) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof). Notwithstanding any other provision of this covenant, in the case of a declaration of dividend with respect to the Company's or any Restricted Subsidiary's Capital Stock which involves a scrip dividend option, such Restricted Payment shall be deemed to be made only when the cash component of such dividend is finally determinable by the Company or such Restricted Subsidiary.

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, 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, 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, or (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 the 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 covenants described under the captions “— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Limitation on Indebtedness and Preferred Stock” and “— Limitation on Asset Sales”;
  - (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock or Disqualified Stock permitted under the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock” 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, 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 shareholders' agreement, joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of 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 shareholder, 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 Unrestricted Subsidiary or its Subsidiaries or the property or assets of such Unrestricted 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/or the Restricted Subsidiary;
- (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 sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the covenant described under the caption "— Limitation on Restricted Payments" if made on the date of such sale or issuance and *provided that* the Company complies with the covenant described under the caption "— Limitation on Asset Sales"; or

- (4) the sale or issuance of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such sale or issuance); *provided that* the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such sale or issuance in accordance with the covenant described under the caption “— Limitation on Asset Sales.”

#### ***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 or any Subsidiary Guarantor or 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 is permitted by clause (2)(c), (d) or (q) (in the case of clause (2)(q), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of bank accounts, deposits 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), under the caption “— 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 the 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 exceed 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% 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 arm’s length 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 the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company issued by an accounting, appraisal or investment banking firm of international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under the caption “— 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 employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Hong Kong Stock Exchange Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme; or
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of the Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (17) of the definition of “Permitted Investments” but otherwise excluding any other Permitted Investments) not prohibited by the covenant described under the caption “— Limitation on Restricted Payments,”(ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this Information Memorandum, or any



amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction (A) between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, (B) between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries, or (C) between or among the Company or a Restricted Subsidiary on the one hand and any Minority Joint Venture or Unrestricted Subsidiary on the other; *provided that* in the case of this clause (iii) (a) such transaction is entered into in the ordinary course of business, and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary or Minority Joint Venture of the Company and (iv) for as long as the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited, any Affiliate Transaction which is conducted in compliance with the applicable listing rules of The Stock Exchange of Hong Kong Limited.

#### ***Limitation on Liens***

The Company will not, and will not permit any of the Restricted Subsidiaries 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 equally and ratably 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 subject to such terms as it may agree) 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 of the Restricted Subsidiaries 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 could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under “— Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “— 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 applies the proceeds of such transaction in compliance with, the covenant described below under the caption “— 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 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 any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, if any, or any Indebtedness of a Non-Guarantor Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (other than current assets that are not land use rights, properties under development or completed property held for sale) that will be 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) (“Replacement Assets”).

*provided that*, 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.

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 exceeds 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.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to 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 those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) to be purchased will be selected on a pro rata basis. 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 Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “— Limitation on Restricted Payments.”

#### ***Use of Proceeds***

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption “Use of Proceeds” in this Information Memorandum (or in the case of

Additional Notes, the offering or other 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 (other than any credit support in compliance with clause (6) of this paragraph) for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under the caption “— Limitation on Liens”; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption “— 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 the caption “— 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 the caption “— 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 a 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 to the extent required under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

#### ***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 the Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (if any) to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

### *Anti-Layering*

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

### *Suspension of Certain Covenants*

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from the any of Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (2) “— Certain Covenants — Limitation on Restricted Payments”;
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “— Certain Covenants — Limitation on Sale and Leaseback Transactions”;
- (7) “— Certain Covenants — Limitation on the Company’s Business Activities”;
- (8) “— Certain Covenants — Limitation on Asset Sales”; and
- (9) Clause (4) under the first and second paragraphs of the covenant described under “— Consolidation, Merger and Sale of Assets.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “— Certain Covenants — Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

### ***Provision of Financial Statements and Reports***

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s ordinary shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided that*, if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
  - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) 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 financial quarter of the Company, copies of its financial statements (on a consolidated basis and in English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) 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 financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in English language), including a statement of income, balance sheet and cash flow statement, 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 quarters 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 thereof, 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 15 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

## **Events of Default**

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium (if any) on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under the caption "*— Consolidation, Merger and Sale of Assets,*" the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "*— 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 Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (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 or interest payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any of the Restricted Subsidiaries 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 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 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 Subsidiary or for any substantial part of the property and assets of the Company or any Significant 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 Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant 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 Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security to its satisfaction, declare the principal of, premium (if any) on and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal, 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 Subsidiary, the principal of, premium (if any) on and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of 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) on and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction,



Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium (if any) and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear, conflicting, equivocal or conflicts with law or the Indenture, that may involve the Trustee in personal liability or that is unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its own funds in following such direction if it does not believe that reimbursement or indemnity and/or security and/or pre-funding to its satisfaction is assured to it.

A Holder of Notes 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 request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or pre-funding satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium (if any) on or interest on, such Note, 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, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under

the Indenture and that the Company and the Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any Default or Event of Default in the performance of any covenants or agreements under the Indenture. See “— Certain Covenants — Provision of Financial Statements and Reports.”

The Trustee and the Agents are not obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders for any loss arising from any failure by it to do so. The Trustee and the Agents may assume that no such Event of Default or Default has occurred and that the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) are performing their respective obligations under the Indenture and the Notes unless a Responsible Officer of the Trustee received written notice of the occurrence of an Event of Default or Default. The Trustee and the Agents are entitled to conclusively rely, without liability, on any Officers’ Certificate regarding whether or not a Default or an Event of Default has occurred and is continuing.

### **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 the 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, Hong Kong or the British Virgin Islands 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 the first paragraph of the covenant described under the caption “— 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 this caption, 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, if the notes are rated by at least one Rating Agency.

No Subsidiary Guarantor or JV Subsidiary Guarantor will 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 the 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 to another JV Subsidiary Guarantor, the Company or a 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, as the case may be, 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 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 the first paragraph of the covenant described under the caption “— 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, if the notes are rated by at least one Rating Agency,

*provided that* this paragraph shall not apply to any sale or other disposition that complies with the covenant described under the caption “— Certain Covenants — Limitation on Asset Sales” 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 caption “— 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 or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

#### **No Payments for Consents**

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee 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, (ii) Holders or beneficial owners of the Notes that are located in the U.S. or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) 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 Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

## Defeasance

### *Defeasance and Discharge*

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest, premium (if any) 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) on 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) delivers 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) on 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 an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the Notes the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

### *Defeasance of Certain Covenants*

The Indenture further will provide that (i) 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 the captions “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” and “— Certain Covenants — Anti-Layering,” and (ii) 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 clause (i) above, clause (4) under “— Events of Default” with respect to such other covenants in clause (i) above 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, premium (if any) 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) on 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) of the preceding paragraph.

### ***Defeasance and Certain Other Events of Default***

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will remain liable for such payments.

### **Amendments and Waiver**

#### ***Amendments Without Consent of Holders***

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any);
- (2) comply with the provisions described under the caption “— 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) add or release any 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;
- (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***

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes or the Trustee may amend or waive future compliance by the Company with any provision thereof; 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 any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium (if any) on or interest on, any Note;
- (3) change the currency of payment of principal of, or premium (if any) on 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, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (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) on 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, whether

through an amendment or waiver of provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control Triggering Event or the event giving rise to the repurchase of the Notes under “Certain Covenants — Limitation on Asset Sales”;

- (11) change the redemption date or the redemption price of the Notes from that stated under the caption “— 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, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which materially and adversely affects the Holders.

### **Unclaimed Money**

Claims against the Company for the payment of principal of, premium (if any) on 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) on 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 of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors 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 of the Subsidiary Guarantors or JV Subsidiary Guarantors, 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**

The Bank of New York Mellon, London Branch will be appointed as trustee under the Indenture and as paying agent (the “Paying Agent”), and The Bank of New York Mellon SA/NV, Dublin Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Dublin at Riverside II, Sir John Rogerson’s Quay, Grand Canal Dock, Dublin 2, Ireland, will be appointed as transfer agent (the “Transfer Agent”) and as registrar (the “Registrar”, and together with the Paying Agent and Transfer Agent, the “Agents”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only 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 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 and the Notes, as the case may be, as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.



The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors 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 is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates and can profit therefrom without being obliged to account for such profit. The Trustee and the Agents may have an interest in or may be providing or may in the future provide financial or other services to other parties; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee and the Agents shall not be deemed to have knowledge of any Event of Default or Default unless a Responsible Officer of the Trustee has received express written notice of such Event of Default or Default.

Under the Indenture, the Trustee is 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 in priority to the claims of the Holders.

### **Book-Entry; Delivery and Form**

The Notes will be represented by a global note in registered form without interest coupons attached (the “Initial Global Note”). On the Original Issue Date, the Initial Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the “Additional Global Notes” and, together with the Initial Global Note, the “Global Notes”).

### **Global Notes**

Ownership of beneficial interests in the Initial Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “— Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book- entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes 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 the Agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

### **Payments on the Global Notes**

Payments of any amounts owing in respect of the Global Notes (including principal, premium (if any), interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under the caption “— Additional Amounts.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Trustee and the Agents will treat the registered holder of the Global Notes (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 the Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take any 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 Notes**

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 a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

## **Transfers**

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions" of this Information Memorandum.

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 applicable settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants 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 the Agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants or indirect 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 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, Euroclear, Clearstream or the Trustee, 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 Notes 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 the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

### **Notices**

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor at the principal office of the Company; (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 Register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be, and no separate notices to the Holders are required under the above paragraph. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

### **Consent to Jurisdiction; Service of Process**

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

### **Governing Law**

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

### **Definitions**

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, representing the average of the daily yields, derived from the most recently published statistical release designated “H.15” 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 July 5, 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, at any time during the period for which the determination of affiliation is made; (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 (x) 100% of the principal amount of such Note on the maturity date, and (y) all required remaining scheduled interest payments on such Note up to July 5, 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) 100% of the principal amount of such Note then outstanding.

“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 covenant described under the caption “-Certain Covenants - Limitation on Restricted Payments”;
- (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 the 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 covenant described under the caption “- Consolidation, Merger and Sale of Assets”; 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 determination, 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.

“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 (i) secured by bank accounts, deposits or other assets of the Company or a Restricted Subsidiary 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 the Restricted Subsidiaries to in effect exchange foreign currencies into Renminbi or vice versa or to remit Renminbi or any foreign currency into or outside the PRC.

“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 are authorized by law or governmental regulation to close.

“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.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“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.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders are the beneficial owners of less than 50.1% of the total voting power of the Voting Stock of the Company;
- (3) individuals who on the Original Issue Date constituted the Board of Directors, 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 then in office; or
- (4) 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, if the Notes have been assigned a Rating Category by at least one Rating Agency; and if no Rating Category is assigned to the Notes by any Rating Agency, “Change of Control Triggering Event” shall mean Change of Control.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging 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 at the date of the Indenture, 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 July 5, 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 maturity comparable to July 5, 2022.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is obtained by the Company) Reference Treasury Dealer Quotations for such redemption date.



“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and the Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary 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 and the Restricted Subsidiaries (which the Company shall use its best efforts to compile in a timely manner) are available (which may be 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 the 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.

“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 the 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 the 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 Person (other than the Company or any Restricted Subsidiary) 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 and Liens on any Capital Stock of a Person that is not a Restricted Subsidiary), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest; *provided 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.

“Consolidated Net Income” means, for any period, the aggregate of the net income (or loss) of the Company 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 quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the 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 assets, 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.

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which shall initially be located at One Canada Square, London E14 5AL, United Kingdom; Facsimile: +44 207 964 2509; Attention: Corporate Trust Administration – Sansheng Holdings (Group) Co. Ltd. and shall include a reference to the Specified Corporate Trust Office.

“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 the caption “— 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 Stated Maturity of the Notes, redeemable at the option of the holder of such class or series of Capital Stock at any time prior to 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 covenants described under the captions “— Certain Covenants — Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control Triggering Event” 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 covenants described under the captions “— Certain Covenants — Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control Triggering Event.”

“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 as borrowings on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any 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 placing price; *provided that* any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided that* (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of international standing appointed by the Company.

“Fitch” means Fitch Ratings Ltd. and its affiliates or their 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 quarter periods 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 be 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 or redeem 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 or consolidated 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 quarter periods 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 generally accepted accounting principles in Hong Kong 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 Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the 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, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock 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 (1) any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers 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, or (2) Entrusted Loans; *provided that* such Indebtedness is not reflected on the consolidated balance sheet of the

Company as borrowings or indebtedness (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 clause (2)(f) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock,” and (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:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution 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 issued by another Person; or
- (4) any Guarantee of any obligation of another 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 proportionate 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 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 Fitch 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, Moody’s or Fitch or two or three of them, as the case may be.

“Investment Property” means any property that is owned and held by the Company or any Restricted Subsidiary primarily for rental yields or for capital appreciation or both, or any hotel owned or held 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 the Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “- The Subsidiary Guarantees and the JV 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 Subsidiary” 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 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 affiliates or their 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 the 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, 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 Notes by the Company from the Holders commenced by the Company sending a notice to the Trustee, the Paying Agent and each Holder at its last address appearing in the 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 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 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 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof tendered pursuant to an Offer to Purchase. 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 Agent shall as soon as reasonably practicable send to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall as soon as reasonably practicable authenticate and send 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 in excess thereof. 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 Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is 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, that, with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or JV Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“*Pari Passu* Guarantee” means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; *provided that* (1) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with the Notes, with 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 Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date, which, for the avoidance of doubt, shall include, among others, the real estate development business and financial investment in real estate industry.

“Permitted Holders” means any or all of the following:

- (1) Mr. Lin Rongbin (林榮濱) and his immediate family members;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1);
- (3) the estate and trust of the Persons listed in clause (1); 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, directly or indirectly through one or more other Restricted Subsidiaries, 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, directly or indirectly through one or more other Restricted Subsidiaries, 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, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business;

- (2) any Investment in cash or 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 under the caption “— 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 the caption “— 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 direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
- (16) Guarantees permitted under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (17) 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) made in the ordinary course of business by the Company or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary); *provided that*:
  - (i) the aggregate of all Investments made under this clause (17) since the Original Issue Date shall not exceed in aggregate an amount equal to 15% 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 (17) since the Original Issue Date resulting from:
    - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (17), 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 (17) 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,
    - (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries not to exceed, in each case, the amount of Investments made pursuant to this clause (17) by the Company or any Restricted Subsidiary after the Original Issue Date in any such Person, or
    - (E) any such Person becoming a Restricted Subsidiary (whereupon all 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 definition),

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 pursuant to this clause (17);

- (ii) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) in such Person in which such Investment was made pursuant to this clause (17) is a Person described in clause (x) or (y) of the first paragraph of the covenant described under the caption “— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary, Minority Joint Venture or Unrestricted Subsidiary of the Company); and
- (iii) 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 (17) shall be valued at the time such Investment is made;

- (18) 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;
- (19) 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;
- (20) repurchases of the Notes; and
- (21) Investment that has been agreed to or is otherwise obligated to be made pursuant to an agreement or similar instrument in existence on the Original Issue Date.

“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 the 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 the 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 do 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 the caption “— 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 the caption “— 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 the caption “— 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 described under the caption “— 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 reflected in the most recent available consolidated financial statements of the Company (which may be 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 or personal property (including without limitation, Capital Stock) 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 granted by the Company or a Restricted Subsidiary in favor of a Trust Company Investor in respect of, and to secure, the Indebtedness permitted under paragraph (2)(p) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (21) Liens securing Indebtedness of the type described under clauses (2)(n) of the covenant described under the caption “— 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 securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (23) Liens incurred on bank accounts, deposits or other assets made to secure Bank Deposit Secured Indebtedness;

- (24) Liens securing Indebtedness permitted under clauses (2)(r), (s), (t), (u) or (v) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (25) Liens incurred or deposits made to secure Entrusted Loans; and
- (26) 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 the caption “— 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 any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (2)(b), (d), (f), (g), (m) and (o) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of Total Assets.

“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 Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020 and the Detailed Rules for the Regulation of Implementing the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020, as such laws and rules may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“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.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term 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.

“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, the Shenzhen Stock Exchange or the Taiwan Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Rating Agencies” means (1) S&P, (2) Moody’s and (3) Fitch, provided that if S&P, Moody’s, Fitch or some or all of them shall not make a rating of the Notes 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, Moody’s, Fitch or some or all 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); and (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; “+” and “-” for Fitch; 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).

“Rating Date” means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption “- Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or 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 as long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three Rating Agencies shall be below Investment Grade;
- (b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of the two of Rating Agencies shall be below Investment Grade;

- (c) in the event the Notes are rated by one and only one of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (d) in the event the Notes are rated by three or less than three Rating Agencies on the Rating Date as below Investment Grade, the rating of the Notes by any 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 of its 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 by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an Information 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 to the Company by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day preceding such redemption date.

“Responsible Officer” means, when used with respect to the Trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Specified Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of the Indenture.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services and its affiliates or their 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 Asset or participation 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, (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 Subsidiary” means a Restricted Subsidiary, or any group of Restricted Subsidiaries, when taken together and consolidated with its or their Restricted Subsidiaries, 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, if any of the conditions exceeds 5%.

“Specified Corporate Trust Office” means the Hong Kong branch of the Trustee located at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong; Facsimile: +852 2295 3283; Attention: Corporate Trust – Sansheng Holdings (Group) Co. Ltd.

“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 a 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 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 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 (i) of which 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) which is “controlled” and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (ii), 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 entity.

“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 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 and 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, 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, money market deposits with any bank, trust company or financial institution organized under the laws of the PRC, Hong Kong or any other jurisdiction where the Company or any Restricted Subsidiary conducts business; and
- (8) investment 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 the 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 best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided that:*

- (1) only with respect to clause (2)(h) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant 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, 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;
- (2) only with respect to clause (2)(t) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

- (3) only with respect to any Person becoming a New Offshore Non-Guarantor Subsidiary, *pro forma* effect shall at such time be given to the consolidated assets of such New Offshore Non-Guarantor Subsidiary (including giving *pro forma* effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Offshore Non-Guarantor Subsidiary).

“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 bank, financial institution, insurance company, trust company, fund management company, asset management company organized under the laws of the PRC, Hong Kong Special Administrative Region, Macau Special Administrative Region or overseas countries or territories 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, British Virgin Islands and PRC tax consequences of the purchase, ownership and disposition of Notes is based on applicable laws, regulations, rulings and decisions as at the date of this Information 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 Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Notes.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of the Notes and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes. However, an instrument of transfer in respect of the Notes is stampable if executed in or brought into the Cayman Islands.

### 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, disposition or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest payments on the Notes will be subject to Hong Kong profits tax where such payments have a Hong Kong source, and are received by or accrue to:

- a financial institution (as defined in the Inland Revenue Ordinance) and the income 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 distribution 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 disposition 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 of a Note (for so long as the register of holders of the Notes is maintained outside Hong Kong).

### **BRITISH VIRGIN ISLANDS**

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

## PRC

### *Taxation on Interest and Capital Gains*

Under the PRC Corporate Income Tax Law and the related regulations, a non-PRC enterprise may be treated as a PRC tax resident if its “de facto management bodies” are located in the PRC. See “Risk Factors — Risks Relating to the PRC — The Issuer may be deemed a PRC resident enterprise under the PRC Corporate Income Tax Law, which may subject it to PRC taxation on its worldwide income, require it to withhold taxes on interest it pays on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes.” If the Issuer is treated as a PRC “resident enterprise”, PRC income tax at a rate of 10% would be required to be withheld from interest and redemption premium (if any) payments to holders 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 such establishment or place of business, if such income is treated as arising from sources within the PRC. The PRC Individual Income Tax Law also imposes a withholding tax at the rate of 20% on interest and redemption premium payments from a PRC source paid to non-resident individual holders. In addition, any gain realized on the transfer of the Notes by such holders would be subject to PRC income tax at the rate of 10% for non-resident enterprise holders or 20% for non-resident individual holders if such gain is regarded as income derived from sources within the PRC. The tax rates may be reduced by an applicable tax treaty. However, it is unclear whether in practice non-resident holders would be able to obtain the benefit of income tax treaties entered into between PRC and their countries. We currently take the position that the Issuer is not a PRC resident enterprise. However, we have been advised by our PRC legal advisor, Beijing Dentons Law Offices, LLP (Fuzhou), that there is uncertainty as to whether the Issuer will be treated as a PRC “resident enterprise” for the purpose of the PRC Corporate Income Tax Law. If the Issuer is treated as a PRC “resident enterprise”, the interest it pays in respect of the Notes, and the gain any non-resident holder may realize from the sale of the Notes, may be treated as income derived from sources within the PRC and be subject to the PRC tax described above, which may materially and adversely affect the value of investment in the Notes. Furthermore, because the Subsidiary Guarantors is incorporated in the PRC, any payment by the Subsidiary Guarantors in respect of the Notes will be subject to PRC withholding tax, as described above.

### *Stamp Duty*

No PRC stamp tax will be chargeable upon the issue or transfer of a Note (for so long as the register of holders of the Notes is maintained outside the PRC, as is expected to be the case).

## TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes. The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with us:

1. You understand and acknowledge that:
  - the Notes and the Subsidiary Guarantees have not been registered under the Securities Act or any other applicable securities laws;
  - the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
  - the Notes are being offered and sold only outside of the United States, in offshore transactions in reliance on Rule 903 and 904 of Regulation S under the Securities Act; and
  - unless so registered, the Notes may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.
2. You represent that you are purchasing the Notes in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor any person representing us have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this Information Memorandum. You represent that you are relying only on this Information Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act.
5. You acknowledge that each Note will contain a legend substantially to the following effect:

THIS NOTE, THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEE (IF ANY) HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE 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.

6. You acknowledge that we, the Trustee, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us, the Trustee and the Transfer Agent. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

## **LEGAL MATTERS**

Certain legal matters with respect to the Notes will be passed upon for us by Davis Polk & Wardwell as to matters of United States federal and New York law.

## **INDEPENDENT AUDITOR**

The Group's 2020 Annual Financial Statements included in this Information Memorandum have been audited by KPMG, 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, Hong Kong and the British Virgin Islands in connection with the issue and performance of the Notes, and the execution and performance of the Subsidiary Guarantees. The entering into the Indenture and the issue of the Notes have been authorized by resolutions of our board of directors dated June 25, 2021. The entering into and performance of the Subsidiary Guarantees have been authorized by resolutions of the board of directors and resolutions of shareholders of the Subsidiary Guarantors dated June 25, 2021.

### Documents Available

For so long as any of the Notes are outstanding, upon prior written request and satisfactory proof of holding, copies of the Indenture may be inspected during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

For so long as any of the Notes are outstanding, upon prior written request and satisfactory proof of holding, copies of Company's 2020 Annual Financial Statements, if any, may be obtained during normal business hours on any weekday (except public holidays) at the principal office of the Issuer.

### Litigation

Except as disclosed in this Information Memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

### No Material Adverse Change

Except as disclosed in this Information Memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2020 that is material in the context of the issue of the Notes.

### 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>
Notes	XS2351081943	235108194

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.



## **Listing of the Notes**

Application has been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Information Memorandum. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Notes, the Company, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). Under the rules of the SGX-ST, the Notes, if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, we will appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report for the year ended December 31, 2020

	Page
Consolidated Statement of Profit or Loss .....	F-8
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	F-9
Consolidated Statement of Financial Position .....	F-10
Consolidated Statement of Changes in Equity .....	F-12
Consolidated Cash Flow Statement .....	F-14
Notes to the Consolidated Financial Statements .....	F-16

*The consolidated financial statements set forth herein have been reproduced from the Group's annual report for the year ended December 31, 2020. The page references are references to pages set forth in such annual report.*

## Independent Auditor's Report 獨立核數師報告



**Independent auditor's report to the shareholders of  
Sansheng Holdings (Group) Co. Ltd.**  
(Incorporated in the Cayman Islands with limited liability)

### Opinion

We have audited the consolidated financial statements of Sansheng Holdings (Group) Co. Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 121 to 241, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

致三盛控股(集團)有限公司  
各位股東之獨立核數師報告  
(於開曼群島註冊成立的有限公司)

### 意見

本核數師(以下簡稱「我們」)已審計列載於第121至241頁的三盛控股(集團)有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此財務報表包括於二零二零年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零二零年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》的披露要求妥為擬備。

### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島綜合財務報表的審計相關的道德要求,我們獨立於貴集團,並已履行這些道德要求以及守則中的其他專業道德責任。我們相信,我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷,認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

## Independent Auditor's Report 獨立核數師報告

### Key audit matters (continued)

### 關鍵審計事項(續)

#### Assessing the net realisable value of inventories

#### 存貨可變現淨值的評估

Refer to notes 2(b)(ii) and 17 to the consolidated financial statements and the accounting policies in note 1(n)(i).

請參閱綜合財務報表附註2(b)(ii)及17及附註1(n)(i)的會計政策。

#### The Key Audit Matter

#### 關鍵審計事項

At 31 December 2020, the Group's inventories represented properties under development for sale and completed properties held for sale located in Mainland China with an aggregate carrying amount of RMB38,318,281,000 which accounted for 68% of the Group's total assets as at that date. These properties comprise residential projects located in certain second and third tier cities in Mainland China.

於二零二零年十二月三十一日，貴集團的存貨指位於中國內地的待售發展中物業及持作出售已落成物業，賬面值總額為人民幣38,318,281,000元，佔貴集團當日總資產的68%。該等物業包括位於中國內地若干二線及三線城市的住宅項目。

These properties are stated at the lower of cost and net realisable value. The determination of the net realisable value involves the exercise of significant management judgement, particularly in estimating forecast development costs and forecast selling prices. Estimation of forecast development costs and forecast selling prices are inherently uncertain due to changes in market conditions and government policies.

該等物業按成本與可變現淨值的較低者列賬。可變現淨值的釐定涉及管理層行使重要判斷，尤其是估計預測發展成本及預測售價。由於市況及政府政策的變動，預測發展成本及預測售價內存在不確定性。

For certain projects, the forecast selling prices may be adversely impacted by the volatility of property prices in Mainland China. 就若干項目而言，預測售價可能受到中國內地物業價格波動的不利影響。

We identified assessing the net realisable value of inventories as a key audit matter because the inherent uncertainties involved in assessing the net realisable value of the properties under development for sale and completed properties held for sale require a significant degree of management judgement which could be subject to error or management bias.

我們將評估存貨的可變現淨值識別為關鍵審計事項，因為評估待售發展中物業及持作出售已落成物業的可變現淨值涉及的內在不確定性需要管理層作出重要的判斷，受限於錯誤或管理層偏向。

#### How the matter was addressed in our audit

#### 我們的審計如何處理該事項

Our audit procedures to assess the net realisable value of inventories included:

我們評估物業的可變現淨值的審計程序包括：

- evaluating the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project;
- 評估就編製及監察各個物業開發項目的預算管理、建築及其他成本的預測進行的主要內部控制，在設計、實施和運作上的有效性；
- conducting site visits to property development sites, on a sample basis, discussing with site management the progress of each project;
- 以抽樣形式在現場視察物業發展地盤，與地盤管理層討論各項目進展；
- challenging management's development budgets for each project with reference to signed construction contracts;
- 經參考簽署的建築合約就管理層對各項目的發展預算提出質疑；
- challenging the forecast property selling prices as estimated by management with reference to recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development site; and
- 經參考類似物業的近期成交價或每幅發展用地附近相若物業的價格，按照管理層的估計對預測物業售價提出質疑；及
- evaluating the sensitivity analyses prepared by management for the key assumptions adopted in the net realisable value estimations, including forecast selling prices and forecast construction costs, and considering the possibility of error or management bias.
- 評估管理層就於可變現淨值估計中採用的關鍵假設編製的敏感度分析，包括預測售價及預測建築成本，以及考慮到錯誤或管理層偏向的可能性。

## Independent Auditor's Report

### 獨立核數師報告

#### Key audit matters (continued)

#### 關鍵審計事項(續)

##### Valuation of investment properties

##### 投資物業的估值

Refer to notes 2(b)(i) and 10 to the consolidated financial statements and the accounting policies in note 1(j).  
請參閱綜合財務報表附註2(b)(i)及10以及附註1(j)的會計政策。

##### The Key Audit Matter

##### 關鍵審計事項

As at 31 December 2020, the Group held a portfolio of investment properties located in Hong Kong and in Mainland China with an aggregate fair value of RMB2,389,545,000 which accounted for 4% of the Group's total assets at that date. The investment properties principally comprise certain office units/workshops and a car park space in Hong Kong, certain retail properties, offices and commercial properties in second tier cities in Mainland China.

於二零二零年十二月三十一日，貴集團位於香港及中國內地的投資物業組合的公平值總額為人民幣2,389,545,000元，佔貴集團當日總資產的4%。投資物業主要包括香港若干辦公室單位／工場及一個車位、位於中國內地二線城市的若干零售物業、辦公及商業物業。

The fair values of the investment properties as at 31 December 2020 were assessed by the directors based on independent valuations prepared by a firm of qualified external property valuers. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, appropriate market comparables and adjustment factors applied to these market comparables.

於二零二零年十二月三十一日的投資物業公平值乃由董事根據合資格外部物業估值師所編製的獨立估值進行評估。釐定該等公平值涉及管理層的重大判斷及估計，特別是有關選擇適當估值方法、市場上適當可比較物業及應用於有關市場上可比較物業的調整因素。

We identified the valuation of investment properties as a key audit matter because of the inherent risks involved in estimating the valuations of investment properties, particularly in light of the current economic circumstances.

由於估計投資物業估值涉及的固有風險，特別是現時的經濟狀況，故我們確定投資物業的估值屬關鍵審計事項。

##### How the matter was addressed in our audit

##### 我們的審計如何處理該事項

Our audit procedures to assess the valuation of investment properties included the following:

我們評估投資物業估值的審計程序包括：

- obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management and on which the directors' assessment of the fair values of investment properties was based;
- 取得並調查由管理層委聘的外部物業估值師所編製的估值報告，該估值報告是董事評估投資物業的公平值的依據；
- assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity;
- 評估外部物業估值師於所估值物業方面的資歷、經驗及專業知識，以及考慮彼等的客觀性；
- with the assistance of our internal property valuation specialists, discussing with the external property valuers, in a separate private session, their valuation methodology and the key estimates and assumptions adopted in their valuations;
- 在獨立進行的私人會議中及在我們內部物業估值專家的協助下，與外部物業估值師討論彼等在估值中採用的估值方法及主要估計及假設；
- challenging the key estimates and assumptions (including market comparables and adjustment factors) adopted in the valuations, on a sample basis, by comparison with available market data and/or government produced market statistics; and
- 以抽樣形式與可得市場數據及／或政府市場統計作比較，對估值中採用的主要估計和假設（包括市場上可比較物業及調整因素）提出質疑；及
- comparing tenancy information, including committed rental and occupancy rates, provided by the Group to the external property valuer with underlying contracts and related documentation, on a sample basis.
- 以抽樣形式比較租賃資料，包括貴集團向外聘物業估值師提供的承諾租金及佔用率，以及相關合約及相關文件。

## Independent Auditor's Report

### 獨立核數師報告

#### Information other than the consolidated financial statements and auditor's report thereon

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

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

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

#### 綜合財務報表及其核數師報告以外的資料

董事需對其他資料負責。其他資料包括刊載於年報內的全部資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

#### 董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

## Independent Auditor's Report

### 獨立核數師報告

#### 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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.

#### 核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水準的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和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這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，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。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

## Independent Auditor's Report 獨立核數師報告

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 Wong Chun Pong.

#### KPMG

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
19 March 2021

### 核數師就審計綜合財務報表承擔的責任(續)

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計畫的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及為消除對獨立性的威脅所採取的行動或防範措施(若適用)。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃振邦。

#### 畢馬威會計師事務所

執業會計師  
香港中環  
遮打道十號  
太子大廈八樓  
二零二一年三月十九日



## Consolidated Statement of Profit or Loss

### 綜合損益表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Revenue</b>	收入	3	<b>8,778,600</b>	2,337,641
Cost of sales	銷售成本		<b>(6,280,703)</b>	(1,454,241)
<b>Gross profit</b>	毛利		<b>2,497,897</b>	883,400
Net valuation gain on investment properties	投資物業的估值收益淨額	10	<b>48,801</b>	47,602
Other income	其他收益	4	<b>74,876</b>	50,386
Selling and marketing expenses	銷售及市場推廣開支		<b>(495,583)</b>	(407,334)
Administrative expenses	行政開支		<b>(362,660)</b>	(225,381)
<b>Profit from operations</b>	經營溢利		<b>1,763,331</b>	348,673
Finance costs	融資成本	5(a)	<b>(59,708)</b>	(32,436)
Share of profit less losses of joint ventures	應佔合營企業溢利減虧損		<b>(13,634)</b>	(6,428)
<b>Profit before taxation</b>	稅前溢利	5	<b>1,689,989</b>	309,809
Income tax	所得稅	6(a)	<b>(839,061)</b>	(312,769)
<b>Profit/(loss) for the year</b>	年內溢利/(虧損)		<b>850,928</b>	(2,960)
<b>Attributable to:</b>	以下人士應佔：			
Equity shareholders of the Company	本公司權益股東		<b>809,237</b>	39,906
Non-controlling interests	非控股權益		<b>41,691</b>	(42,866)
<b>Profit/(loss) for the year</b>	年內溢利/(虧損)		<b>850,928</b>	(2,960)
<b>Earnings per share</b>	每股盈利			
Basic (RMB)	基本(人民幣)	9	<b>1.65</b>	0.08

Note: The Group has restated the comparative information as a result of the business combination under common control as set out in note 1(b).

附註：由於附註1(b)所載的共同控制業務合併，本集團已重列比較資料。

The notes on pages 129 to 241 form part of these financial statements. 第129至241頁之附註屬本財務報表之一部分。

## Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Profit/(loss) for the year</b>	年內溢利／(虧損)	<b>850,928</b>	(2,960)
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>	年內其他全面收益 (稅後及經重新分類調整):		
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>隨後可能重新分類至 損益之項目:</i>		
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時 產生之匯兌差額	<b>52,262</b>	3,758
<b>Other comprehensive income for the year</b>	<b>年內其他全面收益</b>	<b>52,262</b>	3,758
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>	<b>903,190</b>	798
<b>Attributable to:</b>	<b>以下人士應佔:</b>		
Equity shareholders of the Company	本公司權益股東	<b>861,499</b>	43,664
Non-controlling interests	非控股權益	<b>41,691</b>	(42,866)
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>	<b>903,190</b>	798

Note: The Group has restated the comparative information as a result of the business combination under common control as set out in note 1(b).

附註: 由於附註1(b)所載的共同控制業務合併, 本集團已重列比較資料。

The notes on pages 129 to 241 form part of these financial statements. 第129至241頁之附註屬本財務報表之一部分。

## Consolidated Statement of Financial Position

### 綜合財務狀況表

at 31 December 2020 (Expressed in Renminbi) 於二零二零年十二月三十一日 (以人民幣列示)

			2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Non-current assets</b>				
<b>非流動資產</b>				
Investment properties	投資物業	10	2,389,545	2,097,762
Other property, plant and equipment	其他物業、廠房及設備	11	938,787	859,599
Properties under development	發展中物業	13	110,312	110,312
Prepaid lease payments	預付租賃款項	14	434,981	449,480
Interests in joint ventures	於合營企業的權益	16	536,591	209,442
Deferred tax assets	遞延稅項資產	28(b)	547,132	161,314
			<b>4,957,348</b>	<b>3,887,909</b>
<b>Current assets</b>				
<b>流動資產</b>				
Inventories and other contract costs	存貨及其他合約成本	17	38,318,281	25,361,722
Trade and other receivables	應收賬款及其他應收款項	18	5,033,465	1,891,536
Prepaid lease payments	預付租賃款項	14	14,499	14,499
Prepaid tax	預付稅項	28(a)	662,294	406,271
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	19	85,420	46,749
Restricted deposits	受限制存款	20	119,217	424,216
Cash and cash equivalents	現金及現金等價物	21	7,385,858	1,689,327
			<b>51,619,034</b>	<b>29,834,320</b>
<b>Current liabilities</b>				
<b>流動負債</b>				
Bank loans and other borrowings	銀行貸款及其他借款	22	3,255,522	3,716,142
Bonds payable	應付債券	23	931,544	676,229
Due to Fuzhou Sansheng	應付福州三盛款項	26	650,000	-
Trade and other payables	應付賬款及其他應付款項	24	7,133,975	6,028,862
Lease liabilities	租賃負債	27	3,252	6,408
Contract liabilities	合約負債	25	20,204,783	14,026,502
Current taxation	即期稅項	28(a)	1,731,768	963,273
			<b>33,910,844</b>	<b>25,417,416</b>
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>17,708,190</b>	<b>4,416,904</b>
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>22,665,538</b>	<b>8,304,813</b>
<b>Non-current liabilities</b>				
<b>非流動負債</b>				
Bank loans and other borrowings	銀行貸款及其他借款	22	13,278,836	5,571,550
Bonds payable	應付債券	23	459,828	323,945
Due to Fuzhou Sansheng	應付福州三盛款項	26	2,420,193	-
Derivative financial liabilities	衍生金融負債		-	14,018
Lease liabilities	租賃負債	27	10,727	13,743
Deferred tax liabilities	遞延稅項負債	28(b)	334,050	187,830
			<b>16,503,634</b>	<b>6,111,086</b>
<b>NET ASSETS</b>	<b>淨資產</b>		<b>6,161,904</b>	<b>2,193,727</b>

## Consolidated Statement of Financial Position 綜合財務狀況表

at 31 December 2020 (Expressed in Renminbi) 於二零二零年十二月三十一日 (以人民幣列示)

	Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>CAPITAL AND RESERVES</b>			
Share capital		39,354	35,154
Reserves	29(c)	2,019,736	1,901,927
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,059,090</b>	1,937,081
<b>Non-controlling interests</b>		<b>4,102,814</b>	256,646
<b>TOTAL EQUITY</b>		<b>6,161,904</b>	2,193,727

Approved and authorised for issue by the board of directors on 19 March 2021.

於二零二一年三月十九日獲董事會批准及授權刊發。

**Lin Rongbin 林榮濱**  
Director 董事

**Cheng Xuan 程璇**  
Director 董事

Note: The Group has restated the comparative information as a result of the business combination under common control as set out in note 1(b).

附註：由於附註1(b)所載的共同控制業務合併，本集團已重列比較資料。

The notes on pages 129 to 241 form part of these financial statements. 第129至241頁之附註屬本財務報表之一部分。

## Consolidated Statement of Changes in Equity

### 綜合權益變動表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔部份									
		Share capital	Share premium	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange reserve	Retained profits	Total	Non- controlling interests	Total
		股本 RMB'000	股份溢價 RMB'000	資本儲備 RMB'000	合併儲備 RMB'000	法定盈餘 儲備 RMB'000	匯兌儲備 RMB'000	保留溢利 RMB'000	總計 RMB'000	非控股 權益 RMB'000	總權益 RMB'000
Note		29(c)	29(d)(i)	29(d)(ii)	29(d)(iii)	29(d)(iv)					
附註		29(c)	29(d)(i)	29(d)(ii)	29(d)(iii)	29(d)(iv)					
<b>Balance at 1 January 2019</b>	於二零一九年一月一日										
- As previously reported	誠如過往呈報	33,184	911,543	18,110	80,000	29,065	(51,814)	242,989	1,263,077	69,212	1,332,289
- Adjustments arising from adoption of merger accounting (note 1(b))	採納合併會計處理產生的調整(附註1(b))	-	-	-	890,000	7,642	-	(125,963)	771,679	(80,935)	690,744
<b>As restated</b>	經重列	33,184	911,543	18,110	970,000	36,707	(51,814)	117,026	2,034,756	(11,723)	2,023,033
<b>Changes in equity for 2019 (restated)</b>	二零一九年權益變動(經重列)										
Profit/(loss) for the year	年內溢利/(虧損)	-	-	-	-	-	-	39,906	39,906	(42,866)	(2,960)
Other comprehensive income	其他全面收益	-	-	-	-	-	3,758	-	3,758	-	3,758
<b>Total comprehensive income</b>	全面收益總額	-	-	-	-	-	3,758	39,906	43,664	(42,866)	798
Issue of shares	發行股份	29	1,970	204,834	-	-	-	-	206,804	-	206,804
Effect on acquisition of subsidiaries under common control	收購共同控制附屬公司的影響	-	-	10,678	(308,821)	-	-	(50,000)	(348,143)	3,127	(345,016)
Appropriation to statutory reserve	撥至法定儲備	-	-	-	-	39,150	-	(39,150)	-	-	-
Capital injection from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	308,108	308,108
<b>Balance at 31 December 2019 (restated)</b>	於二零一九年十二月三十一日之結餘(經重列)	35,154	1,116,377	28,788	661,179	75,857	(48,056)	67,782	1,937,081	256,646	2,193,727

## Consolidated Statement of Changes in Equity

### 綜合權益變動表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔部份										
		Share capital	Share premium	Capital reserve	Merger reserve	Statutory surplus reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total	
		股本	股份溢價	資本儲備	合併儲備	法定盈餘儲備	匯兌儲備	保留溢利	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	
		29(c)	29(d)(i)	29(d)(ii)	29(d)(iii)	29(d)(iv)	29(d)(iv)	29(d)(iv)	29(d)(iv)	29(d)(iv)	29(d)(iv)	
		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	
		附註	29(c)	29(d)(i)	29(d)(ii)	29(d)(iii)	29(d)(iv)	29(d)(iv)	29(d)(iv)	29(d)(iv)	29(d)(iv)	
<b>Balance at 1 January 2020</b>	於二零二零年一月一日之結餘											
- As previous reported	- 誠如過往呈報	35,154	1,116,377	28,788	(258,821)	65,290	(48,056)	226,017	1,164,749	341,919	1,506,668	
- Adjustments arising from adoption of merger accounting (note 1(b))	- 採納合併會計處理產生的調整(附註1(b))	-	-	-	920,000	10,567	-	(158,235)	772,332	(85,273)	687,059	
<b>As restated</b>	經重列	35,154	1,116,377	28,788	661,179	75,857	(48,056)	67,782	1,937,081	256,646	2,193,727	
<b>Changes in equity for 2020:</b>	二零二零年權益變動:											
Profit for the year	年內溢利	-	-	-	-	-	-	809,237	809,237	41,691	850,928	
Other comprehensive income	其他全面收益	-	-	-	-	-	52,262	-	52,262	-	52,262	
<b>Total comprehensive income</b>	全面收益總額	-	-	-	-	-	52,262	809,237	861,499	41,691	903,190	
Issue of shares	發行股份	29	4,200	290,663	-	-	-	-	294,863	-	294,863	
Capital injection from non-controlling interests in reorganisation	重組時的非控股權益注資	-	-	6,224	-	-	-	-	6,224	1,579	7,803	
Effect on acquisition of subsidiaries under common control	收購共同控制附屬公司的影響	29(d)(iii)	-	-	(1,040,577)	-	-	-	(1,040,577)	-	(1,040,577)	
Appropriation to statutory reserve	撥至法定儲備	-	-	-	-	68,906	-	(68,906)	-	-	-	
Capital injection from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	3,802,898	3,802,898	
<b>Balance at 31 December 2020</b>	於二零二零年十二月三十一日之結餘	39,354	1,407,040	35,012	(379,398)	144,763	4,206	808,113	2,059,090	4,102,814	6,161,904	

Note: The Group has restated the comparative information as a result of the business combination under common control as set out in note 1(b).

附註: 由於附註1(b)所載的共同控制業務合併, 本集團已重列比較資料。

The notes on pages 129 to 241 form part of these financial statements. 第129至241頁之附註屬本財務報表之一部分。

## Consolidated Cash Flow Statement

### 綜合現金流量表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Operating activities</b>	<b>經營活動</b>			
<b>Cash (used in)/generated from operations</b>	<b>經營業務(所用)／所得現金</b>			
Tax paid	已繳稅額		(5,177,514) (350,341)	1,481,971 (442,159)
<b>Net cash (used in)/generated from operating activities</b>	<b>經營活動(所用)／所得現金淨額</b>	21(b)	<b>(5,527,855)</b>	1,039,812
<b>Investing activities</b>	<b>投資活動</b>			
Expenditure on property, plant and equipment	物業、廠房及設備的支出		(133,568)	(141,634)
Expenditure on investment properties	投資物業的支出		(190,848)	-
Disposal of property, plant and equipment	出售物業、廠房及設備		505	2,889
Purchase of financial assets at fair value through profit or loss	購買按公平值計入損益之金融資產		(44,317)	(3,464)
Withdrawal of financial assets at fair value through profit or loss	提取按公平值計入損益之金融資產		5,646	60,223
Investments in joint ventures	於合營企業的投資		(444,746)	(73,302)
Settlement of shareholder's loans to joint ventures	向合營企業結付股東貸款		90,329	133,353
Payment for acquisition of subsidiaries, net of cash acquired	收購附屬公司付款 (已扣除收購的現金)	15(b)	(586,576)	(95,764)
Interest received	已收利息		9,832	7,036
Dividend received	已收股息		-	147
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>		<b>(1,293,743)</b>	(110,516)

## Consolidated Cash Flow Statement

### 綜合現金流量表

for the year ended 31 December 2020 (Expressed in Renminbi) 截至二零二零年十二月三十一日止年度(以人民幣列示)

		Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Financing activities</b>	<b>融資活動</b>			
Capital element of lease rentals paid	已付租約租金之資本部分	21(c)	(6,172)	(5,668)
Interest element of lease rentals paid	已付租約租金之利息部分	21(c)	(1,416)	(1,134)
Proceeds from bank loans and other borrowings	銀行貸款及其他借款所得款項	21(c)	15,035,093	10,087,258
Repayment of bank loans and other borrowings	償還銀行貸款及其他借款	21(c)	(7,788,427)	(9,587,386)
Proceeds from Fuzhou Sansheng	福州三盛所得款項	21(c)	3,284,508	8,493,035
Repayment to Fuzhou Sansheng	償還福州三盛	21(c)	(1,068,492)	(9,208,788)
Proceeds from bonds issue	發行債券所得款項	21(c)	459,828	323,167
Repayment of bonds	償還債券	21(c)	-	(243,384)
Capital injection from controlling shareholder	控股股東注資		-	30,000
Capital injection from non-controlling interests	非控股權益注資		3,810,701	308,108
Interest paid	已付利息	21(c)	(1,206,669)	(1,016,330)
Dividend paid to controlling shareholders of Time Fortune Investments Limited	已付予時幸投資有限公司控股股東的股息		-	(50,000)
<b>Net cash generated from/(used in) from financing activities</b>	<b>融資活動所得/(所用)現金淨額</b>		<b>12,518,954</b>	<b>(871,122)</b>
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>		<b>5,697,356</b>	<b>58,174</b>
<b>Cash and cash equivalents at 1 January</b>	<b>於一月一日之現金及現金等價物</b>	21	<b>1,689,327</b>	<b>1,631,717</b>
<b>Effect of foreign exchange rate changes</b>	<b>匯率變動影響</b>		<b>(825)</b>	<b>(564)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>於十二月三十一日之現金及現金等價物</b>	21	<b>7,385,858</b>	<b>1,689,327</b>

Note: The Group has restated the comparative information as a result of the business combination under common control as set out in note 1(b).

附註：由於附註1(b)所載的共同控制業務合併，本集團已重列比較資料。

The notes on pages 129 to 241 form part of these financial statements. 第129至241頁之附註屬本財務報表之一部分。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### (b) Merger accounting and restatements

On 24 August 2020, Total Prestige Holdings Limited ("Total Prestige"), a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement to conditionally acquire the entire issued share capital of Rosy Path Group Limited ("Rosy Path") from Mega Regal Limited ("Mega Regal"), which is controlled by Mr. Lin Rongbin, for a consideration of HK\$347,349,600. Upon the completion of the transaction on 24 November 2020, 49,480,000 new shares have been allotted and issued as fully paid to Mega Regal at the issue price of HK\$7.02 per consideration share.

Rosy Path was incorporated in the British Virgin Islands ("BVI") on 15 May 2020. Prior to its incorporation, the business was conducted through certain domestic project companies established in the PRC which are indirectly controlled by Mr. Lin Rongbin. To facilitate the proposed acquisition mentioned as above, Rosy Path and the project companies underwent a reorganisation. Upon completion of the reorganisation on 30 September 2020, Rosy Path became the holding company of the group acquired by the Group.

### 1 主要會計政策及編製基準

#### (a) 合規聲明

此等財務報表乃根據所有適用香港財務報告準則(「香港財務報告準則」)編製，當中包括香港會計師公會(「香港會計師公會」)頒佈之所有適用個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋、香港公認會計原則以及香港公司條例之披露規定。此等財務報表亦符合有關香港聯合交易所有限公司證券上市規則之適用披露條文。本集團採納之主要會計政策於下文披露。

香港會計師公會已頒佈若干香港財務報告準則修訂本，該等準則於本集團當前會計期間首次生效或可提早採納。附註1(d)載列在與該等財務報表所呈列與本集團當前會計期間有關的範圍內，因首次採用該等變更而導致會計政策任何變更的資料。

#### (b) 合併會計處理方法及重列

於二零二零年八月二十四日，本公司的直接全資附屬公司全耀控股有限公司(「全耀」)訂立買賣協議，有條件向由林榮濱先生控制的Mega Regal Limited(「Mega Regal」)收購盛途集團有限公司(「盛途」)的全部已發行股本，代價為347,349,600港元。交易事項於二零二零年十一月二十四日完成後，49,480,000股繳足股款新股份已按發售價每股代價股份7.02港元配發及發行予Mega Regal。

盛途於二零二零年五月十五日在英屬處女群島(「英屬處女群島」)註冊成立。於註冊成立前，透過於中國成立之若干國內項目公司(該等公司均由林榮濱先生間接控制)開展業務。為促進上述建議收購事項，盛途及項目公司已進行重組。於二零二零年九月三十日完成重組後，盛途成為本集團收購之控股公司。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (b) Merger accounting and restatements (continued)

Prior to and after the reorganisation and the acquisition, Rosy Path and its subsidiaries (collectively, "Rosy Path Group") and the Company were all under the common control of Mr. Lin Rongbin. The control is not transitory and, consequently, there was a continuation of risks and benefits to Mr. Lin Rongbin. Accordingly, the reorganisation and acquisition is treated as a combination of businesses under common control, and Accounting Guideline 5 ("AG5"), *Merger Accounting for Common Control Combinations*, issued by HKICPA has been applied. The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. The net assets of the companies comprising the Rosy Path Group have been consolidated using the existing book values from the perspective of Mr. Lin Rongbin.

Comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the comparative period unless the combining entities or businesses first came under common control at a later date.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income also take into account the profit or loss attributable to the non-controlling interest recorded in the consolidated financial statements of the controlling party. The effects of all transactions between the combining entities or businesses, whether occurring before or after the common combination, are eliminated.

A uniform set of accounting policies is adopted when preparing the consolidated financial statements.

### 1 主要會計政策及編製基準(續)

#### (b) 合併會計處理方法及重列(續)

於重組及收購事項前後，盛途及其附屬公司(統稱「盛途集團」)及本公司均由林榮濱先生共同控制。有關控制並非暫時，故林榮濱先生面臨之風險及利益持續存在。因此，重組及收購事項被視為共同控制下之業務合併，且已採用香港會計師公會頒佈的會計指引第5號(「會計指引第5號」)[共同控制合併的合併會計處理]。故此，本集團的綜合財務報表已使用合併會計基準編製，猶如目前的集團架構於整段呈列期間一直存在。根據林榮濱先生之角度，盛途集團旗下公司之資產淨值採用現有賬面值進行綜合入賬。

除非合併實體或業務首先於較後日期受到共同控制，否則綜合財務報表之比較金額按猶如實體或業務已於比較期間初合併呈列。

於最早呈列日期或自合併實體或業務首先受到共同控制當日起(期間較短者為準)，合併實體或業務的業績會計入綜合損益表以及綜合損益及其他全面收益表，而不論共同控制合併日期。綜合損益表以及綜合損益及其他全面收益表亦計及記錄於控制方綜合財務報表的非控股權益應佔損益。無論於共同合併前或後，所有合併實體或業務之間的交易的影響均已消除。

於編製綜合財務報表時已採納一套統一的會計政策。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

(b) **Merger accounting and restatements (continued)**  
The effects of the application of merger accounting on the consolidated statement of profit or loss for the year ended 31 December 2019 are as follows:

### 1 主要會計政策及編製基準(續)

(b) **合併會計處理方法及重列(續)**  
對截至二零一九年十二月三十一日止年度的綜合損益表應用合併會計處理方法的影響如下：

		For the year ended 31 December 2019 as previously reported 截至 二零一九年 十二月三十一 止年度 (如先呈報) RMB'000 人民幣千元	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	For the year ended 31 December 2019 as restated 截至 二零一九年 十二月三十一 止年度 (經重列) RMB'000 人民幣千元
<b>Revenue</b>	收入	2,046,280	291,361	2,337,641
Cost of sales	銷售成本	(1,295,570)	(158,671)	(1,454,241)
<b>Gross profit</b>	毛利	750,710	132,690	883,400
Net valuation gain on investment property	投資物業的估值收益淨額	19,622	27,980	47,602
Other income	其他收益	45,162	5,224	50,386
Selling and marketing expenses	銷售及市場推廣開支	(328,118)	(79,216)	(407,334)
Administrative expenses	行政開支	(158,367)	(67,014)	(225,381)
<b>Profit from operations</b>	經營溢利	329,009	19,664	348,673
Finance costs	融資成本	(11,097)	(21,339)	(32,436)
Share of profit less losses of joint ventures	應佔合營企業溢利減虧損	(6,428)	-	(6,428)
<b>Profit before taxation</b>	稅前溢利	311,484	(1,675)	309,809
Income tax	所得稅	(280,759)	(32,010)	(312,769)
<b>Profit/(loss) for the year</b>	年內溢利/(虧損)	30,725	(33,685)	(2,960)
<b>Attributable to:</b>	以下人士應佔：			
Equity shareholders of the Company	本公司權益股東	69,253	(29,347)	39,906
Non-controlling interests	非控股權益	(38,528)	(4,338)	(42,866)
<b>Profit/(loss) for the year</b>	年內溢利/(虧損)	30,725	(33,685)	(2,960)
<b>Earnings per share</b>	每股盈利			
Basic (RMB)	基本(人民幣)	0.16		0.08

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

(b) **Merger accounting and restatements (continued)**  
The effects of the application of merger accounting on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 are as follows:

#### 1 主要會計政策及編製基準(續)

(b) **合併會計處理方法及重列(續)**  
對截至二零一九年十二月三十一日止年度的綜合損益及其他全面收益表應用合併會計處理方法的影響如下：

	For the year ended 31 December 2019 as previously reported 截至 二零一九年 十二月三十一日 止年度 (如先前呈報) RMB'000 人民幣千元	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	For the year ended 31 December 2019 as restated 截至 二零一九年 十二月三十一日 止年度 (經重列) RMB'000 人民幣千元
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>	<b>年內其他全面收益 (稅後及經重新分類調整):</b>		
Item that may be reclassified subsequently to profit or loss:	隨後可能重新分類至損益之項目:		
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生之匯兌差額	3,758	-
			3,758
<b>Other comprehensive income for the year</b>	<b>年內其他全面收益</b>	3,758	-
			3,758
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>	34,483	(33,685)
<b>Attributable to:</b>	<b>以下人士應佔:</b>		
Equity shareholders of the Company	本公司權益股東	73,011	(29,347)
Non-controlling interests	非控股權益	(38,528)	(4,338)
			(42,866)
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>	34,483	(33,685)
			798

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

(b) **Merger accounting and restatements (continued)**  
The effect of the application of merger accounting on the consolidated statement of financial position as at 1 January 2019 are as follows:

### 1 主要會計政策及編製基準(續)

(b) **合併會計處理方法及重列(續)**  
對於二零一九年一月一日的綜合財務狀況表應用合併會計處理方法的影響如下：

		As at 1 January 2019 as previously reported	Adjustments for the combination using merger accounting	As at 1 January 2019 as restated
		於二零一九年 一月一日 (如先前呈報) RMB'000 人民幣千元	就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	於二零一九年 一月一日 (經重列) RMB'000 人民幣千元
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業	716,067	1,305,333	2,021,400
Other property, plant and equipment	其他物業、廠房及設備	472,147	280,196	752,343
Properties under development	發展中物業	110,312	-	110,312
Prepaid lease payments	預付租賃款項	463,979	-	463,979
Interests in joint ventures	於合營企業的權益	275,921	-	275,921
Deferred tax assets	遞延稅項資產	60,921	6,040	66,961
		2,099,347	1,591,569	3,690,916
<b>Current assets</b>	<b>流動資產</b>			
Inventories and other contract costs	存貨及其他合約成本	15,199,834	3,785,580	18,985,414
Trade and other receivables	應收賬款及其他應收款項	882,567	1,202,532	2,085,099
Prepaid lease payments	預付租賃款項	14,499	-	14,499
Prepaid tax	預付稅項	103,889	7,422	111,311
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	67,959	26,000	93,959
Restricted deposits	受限制存款	202,230	11,730	213,960
Cash and cash equivalents	現金及現金等價物	540,524	1,091,193	1,631,717
		17,011,502	6,124,457	23,135,959
<b>Current liabilities</b>	<b>流動負債</b>			
Bank loans and other borrowings	銀行貸款及其他借款	3,288,141	1,763,890	5,052,031
Trade and other payables	應付賬款及其他應付款項	5,040,329	768,438	5,808,767
Lease liabilities	租賃負債	-	487	487
Contract liabilities	合約負債	3,752,863	3,057,422	6,810,285
Current taxation	即期稅項	525,354	94,973	620,327
		12,606,687	5,685,210	18,291,897
<b>Net current assets</b>	<b>流動資產淨值</b>	4,404,815	439,247	4,844,062
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>	6,504,162	2,030,816	8,534,978

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

##### (b) Merger accounting and restatements (continued)

#### 1 主要會計政策及編製基準(續)

##### (b) 合併會計處理方法及重列(續)

		As at 1 January 2019 as previously reported 於二零一九年 一月一日 (如先前呈報) RMB'000 人民幣千元	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	As at 1 January 2019 as restated 於二零一九年 一月一日 (經重列) RMB'000 人民幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bank loans and other borrowings	銀行貸款及其他借款	2,453,989	1,281,800	3,735,789
Bond payable	應付債券	894,078	-	894,078
Derivative financial liabilities	衍生金融負債	18,660	-	18,660
Due to Fuzhou Sansheng	應付福州三盛款項	1,701,092	-	1,701,092
Lease liabilities	租賃負債	-	11,277	11,277
Deferred tax liabilities	遞延稅項負債	104,054	46,995	151,049
		5,171,873	1,340,072	6,511,945
<b>NET ASSETS</b>	<b>淨資產</b>	1,332,289	690,744	2,023,033
<b>CAPITAL AND RESERVES</b>	<b>資本及儲備</b>			
Share capital	股本	33,184	-	33,184
Reserves	儲備	1,229,893	771,679	2,001,572
<b>Total equity attributable to equity shareholders of the Company</b>	<b>本公司權益股東應佔權益總額</b>	1,263,077	771,679	2,034,756
<b>Non-controlling interests</b>	<b>非控股權益</b>	69,212	(80,935)	(11,723)
<b>TOTAL EQUITY</b>	<b>總權益</b>	1,332,289	690,744	2,023,033

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

(b) **Merger accounting and restatements (continued)**  
The effect of the application of merger accounting on the consolidated statement of financial position as at 31 December 2019 are as follows:

### 1 主要會計政策及編製基準(續)

(b) **合併會計處理方法及重列(續)**  
對於二零一九年十二月三十一日的綜合財務狀況表應用合併會計處理方法的影響如下：

		As at 31 December 2019 as previously reported	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整	As at 31 December 2019 as restated
		於二零一九年 十二月三十一日 (如先前呈報) RMB'000 人民幣千元	RMB'000 人民幣千元	於二零一九年 十二月三十一日 (經重列) RMB'000 人民幣千元
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業	759,008	1,338,754	2,097,762
Other property, plant and equipment	其他物業、廠房及設備	504,910	354,689	859,599
Properties under development	發展中物業	110,312	-	110,312
Prepaid lease payments	預付租賃款項	449,480	-	449,480
Interests in joint ventures	於合營企業的權益	209,442	-	209,442
Deferred tax assets	遞延稅項資產	153,834	7,480	161,314
		2,186,986	1,700,923	3,887,909
<b>Current assets</b>	<b>流動資產</b>			
Inventories and other contract costs	存貨及其他合約成本	18,280,060	7,081,662	25,361,722
Trade and other receivables	應收賬款及其他應收款項	1,373,026	518,510	1,891,536
Prepaid lease payments	預付租賃款項	14,499	-	14,499
Prepaid tax	預付稅項	377,233	29,038	406,271
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	26,749	20,000	46,749
Restricted deposits	受限制存款	409,039	15,177	424,216
Cash and cash equivalents	現金及現金等價物	809,035	880,292	1,689,327
		21,289,641	8,544,679	29,834,320
<b>Current liabilities</b>	<b>流動負債</b>			
Bank loans and other borrowings	銀行貸款及其他借款	3,385,442	330,700	3,716,142
Bonds payable	應付債券	676,229	-	676,229
Trade and other payables	應付賬款及其他應付款項	3,981,825	2,047,037	6,028,862
Lease liabilities	租賃負債	3,839	2,569	6,408
Contract liabilities	合約負債	8,381,797	5,644,705	14,026,502
Current taxation	即期稅項	816,559	146,714	963,273
		17,245,691	8,171,725	25,417,416
<b>Net current assets</b>	<b>流動資產淨值</b>	4,043,950	372,954	4,416,904
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>	6,230,936	2,073,877	8,304,813

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

##### (b) Merger accounting and restatements (continued)

#### 1 主要會計政策及編製基準(續)

##### (b) 合併會計處理方法及重列(續)

		As at 31 December 2019 as previously reported	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整	As at 31 December 2019 as restated
		於二零一九年 十二月三十一日 (如先前呈報) RMB'000 人民幣千元	RMB'000 人民幣千元	於二零一九年 十二月三十一日 (經重列) RMB'000 人民幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bank loans and other borrowings	銀行貸款及其他借款	4,249,250	1,322,300	5,571,550
Bonds payable	應付債券	323,945	-	323,945
Derivative financial liabilities	衍生金融負債	14,018	-	14,018
Lease liabilities	租賃負債	3,851	9,892	13,743
Deferred tax liabilities	遞延稅項負債	133,204	54,626	187,830
		4,724,268	1,386,818	6,111,086
<b>NET ASSETS</b>	<b>淨資產</b>	1,506,668	687,059	2,193,727
<b>CAPITAL AND RESERVES</b>	<b>資本及儲備</b>			
Share capital	股本	35,154	-	35,154
Reserves	儲備	1,129,595	772,332	1,901,927
<b>Total equity attributable to equity shareholders of the Company</b>	<b>本公司權益股東應佔權益總額</b>	1,164,749	772,332	1,937,081
<b>Non-controlling interests</b>	<b>非控股權益</b>	341,919	(85,273)	256,646
<b>TOTAL EQUITY</b>	<b>總權益</b>	1,506,668	687,059	2,193,727



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

(b) **Merger accounting and restatements (continued)**  
The effects of the application of merger accounting on the consolidated statement of cash flows for the year ended 31 December 2019 are summarised below:

#### 1 主要會計政策及編製基準(續)

(b) **合併會計處理方法及重列(續)**  
對截至二零一九年十二月三十一日止年度的綜合現金流量表應用合併會計處理方法的影響概述如下：

		For the year ended 31 December 2019 as previously reported 截至 二零一九年 十二月三十一 止年度 (如先前呈報) RMB'000 人民幣千元	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	For the year ended 31 December 2019 as restated 截至 二零一九年 十二月三十一 止年度 (經重列) RMB'000 人民幣千元
<b>Operating activities</b>	<b>經營活動</b>			
Profit before taxation	稅前溢利	311,484	(1,675)	309,809
Adjustments for:	經作出以下調整：			
Depreciation and amortisation	折舊及攤銷	42,454	15,804	58,258
Fair value changes on listed equity securities	上市股本證券之公平價值變動	(8,545)	-	(8,545)
Interest income on bank deposits	銀行存款之利息收入	(3,977)	(3,059)	(7,036)
Dividend income from financial assets at fair value through profit or loss	按公平價值計入損益之金融資產之股息收入	(147)	-	(147)
Share of profit less losses of joint ventures	應佔合營企業溢利減虧損	6,428	-	6,428
Fair value changes on derivative financial instruments	衍生金融工具之公平價值變動	9	-	9
Net valuation gain on investment properties	投資物業之估值收益淨額	(19,622)	(27,980)	(47,602)
Unrealised exchange loss	未變現匯兌虧損	6,170	-	6,170
Finance costs	融資成本	11,097	21,339	32,436
Changes in working capital:	營運資金變動：			
Increase in restricted bank deposits	受限制銀行存款增加	(206,808)	(3,447)	(210,255)
Increase in inventories and other contract costs	存貨及其他合約成本增加	(2,197,477)	(3,215,480)	(5,412,957)
(Increase)/decrease in trade and other receivables	應收賬款及其他應收款項(增加)/減少	(451,992)	798,719	346,727
Increase in contract liabilities	合約負債增加	4,587,378	2,587,283	7,174,661
Decrease in trade and other payables	應付賬款及其他應付款項減少	(1,040,858)	274,873	(765,985)
<b>Cash generated from operations</b>	<b>經營業務所得現金</b>	<b>1,035,594</b>	<b>446,377</b>	<b>1,481,971</b>
Tax paid	已繳稅額	(331,768)	(110,391)	(442,159)
<b>Net cash generated from operating activities</b>	<b>經營活動所得現金淨額</b>	<b>703,826</b>	<b>335,986</b>	<b>1,039,812</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (b) Merger accounting and restatements (continued)

### 1 主要會計政策及編製基準(續)

#### (b) 合併會計處理方法及重列(續)

		For the year ended 31 December 2019 as previously reported 截至 二零一九年 十二月三十一日 止年度 (如先前呈報) RMB'000 人民幣千元	Adjustments for the combination using merger accounting 就使用 合併會計 處理方法合併 作出的調整 RMB'000 人民幣千元	For the year ended 31 December 2019 as restated 截至 二零一九年 十二月三十一日 止年度 (經重列) RMB'000 人民幣千元
<b>Investing activities</b>	<b>投資活動</b>			
Purchase of property, plant and equipment	購置物業、廠房及設備	(51,308)	(90,326)	(141,634)
Disposal of property, plant and equipment	出售物業、廠房及設備	2,860	29	2,889
Purchase of financial assets at fair value through profit or loss	購買按公平值計入損益之金融資產	(3,464)	-	(3,464)
Withdrawal of financial assets at fair value through profit or loss	提取按公平值計入損益之金融資產	54,223	6,000	60,223
Investments in joint ventures	於合營企業的投資	(73,302)	-	(73,302)
Settlement of shareholder's loans to joint ventures	向合營企業結付股東貸款	133,353	-	133,353
Payment for acquisition of subsidiaries, net of cash acquired	收購附屬公司付款(已扣除收購的現金)	(95,764)	-	(95,764)
Interest received	已收利息	3,977	3,059	7,036
Dividend received	已收股息	147	-	147
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>	(29,278)	(81,238)	(110,516)
<b>Financing activities</b>	<b>融資活動</b>			
Capital element of lease rentals paid	已付租約租金之資本部分	(4,283)	(1,385)	(5,668)
Interest element of lease rentals paid	已付租約租金之利息部分	(875)	(259)	(1,134)
Proceeds from bank loans and other borrowings	銀行貸款及其他借款所得款項	9,218,558	868,700	10,087,258
Repayment of bank loans and other borrowings	償還銀行貸款及其他借款	(7,325,996)	(2,261,390)	(9,587,386)
Proceeds from Fuzhou Sansheng	福州三盛所得款項	6,002,969	2,490,066	8,493,035
Repayment to Fuzhou Sansheng	償還福州三盛	(7,753,815)	(1,454,973)	(9,208,788)
Proceeds from bonds issue	發行債券所得款項	323,167	-	323,167
Repayment of bonds	償還債券	(243,384)	-	(243,384)
Capital injections from controlling shareholders	控股股東注資	-	30,000	30,000
Capital injection from non-controlling interests	非控股權益注資	308,108	-	308,108
Interest paid	已付利息	(879,922)	(136,408)	(1,016,330)
Dividend paid to controlling shareholders of Time Fortune Investments Limited	已付予時幸投資有限公司控股股東的股息	(50,000)	-	(50,000)
<b>Net cash used in financing activities</b>	<b>融資活動所用現金淨額</b>	(405,473)	(465,649)	(871,122)
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>	269,075	(210,901)	58,174
<b>Cash and cash equivalents at 1 January</b>	<b>於一月一日之現金及現金等價物</b>	540,524	1,091,193	1,631,717
<b>Effect of foreign exchange rate changes</b>	<b>匯率變動影響</b>	(564)	-	(564)
<b>Cash and cash equivalents at 31 December</b>	<b>於十二月三十一日之現金及現金等價物</b>	809,035	880,292	1,689,327

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company, its subsidiaries and its joint operation (together referred to as the “Group”) and the Group’s interest in joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(j));
- financial assets at fair value through profit or loss (see note 1(h)); and
- derivative financial instruments (see note 1(i)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

### 1 主要會計政策及編製基準(續)

#### (c) 財務報表編製基準

截至二零二零年十二月三十一日止年度之綜合財務報表包括本公司、其附屬公司及其合資經營業務(統稱「本集團」)及本集團於合營企業的權益。

編製財務報表所用計量基準為歷史成本法，惟於下文會計政策所詳述按公平值列賬之資產及負債除外：

- 投資物業(包括租賃土地權益及本集團為物業權益登記擁有人持作投資物業的樓宇)(見附註1(j))；
- 按公平值計入損益之金融資產(見附註1(h))；及
- 衍生金融工具(見附註1(i))。

編製符合香港財務報告準則之財務報表須經管理層作出影響政策應用以及資產、負債、收入及開支呈報金額之判斷、估計及假設。估計及相關假設根據過往經驗及於有關情況下視為合理之多項其他因素作出，其結果成為在無法依循其他途徑即時得知資產及負債之賬面值時作出判斷之依據。實際結果可能有別於該等估計。

本集團持續就所作估計及相關假設作出審閱。會計估計之修訂如只影響當期，則有關會計估計修訂於當期確認。如會計估計之修訂影響當期及未來期間，則有關修訂於當期及未來期間確認。

有關管理層在應用香港財務報告準則時所作出對財務報表有重大影響之判斷，以及不確定性估計之主要來源於附註2討論。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (d) Changes in accounting policies

The Group has applied Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, issued by the HKICPA to these financial statements for the current accounting period and early adopted Amendments to HKFRS 3, *Definition of a Business*, issued by the HKICPA to these financial statements at 1 January 2019.

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

#### Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

These amendments are mandatory for transactions occurring in annual reporting period beginning on or after 1 January 2020 and earlier application is permitted. These amendments are expected to primarily impact the accounting by the Group for acquisitions of property projects in particular whether they should be treated as business acquisitions. The Group has early adopted these amendments, prospectively to transactions for which the acquisition date is on or after 1 January 2019, and concluded that the adoption of them does not have a significant impact on these financial statements.

#### Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

### 1 主要會計政策及編製基準(續)

#### (d) 會計政策之變動

本集團於本會計期間就此等財務報表採用香港會計師公會頒佈的香港財務報告準則第16號之修訂「與COVID-19有關的租金優惠」，並於二零一九年一月一日就此等財務報表提早採納香港會計師公會頒佈的香港財務報告準則第3號之修訂「業務之定義」。

除香港財務報告準則第16號之修訂外，本集團並無採用任何於本會計期間尚未生效之新準則或詮釋。採納經修訂香港財務報告準則之影響載列如下：

#### 香港財務報告準則第3號之修訂「業務之定義」

該等修訂釐清業務的定義，並就如何確定一項交易應否界定為業務合併提供進一步指引。此外，該等修訂引入選擇性的「集中度測試」，倘所收購的總資產的實質上所有公平價值集中在單一的可識別資產或一組類似可識別資產時，允許對一組收購的活動及資產判斷為資產而非業務提供簡化評估。

該等修訂強制應用於二零二零年一月一日或之後的年度報告期內發生的交易，而且容許提前應用。預期該等修訂將主要影響本集團收購物業項目的會計處理，尤其該等收購應否被視為業務合併。本集團已提前採納該等修訂，預期將影響收購日期為二零一九年一月一日或之後的交易，並總括採納該等修訂對該等財務報表並無重大影響。

#### 香港財務報告準則第16號之修訂「與COVID-19有關的租金優惠」

該修訂提供實際權宜手段，讓承租人無須評估因COVID-19疫情直接導致的若干合資格租金優惠（「與COVID-19有關的租金優惠」）是否屬於租賃修訂，而是將該等租金優惠當作非租賃修訂入賬。

本集團已選擇提早採納該等修訂，並對本集團於年內獲授的所有合資格的與COVID-19有關的租金優惠採用實際權宜手段。因此，已收取租金優惠已作為負浮動租賃付款入賬，並於導致該等付款的事件或情況發生期間於損益中確認。概無對於二零二零年一月一日的期初權益餘額造成影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligation towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(q) or 1(r) depending on the nature of the liability.

### 1 主要會計政策及編製基準(續)

#### (e) 附屬公司及非控股權益

附屬公司為本集團控制之實體。當本集團承受或享有來自參與該實體之可變回報之風險或權利，並有能力透過其於該實體之權力影響該等回報時，則本集團對該實體有控制權。評估本集團是否有權力時，僅計及(本集團及其他人士所持)實質權利。

於附屬公司之投資自控制權生效當日起至控制權終止當日入賬於合併綜合財務報表內。編製綜合財務報表時，集團內公司間結餘、交易及現金流量以及任何因集團內公司間交易而產生之未變現溢利已全數抵銷。僅出現無法證明減值之情況時，因集團內公司間交易而產生之未變現虧損亦以與未變現收益相同之方法抵銷。

非控股權益指並非由本公司直接或間接應佔之附屬公司權益，而就此而言，本集團並無與該等權益之持有人協定任何額外條款，以致本集團整體須承擔就金融負債所界定之合約責任。就各業務合併而言，本集團可選擇按公平值或按比例分佔附屬公司之可識別資產淨值計量任何非控股權益。

非控股權益在綜合財務狀況表之權益項目中與本公司權益股東應佔權益分開列示。本集團業績之非控股權益在綜合損益及其他全面收益表賬面呈列為年內損益總額及全面收益總額在非控股權益與本公司權益股東之間之分配。根據附註1(q)或1(r)(取決於負債性質)，非控股權益持有人貸款及該等持有人的其他合約義務於綜合財務狀況表呈列為金融負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (e) Subsidiaries and non-controlling interests (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (f) Joint operations

Joint operations are joint arrangements in which the parties with joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The activities of a joint operation are primarily designed for the provision of output to the parties to the arrangement, indicating that:

- the parties have the rights to substantially all the economic benefits of the assets of the arrangement; and
- all liabilities are satisfied by the joint participants through their purchase of that output. This indicates that, in substance, the joint participants have an obligation for the liabilities of the arrangement.

The consolidated financial statements of the Group include its share of the assets in joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations and its revenue derived from the sales of its share of output from the joint operation. All such amounts are measured in accordance with the terms of each arrangement, which are usually in proportion to the Group's interest in the joint operation.

### 1 主要會計政策及編製基準(續)

#### (e) 附屬公司及非控股權益(續)

本集團未失去控制權而於附屬公司之權益有所變動乃列作權益交易入賬，並對綜合權益內控股及非控股權益之金額作出調整以反映相關權益之變動，惟並不會對商譽作出調整，亦不會確認收益或虧損。

當本集團失去對一間附屬公司的控制權，則入賬列作出售該附屬公司的全部權益，因此產生的收益或虧損會於損益確認。於失去控制權之日在該前附屬公司保留的任何權益按公平值確認，且有關金額視為初步確認金融資產時的公平值(見附註1(h))，或(如適用)初步確認於聯營公司或合營企業投資時的成本。

於本公司財務狀況表內，除非有關投資分類為持作出售(或包括在分類為持作出售之出售組別之內)，於附屬公司之投資按成本減減值虧損列賬(見附註1(m))。

#### (f) 共同經營

共同經營為一項合營安排，共同控制方對該安排擁有資產的權利及債務的義務。共同經營活動主要旨在向安排各方提供產出，指：

- 訂約方有權享有資產安排大部分經濟利益；及
- 共同參與方透過購買產出履行所有責任，表示共同參與方實質上有責任履行安排之義務。

本集團綜合財務報表包括其分佔共同經營資產，連同分佔負債、共同產生的收入及開支或該等業務產生的其他收入及開支，以及銷售其分佔共同經營產出的所得收入。所有該等金額根據各安排條款計量，通常為集團於共同經營權益之百分比。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (g) Joint ventures

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i))).

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

### 1 主要會計政策及編製基準(續)

#### (g) 合營企業

合營企業為本集團或本公司及其他人士按合約同意下分配控制權及淨資產擁有權之安排。

除於合營企業之投資被劃歸為可供銷售(或包括在已劃歸為可供銷售之出售組合)外，於合營企業的投資是按權益法記入綜合財務報表。根據權益法，投資先以成本入賬，並就本集團所佔投資對象可辨別資產淨值於收購日之公平值超過投資成本之數額(如有)作出調整。投資成本包括購買價、收購該投資的直接應佔其他成本，及構成本集團權益投資一部份的於該合營企業的任何直接投資。然後就本集團佔該投資對象淨資產在收購後的變動及有關投資的任何減值虧損作出調整(見附註1(m)(iii))。於收購日期超過成本值之金額、本集團於年度內所佔投資對象於收購後及除稅後業績及任何減值虧損會於綜合損益表中確認，而本集團所佔投資對象後的除稅後其他全面收益項目則於綜合損益及其他全面收益表中確認。

當本集團分佔合營企業的虧損部分超出其於該合營企業的權益時，本集團的權益將減至零，並且不再確認進一步虧損，惟倘本集團須承擔法律或推定責任，或代表該投資對象支付款項則除外。就此而言，本集團的權益乃按權益法計算的投資賬面值加上實質上構成本集團於該聯營公司的淨投資一部份的任何長期權益(於其他長期權益(倘適用)應用預期信貸虧損模式後(見附註1(m)(i)))。

本集團與其合營企業間之交易所產生的未變現損益，均按本集團於該投資對象所佔的權益比例對銷，但倘未變現虧損證明已轉讓資產出現減值跡象，則該等未變現虧損會即時在損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (g) Joint ventures (continued)

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)).

#### (h) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and joint ventures, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments (see note 30(e)). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

#### (i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

### 1 主要會計政策及編製基準(續)

#### (g) 合營企業(續)

於所有其他情況下，當本集團對合營企業不再有共同控制權時，按出售於該投資對象的全部權益入賬，由此而產生的收益或虧損於損益內確認。於本集團不再有共同控制權當日於前投資對象所保留的權益按公平值確認，而此金額被視為初步確認財務資產之公平值(見附註1(h))。

#### (h) 於股本證券之其他投資

本集團於附屬公司、聯營公司及合營企業投資以外之股本證券投資政策如下：

投資於本集團承諾購買／出售有關投資當日或屆滿時確認／終止確認。投資初步按公平值加直接應佔交易成本列值，惟按公平值計入損益計量之投資除外，有關投資之交易成本直接於損益確認。有關本集團如何釐定金融工具的公平值的說明(見附註30(e))。該等投資隨後入賬如下，取決於其分類。

股本證券投資均會被分類為按公平值計入損益，除非該股本投資並非以交易為目的持有，且於初始確認投資時本集團選擇指定該投資為按公平值計入其他全面收益(不可劃轉)，以致公平值其後變動於其他全面收益確認。該選擇乃按個別工具基準作出，惟僅可於該投資從發行人角度而言符合權益定義時作出。倘作出該選擇，其他全面收益中累計的金額維持於公平值儲備(不可劃轉)中，直至出售投資為止。出售時，維持於公平值儲備(不可劃轉)中的金額轉至保留盈利。該金額並不透過損益重新歸入。

#### (i) 衍生金融工具

衍生金融工具初步按公平值確認。重新計量公平值之收益或虧損即時於損益確認。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (j) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

#### (k) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)).

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Properties leased for own use and the interests in leasehold land are depreciated over the unexpired term of lease.

Hotel building	20 years
Plant and machinery	10 years
Furniture, fixture and equipment	3-5 years
Motor vehicles	3-5 years
Improvements to premises	3 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

### 1 主要會計政策及編製基準(續)

#### (j) 投資物業

投資物業指為賺取租金收入及／或為資本增值而根據租賃權益(見附註1(l))擁有或持有之土地及／或樓宇，當中包括就當前尚未確定未來用途持有之土地及正在建造或發展以供日後用作投資物業之物業。

投資物業按公平值列賬，除非於報告期末仍在建造或發展且於當時無法可靠計量其公平值。投資物業公平值變動或報廢或出售投資物業所產生之任何收益或虧損於損益確認。投資物業之租金收入按照附註1(w)(ii)所述方式入賬。

#### (k) 其他物業、廠房及設備

其他物業、廠房及設備按成本減累計折舊及減值虧損列賬(見附註1(m))。

物業、廠房及設備項目之折舊乃按以下估計可使用年期，以直線法撇銷其成本減估計剩餘價值(如有)計算：

租賃自用的物業及租賃土地權益隨未屆滿租期折舊。

酒店大樓	20年
廠房及機器	10年
傢俱、固定裝置及設備	3至5年
汽車	3至5年
物業裝修	3年

資產之可使用年期及其剩餘價值(如有)均每年進行審閱。

自行建造的物業、廠房及設備的初始成本包括工程用物資、直接人工、處置所在地原建築物及使用所在地恢復原貌所發生的支出、及按適當比例分攤後的製造費用和借款成本。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

##### (k) Other property, plant and equipment (continued)

The carrying amounts of other property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Construction in progress represents buildings and property and plant under construction, and is stated at cost less impairment losses (see note 1(m)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property and plant when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

#### 1 主要會計政策及編製基準(續)

##### (k) 其他物業、廠房及設備(續)

其他物業、廠房及設備之賬面值於各報告期末檢查有否減值跡象。當資產或其所屬現金產生單位之賬面值超過其可收回金額時，減值虧損於損益確認。資產或其所屬現金產生單位之可收回金額為其公平值減出售成本與使用價值之較高者。於評估使用價值時，估計未來現金流量乃使用反映目前市場對貨幣時間價值及資產特定風險評估之稅前貼現率，貼現至其現值。倘用於釐定可收回金額之估計出現有利變動，則減值虧損予以撥回。

報廢或出售物業、廠房及設備項目所產生收益或虧損乃以出售所得款項淨額與項目賬面值之差額釐定，並於報廢或出售日期在損益確認。

在建工程指興建中的樓宇以及物業及廠房，按成本減去減值虧損後列示(見附註1(m))。成本包括直接建築成本。當資產投入擬定用途所需的準備工作大致完成時，有關成本即不再資本化，而在建工程則轉撥至物業及廠房。

在建工程在大致完成並可用於預定用途前，概不計提折舊。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (l) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. 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. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(k) and 1(m)(iii)), except for the following types of right-of-use asset:

### 1 主要會計政策及編製基準(續)

#### (l) 租賃資產

本集團會於合約初始生效時評估該合約是否屬租賃或包含租賃。倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬租賃或包含租賃。倘客戶有權主導可識別的資產的使用及從該使用中獲取幾乎所有的經濟收益，則表示控制權已轉讓。

#### (i) 作為承租人

倘合約包含租賃部分及非租賃部分，本集團已選擇不單獨劃分非租賃部分，並將各租賃部分及任何相關非租賃部分作為所有租賃之單一租賃部分入賬。

於租賃開始日期，本集團確認使用權資產和租賃負債，惟租賃期為12個月或更短的短期租賃和低價值資產的租賃除外。本集團就低價值資產訂立租賃時會按每項租賃基準決定是否將該租賃資本化。與未資本化之租賃相關之租賃付款於租期內按系統化基準確認為開支。

倘租賃資本化，租賃負債初步按租賃期內應付租賃款項之現值確認，並使用租賃所隱含之利率貼現或，倘有關利率不能即時釐定，則使用相關遞增借款利率。於初步確認後，租賃負債按攤銷成本計量，利息開支採用實際利率法計算。並無依賴指數或價格之可變租賃付款不予計入租賃負債之計量中，及因此於產生之會計期間於損益中扣除。

於租賃資本化時確認之使用權資產初步按成本計量，成本包括租賃負債之初始金額加於開始日期或之前作出之任何租賃付款，以及所產生之任何初始直接成本。倘適用，使用權資產之成本亦包括拆除及移除相關資產之成本估計，或恢復相關資產或其所在地點之成本，減去已收取之任何租賃優惠後貼現至其現值。使用權資產其後按成本減累計折舊及減值虧損列賬(見附註1(k)及1(m)(iii))，惟下列使用權資產類別除外：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (I) Leased assets (continued)

##### (i) As a lessee (continued)

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(j); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

### 1 主要會計政策及編製基準(續)

#### (I) 租賃資產(續)

##### (i) 作為承租人(續)

- 根據附註1(j)，符合投資物業定義的使用權資產按公平值列賬；及
- 根據附註1(n)，與租賃土地權益有關的使用權資產，而該土地權益乃持作存貨，按成本及可變現淨值之較低者入賬。

當指數或價格出現變動，或本集團估計根據剩餘價值保證預期將支付的金額出現變動，或重新評估本集團是否會合理肯定會行使購買、延長或終止選擇權而出現變動時，租賃負債會重新計量。倘租賃負債以此方式重新計量，則對使用權資產的賬面值作出相應調整，或倘使用權資產的賬面值已減至零，則於損益記錄。

當租賃範疇發生變化或租賃合約原先並無規定的租賃代價發生變化(「租賃修訂」)，且未作為單獨的租賃入賬時，則亦要對租賃負債進行重新計量。在此情況，租賃負債根據經修訂的租賃付款及租賃期限，使用經修訂的貼現率在修訂生效日重新計量。唯一例外為因COVID-19疫情而直接產生的任何租金優惠，且其符合香港財務報告準則第16號租賃第46B段所載的條件。在該等情況，本集團利用香港財務報告準則第16號第46A段所載的實際權宜手段確認代價變動，猶如其並非租賃修訂。

在綜合財務狀況表中，長期租賃負債的即期部分釐定為須於報告期後十二個月內清償之合約付款現值。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (l) Leased assets (continued)

##### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with note 1(w)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an 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 exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

#### (m) Credit losses and impairment of assets

##### (i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits and trade and other receivables, including loans to joint ventures, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Other financial assets measured at fair value, including units in trust protection funds, are not subject to the ECL assessment.

### 1 主要會計政策及編製基準(續)

#### (l) 租賃資產(續)

##### (ii) 作為出租人

倘本集團作為出租人，其於租賃開始時釐定各租賃為融資租賃或經營租賃。倘租賃轉移相關資產擁有權附帶之絕大部分風險及回報至承租人，則租賃分類為融資租賃。否則，租賃分類為經營租賃。

倘合約包含租賃及非租賃部分，本集團按相關單獨售價基準將合約代價分配至各部分。經營租賃所得租金收入根據附註1(w)(ii)確認。

當本集團為間接出租人時，分租租賃乃參照主租賃所產生的使用權資產分類為融資租賃或經營租賃。倘主租賃為短期租賃且本集團就此應用附註1(l)(i)所述的豁免，則本集團將分租租賃分類為經營租賃。

#### (m) 信貸虧損及資產減值

##### (i) 金融工具、合約資產及租賃應收款項之信貸虧損

本集團就下列各項的預期信貸虧損確認虧損撥備：

- 按攤銷成本計量的金融資產(包括現金及現金等價物、受限制存款及應收賬款及其他應收款項，包括合營企業貸款，該貸款乃為收回合約現金流量持有，僅為本金及利息付款)；及
- 租賃應收款項。

按公平值計量的其他金融資產，包括信託保護基金單位，均不受限於預期信貸虧損的評估。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (i) Credit losses from financial instruments, contract assets and lease receivables (continued)

###### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (i) 金融工具、合約資產及租賃應收款項之信貸虧損(續)

###### 預期信貸虧損之計量

預期信貸虧損為信貸虧損可能性之加權估計。信貸虧損按所有預期現金差額(即根據合約應付本集團之現金流量與及本集團預期收取之現金流量之間之差額)之現值計量。

倘貼現影響重大，則預期現金短缺情況採用下列貼現利率：

- 固定利率金融資產、應收賬款及其他應收款項及合約資產：按初步確認時釐定之實際利率或其概約利率；
- 浮動利率金融資產：即期實際利率；及
- 租賃應收款項：計量租賃應收款項所用之貼現利率。

估計預期信貸虧損時所考慮之最長期間為本集團所面臨信貸風險之最長合約期間。

在計量預期信貸虧損時，本集團會考慮在毋需付出過多成本及努力下即可獲得之合理可靠之資料，當中包括有關過去事件、當前狀況及未來經濟狀況預測之資料。

預期信貸虧損按下列其中一種基準計量：

- 12個月之預期信貸虧損：預期因報告日期後12個月內發生之可能違約事件導致之該等虧損；及
- 整個存續期之預期信貸虧損：預期因信貸虧損模式適用之項目於預期存續期內所有可能發生之違約事件導致之該等損失。

應收賬款、租賃應收款項及合約資產之虧損撥備一直按相等於整個存續期之預期信貸虧損之金額計量。於報告日期，該等金融資產之預期信貸虧損基於本集團過往信貸虧損經驗使用提列矩陣進行評估，根據債務人之特定因素及預期一般經濟狀況之評估進行調整。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (i) Credit losses from financial instruments, contract assets and lease receivables (continued)

##### *Measurement of ECLs (continued)*

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (i) 金融工具、合約資產及租賃應收款項之信貸虧損(續) *預期信貸虧損之計量(續)*

就所有其他金融工具而言，本集團按相等於12個月之預期信貸虧損確認虧損撥備，除非金融工具於初步確認以來之信貸風險大幅增加，在此情況下，虧損撥備按相等於整個存續期預期信貸虧損之金額計量。

##### *信貸風險大幅增加*

在評估金融工具信貸風險自初步確認以來有否大幅增加時，本集團將於報告日期評估之金融工具之違約風險與初步確認日期評估之風險進行比較。在進行這項重新評估時，本集團認為金融資產於下列情況將構成違約事件：(i) 借款人不可能在本集團無追索權採取變現抵押(如持有)的情況下向本集團悉數支付其信貸義務；或(ii) 金融資產已逾期超過90日。本集團考慮合理可靠之定量及定性資料，包括過往經驗及在毋需付出過多成本或努力下即可獲得之前瞻性資料。

尤其是，在評估自初步確認以來信貸風險有否大幅增加時，將考慮以下資料：

- 未能在合約到期日支付本金或利息；
- 金融工具之外部或內部信用評級(如可獲得)實際或預期顯著惡化；
- 債務人經營業績實際或預期顯著惡化；及
- 技術、市場、經濟或法律環境現有或預期變化對債務人履行其對本集團義務之能力造成重大不利影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (i) Credit losses from financial instruments, contract assets and lease receivables (continued)

##### *Significant increases in credit risk (continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

##### *Basis of calculation of interest income*

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (i) 金融工具、合約資產及租賃應收款項之信貸虧損(續)

##### *信貸風險大幅增加(續)*

根據金融工具之性質，信貸風險有否大幅增加之評估按個別或整體基準進行。當評估按整體基準進行時，金融工具根據分擔之信貸風險特徵進行分組，如逾期狀況及信貸風險評級。

預期信貸虧損於各報告日期重新計量，以反映自初步確認以來金融工具信貸風險之變化。預期信貸虧損金額之任何變化於損益中確認為減值收益或虧損。本集團確認所有金融工具之減值收益或虧損，並透過虧損撥備賬對其賬面值進行相應調整，惟按公平價值計入其他全面收益(可劃轉)之於債務證券之投資除外，其虧損撥備於其他全面收益確認並於公平價值儲備累計(可劃轉)。

##### *利息收入之計算基準*

利息收入按金融資產之總賬面值計算，除非金融資產出現信貸減值，在此情況下，利息收入按金融資產之攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響之事件時，金融資產將出現信用減值。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (i) Credit losses from financial instruments, contract assets and lease receivables (continued)

##### *Basis of calculation of interest income (continued)*

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### **Write-off policy**

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (i) 金融工具、合約資產及租賃應收款項之信貸虧損(續) 利息收入之計算基準(續)

金融資產信貸減值之證據包括以下可觀察事件：

- 債務人出現重大財政困難；
- 違反合約，如違約或拖欠支付利息或本金；
- 借款人很大可能將會破產或進行其他財務重組；
- 技術、市場、經濟或法律環境出現重大變動對債務人造成不利影響；或
- 因發行人財政困難而導致某抵押品失去活躍市場。

##### **撇銷政策**

若日後收回之機會渺茫，本集團會撇銷(部份或全部)金融資產、租賃應收款項或合約資產之總賬面值。該情況通常出現在本集團釐定債務人並無資產或收入來源可產生足夠之現金流量償還須予撇銷之金額時。

倘先前撇銷之資產其後收回，則於收回之期間內於損益中確認為減值撥回。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (ii) 已發出財務擔保之信貸虧損

財務擔保為規定發行人(即「擔保人」)作出指定付款，以擔保受益人(即「補償持有人」)因特定債務人未能根據債務工具之條款於到期時付款而產生之損失之合約。

已發出之財務擔保初步按公平值於「應付賬款及其他應付款項」內確認，而該等公平值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後，參考類似服務的公平交易中所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價，該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取，即時開支於損益中確認。

於初始確認後，初始確認為遞延收入的金額於擔保期內按擔保條款於損益中攤銷為已發出財務擔保的收入。

本集團監察特定債務人違約的風險，並當財務擔保的預期信貸虧損確定為高於擔保的「應付賬款及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

為釐定預期信貸虧損，本集團會考慮指定債務人自發出擔保以來的違約風險變動，並會計量12個月的預期信貸虧損，惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外，在此情況下，則會計量整個存續期的預期信貸虧損。附註1(m)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (m) Credit losses and impairment of assets (continued)

##### (ii) Credit losses from financial guarantees issued (continued)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

##### (iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- prepaid lease payments; and
- investments in subsidiaries and joint ventures.

If any such indication exists, the asset's recoverable amount is estimated.

##### - Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

### 1 主要會計政策及編製基準(續)

#### (m) 信貸虧損及資產減值(續)

##### (ii) 已發出財務擔保之信貸虧損(續)

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款，故預期信貸虧損乃按預期就補償持有人產生的信貸虧損而作出的付款，減本集團預期從擔保持有人(指定債務人或任何其他人士)收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現，並就現金流量的特定風險作出調整。

##### (iii) 其他非流動資產減值

本集團會於各報告期結束時檢討內部及外部資料來源，以確定下列資產是否減值，或過往確認的減值虧損是否不再存在或已經減少：

- 物業、廠房及設備，包括使用權資產；
- 預付租賃款項；及
- 於附屬公司及合營企業之投資。

倘存在任何有關跡象，則會估計資產的可收回金額。

##### - 計算可收回金額

資產之可收回金額為其公平值減出售成本與使用價值之較高者。於評估使用價值時，估計未來現金流量乃使用反映目前市場對貨幣時間價值及資產特定風險評估之稅前貼現率，貼現至其現值。倘資產基本上未能產生獨立於其他資產之現金流入時，則以能夠獨立產生現金流入之最小資產組別(即現金產生單位)釐定可收回金額。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

##### (m) Credit losses and impairment of assets (continued)

##### (iii) Impairment of other non-current assets (continued)

- *Recognition of impairment losses*  
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).
- *Reversals of impairment losses*  
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

##### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

#### 1 主要會計政策及編製基準(續)

##### (m) 信貸虧損及資產減值(續)

##### (iii) 其他非流動資產減值(續)

- *確認減值虧損*  
倘資產或其所屬現金產生單位之賬面值超過其可收回金額，則減值虧損於損益確認。就現金產生單位確認之減值虧損，會按比例減少該單位(或該組單位)內其他資產之賬面值，惟資產賬面值不會減至低於其個別之公平值減出售成本(如可計量)或使用價值(如能釐定)。
- *撥回減值虧損*  
就資產(商譽除外)而言，倘用於釐定可收回金額之估計出現任何有利變動，有關減值虧損則會撥回。

減值虧損之撥回限於在以往年度並無確認任何減值虧損之情況下原應釐定之資產賬面值。所撥回減值虧損於確認撥回年度計入損益。

##### (iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須按香港會計準則第34號「*中期財務報告*」，編製財政年度首六個月之中期財務報告。本集團於中期期末採用與財政年度年末相同之減值測試、確認及撥回標準(見附註1(m)(i)及(ii))。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (n) Inventories and other contract costs

##### (i) Inventories

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

- Property held for development and under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed property held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1 主要會計政策及編製基準(續)

#### (n) 存貨及其他合約成本

##### (i) 存貨

有關物業發展活動之存貨按成本及可變現淨值之較低者入賬。成本及可變現淨值按下述方式釐定：

- 持作出售發展及待售發展中物業

待售發展中物業之成本包含已明確識別之成本，包括租賃土地權益收購成本、發展、物料及供應品總成本、工資及其他直接支出，以及適當比例之間接費用及資本化借款成本(見附註1(y))。可變現淨值為估計售價減估計完工成本及出售物業所產生成本。

- 持作出售已落成物業

持作出售已落成物業之成本包括所有購買成本、轉換成本及將存貨運往現時位置及達至現狀所產生其他成本。

由本集團發展之已落成物業之成本按未售物業應佔該發展項目總發展成本分攤計算。可變現淨值為估計售價減出售物業所產生成本。

於出售存貨時，該等存貨的賬面值在相關收入確認的期間確認為開支。

存貨撇減至可變現淨值的金額及存貨的所有虧損在撇減或出現虧損的期間確認為開支。存貨的任何撇減撥回金額確認為存貨金額的減少，並於撥回發生期間確認為開支。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 1 Significant accounting policies and basis of presentation (continued)

##### (n) Inventories and other contract costs (continued)

###### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(n)(i)) or property, plant and equipment (see note 1(k)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

#### 1 主要會計政策及編製基準(續)

##### (n) 存貨及其他合約成本(續)

###### (ii) 其他合約成本

其他合約成本指未資本化為存貨(見附註1(n)(i))或物業、廠房及設備(見附註1(k))的從客戶獲得合約的增量成本或完成與客戶訂立合約的成本。

獲得合約的增量成本指在未獲得合約之情況下本不會產生之本集團為從客戶獲得合約而產生的該等成本(例如增量銷售佣金)。倘成本與將於未來報告期間確認的收益相關且預期將可收回成本，則獲得合約的增量成本於產生時資本化。獲得合約的其他成本於產生時支銷。

倘成本直接與現有合約或可特別認定的預計合約相關；產生或增加日後將用於提供貨品或服務的資源；及預期將被收回，則完成合約的成本會資本化。直接與現有合約或可特別認定的預計合約有關的成本可能包括直接勞務、直接材料、成本分攤、可明確向客戶收取的成本及僅因本集團訂立合約而產生的成本(例如付款予分包商)。完成合約的其他成本(未資本化為存貨或物業、廠房及設備)於產生時支銷。

已資本化合約成本按成本減累計攤銷及減值虧損列賬。當合約成本資產的賬面值超過(i)本集團預期因交換資產相關貨品或服務而將收取的代價餘額減(ii)尚未確認為開支之直接與提供該等貨品或服務相關的任何成本的淨額時，確認減值虧損。

已資本化合約成本攤銷於確認資產相關收益時從損益內扣除。收益確認的會計政策載於附註1(w)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (o) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

#### (p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

#### (q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

#### (r) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(m)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### 1 主要會計政策及編製基準(續)

#### (o) 合約負債

合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利，則合約負債亦將予以確認。於此情況下，相應的應收款項亦將予以確認(見附註1(p))。

倘合約包括重要融資部分，則合約結餘包括按實際利息法累計的利息(見附註1(w))。

#### (p) 應收賬款及其他應收款項

應收款項於本集團有無條件權利收取代價時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘若收入於本集團有無條件權利以收取代價前確認，該款項呈列為合約資產。

應收款項以實際利率法減信貸虧損撥備按攤銷成本列賬(見附註1(m)(i))。

#### (q) 計息借款

計息借款初步按公平值減應佔交易成本確認。於初步確認後，計息借款按攤銷成本列賬，而初步確認金額與贖回價值之任何差額(連同任何應付利息及費用)於借款期內採用實際利率法於損益確認。

#### (r) 應付賬款及其他應付款項

應付賬款及其他應付款項初步按公平值確認。除根據附註1(m)(ii)計量的財務擔保負債外，應付賬款及其他應付款項其後按攤銷成本列賬，除非貼現影響甚微，則按成本列賬。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(m)(i).

#### (t) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

### 1 主要會計政策及編製基準(續)

#### (s) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行及其他金融機構之活期存款，以及短期高流動性且可隨時轉換為已知數額現金、價值變動風險不大並在購入後三個月內到期之投資。現金及現金等價物根據附註1(m)(i)所載列的政策就預期信貸虧損進行評估。

#### (t) 僱員福利

薪金、年度花紅、有薪年假、界定供款退休計劃供款及非貨幣福利成本於僱員提供相關服務之年度計提。倘延遲付款或結算會造成重大影響，則該等金額會以現值列賬。

#### (u) 所得稅

本年度所得稅包括即期稅項以及遞延稅項資產及負債之變動。即期稅項以及遞延稅項資產及負債之變動均在損益確認，惟在其他全面收益或直接在權益確認之相關項目除外，其相關稅項金額則分別在其他全面收益或直接在權益確認。

即期稅項為按本年度應課稅收入，根據於報告期末已實施或實質上已實施之稅率計算之預期應付稅項，加上以往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差額產生。暫時差額指資產及負債在財務報告之賬面值與其稅基之差額。遞延稅項資產亦可因未動用稅項虧損及未動用稅項抵免所產生。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (u) Income tax (continued)

All deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

### 1 主要會計政策及編製基準(續)

#### (u) 所得稅(續)

所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅溢利用以抵銷可動用資產時確認。支持確認由可扣稅暫時差額所產生遞延稅項資產之未來應課稅溢利，包括因撥回現有應課稅暫時差額而產生之金額，惟有關差額必須與同一稅務機關及同一應課稅實體有關，並預期在可扣稅暫時差額預計撥回之期間內撥回，或遞延稅項資產所引起稅項虧損可向後期或向前期結轉之期間內撥回。在確定現有應課稅暫時差額是否足以支持確認由未動用稅項虧損及抵免所產生遞延稅項資產時應採用同一準則，即該等暫時差額與同一稅務機關及同一應課稅實體有關，並預期在能夠使用稅項虧損或抵免之期間內撥回。

倘投資物業之公平值按附註1(j)所載會計政策計量，其遞延稅項金額則按用於報告日期之資產出售之賬面值之稅率確認，除非該物業可予折舊，並按目的是隨時間消耗該物業所包含之絕大部分經濟利益，而非通過出售消耗之商業模式持有。在所有其他情況下，已確認遞延稅項金額按預期變現或清償資產及負債賬面值之方式，以於報告期末已實施或實質上已實施之稅率計算。遞延稅項資產及負債不予貼現。

遞延稅項資產之賬面值於各報告期末審閱，並扣減至不再可能取得足夠應課稅溢利以抵銷有關稅務利益為止。任何減幅會於可能取得足夠應課稅溢利時撥回。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (u) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### (v) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 1 主要會計政策及編製基準(續)

#### (u) 所得稅(續)

即期稅項結餘與遞延稅項結餘及其變動單獨呈列，且不予抵銷。即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有法定可強制執行權利以即期稅項資產抵銷即期稅項負債，並在符合以下附帶條件之情況下，方可相互抵銷：

- 如屬即期稅項資產及負債，本公司或本集團擬按淨額基準結算，或同時變現該資產及清償該負債；或
- 如屬遞延稅項資產及負債，倘其與同一稅務機關就以下其中一項徵收之所得稅有關：
  - 同一應課稅實體；或
  - 不同應課稅實體，擬在預期有重大金額之遞延稅項負債或資產須予清償或可收回之各未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

#### (v) 撥備及或然負債

當本集團或本公司須就過往事件承擔法定或推定責任，且履行責任可能須流出經濟利益並可作出可靠估計時，則就尚未確定時間或金額之其他負債確認撥備。倘貨幣之時間價值重大，則按預計履行該責任所需支出之現值計提撥備。

倘不大可能需要流出經濟利益，或有關數額無法可靠估計，則該責任披露為或然負債，惟倘流出經濟利益之可能性極低除外。須視乎一宗或多宗未來事件是否發生方能確定存在與否之可能責任亦披露為或然負債，惟倘流出經濟利益之可能性極低除外。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

### 1 主要會計政策及編製基準(續)

#### (w) 收入及其他收益

本集團將其日常業務過程中源自銷售貨品、提供服務或租賃項下讓渡本集團資產使用權的收入分類為收入。

當產品或服務的控制權按本集團預期有權獲取的承諾代價數額(不包括代表第三方收取的金額)轉移至客戶或承租人有權動用資產時，收入予以確認。收入不包括增值稅或其他銷售稅，並經扣除任何貿易折扣。

合約包含融資部分，為客戶提供重大融資利益超過12個月，則收入按以與客戶進行之個別融資交易所反映貼現率貼現之應收款項現值計量，而利息收入則按實際利率法獨立累計。倘合約包含融資部分，為本集團提供重大融資利益，則根據該合約確認之收入包括按實際利率法計算合約責任產生之利息開支。本集團運用香港財務報告準則第15號第63段之實際權宜方法，當融資期限為12個月或以下時，則不會就重大融資部分之任何影響調整代價。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (w) Revenue and other income (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

##### (i) Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customer in Mainland China, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(o)).

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the date of delivery of property. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*, in accordance with the policies set out in note 1(y).

##### (ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. 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 earned.

### 1 主要會計政策及編製基準(續)

#### (w) 收入及其他收益(續)

本集團之收入及其他收益確認政策之進一步詳情如下：

##### (i) 銷售物業

於日常業務過中銷售發展以供出售的物業於物業交付中國內地客戶後確認，即於客戶有能力知道使用該物業及取得該物業的大多數於下權益時確認。於收入確認日期前就已出售物業所收取按金及分期付款計入財務狀況表，列作合約負債(見附註1(o))。

就客戶付款與協定物業轉讓之間期間超過一年的合約而言，銷售完成物業的交易價及收入金額會就財務部分的影響進行調整。倘墊款被視為提供重大融資利益予本集團，於付款日期至物業交付日期之期間，本集團將累計源於貨幣時間值調整的利息開支。該累計數額增加建築期間的合約負債餘額，因而增加於已竣工物業控制權轉讓予客戶時確認的收入金額。利息於累計時計入損益，除非根據附註1(y)所載政策，其合資格根據香港會計準則第23號「借款成本」予以資本化。

##### (ii) 經營租賃之租金收入

經營租賃之應收租金收入在租賃期所涵蓋之期間內，以等額分期款項於損益確認，除非其他方法更能代表來自使用租賃資產之利益之模式。獲授之租賃優惠於損益確認為應收租賃淨付款總額之組成部分。並無依賴指數或價格之可變租賃付款於產生之會計期間確認為收入。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (w) Revenue and other income (continued)

##### (iii) Hotel revenue

Hotel revenue is recognised when the services have been rendered.

##### (iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

##### (v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

#### (x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### 1 主要會計政策及編製基準(續)

#### (w) 收入及其他收益(續)

##### (iii) 酒店收入

酒店收入於提供服務時確認。

##### (iv) 股息

來自非上市投資之股息收入於股東收取付款之權利確立時確認。

##### (v) 利息收入

利息收入採用實際利率法於產生時確認。就按攤銷成本計量或按公平值計入其他全面收益(可劃轉)且並無出現信貸減值的金融資產而言，則資產的總賬面值以實際利率適用。就出現信貸減值的金融資產而言，實際利率應用於資產的攤銷成本(即扣除虧損撥備的總賬面值)(見附註1(m)(i))。

#### (x) 外幣換算

年內外幣交易按交易日期現行之匯率換算。以外幣計值之貨幣資產及負債按報告期末現行之匯率換算。匯兌收益及虧損於損益確認。

以外幣計值並按歷史成本計量之非貨幣資產及負債按交易日期現行之匯率換算。交易日期為本公司初始確認有關非貨幣資產或負債的日期。按公平值呈列的以外幣計值的非貨幣資產及負債乃使用計量公平值當日通行的匯率進行換算的公平值呈列。

境外業務的業績按年內與交易日匯率相若的平均匯率換算為人民幣。財務狀況表內的項目按報告期結束時的收市匯率換算為人民幣。由此產生的匯兌差額於其他全面收益內確認並單獨於匯兌儲備權益中累積。

於出售境外業務時，與該境外業務相關的累計匯兌差額在出售損益獲確認時由權益重新分類至損益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

#### (z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

### 1 主要會計政策及編製基準(續)

#### (y) 借款成本

購置、興建或生產需要長時間籌備以作擬定用途或出售之資產直接相關之借款成本，資本化為該資產之部分成本。其他借款成本於產生期間支銷。

當產生資產開支、產生借款成本且正進行籌備資產以作擬定用途或出售之必要工作時，則開始將借款成本資本化為合資格資產成本一部分。當籌備合資格資產以作擬定用途或出售之必要工作絕大部分中斷或完成時，會暫停或終止將借款成本資本化。

#### (z) 關聯方

(a) 倘屬以下人士，則該人士或該人士之近親家庭成員與本集團有關聯：

- (i) 對本集團擁有控制權或共同控制權；
- (ii) 對本集團擁有重大影響力；或
- (iii) 為本集團或本集團母公司之主要管理層成員。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (z) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 1 主要會計政策及編製基準(續)

#### (z) 關聯方(續)

(b) 倘實體符合以下條件，則與本集團有關聯：

- (i) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關聯)。
- (ii) 一間實體為另一實體之聯營公司或合營企業(或該其他實體所屬集團之成員公司之聯營公司或合營企業)。
- (iii) 兩間實體均為同一第三方之合營企業。
- (iv) 一間實體為第三方實體之合營企業，而另一實體亦為同一第三方實體之聯營公司。
- (v) 該實體為本集團或與本集團有關聯之實體就僱員福利而設之離職後福利計劃。
- (vi) 該實體受(a)所界定人士控制或受共同控制。
- (vii) 於(a)(i)所界定人士對該實體有重大影響力或屬該實體(或該實體母公司)主要管理層成員。
- (viii) 該實體或該實體所屬集團之任何成員公司向該集團或該集團母公司提供主要管理層成員服務。

一名人士之近親家庭成員指預期在與實體之交易中可影響該人士或受該人士影響之家庭成員。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 1 Significant accounting policies and basis of presentation (continued)

#### (aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### 2 Accounting judgement and estimates

#### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the accounting judgement of classification between investment properties and properties held for sale.

### 1 主要會計政策及編製基準(續)

#### (aa) 分部報告

本集團為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區之業績，會定期向本集團大多數高級行政管理層提供財務資料。從該等資料中可識別於財務報表呈列之經營分部及各分部項目金額。

個別重大經營分部不會於財務申報時匯總，除非該等分部擁有相若之經濟特性，且其產品及服務性質、生產流程性質、客戶類型或類別、用以分銷產品或提供服務之方法以及監管環境之性質均相若。倘個別不重大經營分部擁有大部分該等特徵，則可能會匯總。

### 2 會計判斷及估計

#### (a) 應用本集團會計政策時所作重大會計判斷

在應用本集團會計政策時，管理層曾作出投資物業及持作銷售物業分類的會計判斷。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 2 Accounting judgement and estimates (continued)

##### (a) Critical accounting judgements in applying the Group's accounting policies (continued)

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.

For purchased properties, the Group considers its intention for holding the properties at an early stage when initially obtaining control of the related properties. The related properties are accounted for as inventories included in current assets if the properties are intended for sale, whereas, the properties are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation.

##### (b) Sources of estimation uncertainty

Notes 10 and 30 contain information about the assumptions and their risk factors relating to valuation of investment property and financial instruments. Other key sources of estimation uncertainty are as follows:

##### (i) Investment properties

As described in note 10, the fair value of the Group's investment properties situated in Hong Kong and Mainland China at 31 December 2020 had been arrived at based on a valuation carried out at that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer. The fair value of the Group's investment properties at 31 December 2020 was arrived at based on direct comparison method or term and reversion method.

At 31 December 2020, the carrying amount of the Group's investment properties are RMB2,389,545,000 (2019 (restated): RMB2,097,762,000). By relying on the valuation reports of the independent professional valuers, the management has exercised its judgment and is satisfied that the method of valuation is reflective of the market conditions prevailing at the end of each reporting period. Any changes in the market conditions will affect the fair value of the investment properties of the Group.

#### 2 會計判斷及估計(續)

##### (a) 應用本集團會計政策時所作重大會計判斷(續)

本集團開發持作出售物業及持有物業以賺取租金及／或待資本增值。管理層在釐定物業指定為投資物業或持作出售物業時作出判斷。

對於已購物業，本集團考慮在早期獲得物業控制權時持有相關物業的意圖。倘有關物業擬出售，則將其入賬列為流動資產中的存貨，而倘擬持有該物業以賺取租金及／或待資本增值，則將其入賬列作投資物業。

##### (b) 估計不明朗因素之來源

有關投資物業估值及金融工具之假設及其風險因素之資料載於附註10及30。估計不明朗因素之其他主要來源如下：

##### (i) 投資物業

誠如附註10所述，於二零二零年十二月三十一日，本集團位於香港及中國內地之投資物業公平值均基於由獨立專業估值師仲量聯行企業評估及諮詢有限公司進行估值而得出。本集團於二零二零年十二月三十一日之投資物業公平值採用直接比較法或年期及復歸法釐定。

於二零二零年十二月三十一日，本集團投資物業之賬面值為人民幣2,389,545,000元(二零一九年(經重列)：人民幣2,097,762,000元)。管理層倚賴獨立專業估值師之估值報告行使判斷，信納估值方法反映各報告期末之市況。市況出現任何變動將影響本集團投資物業之公平值。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 2 Accounting judgement and estimates (continued)

##### (b) Sources of estimation uncertainty (continued)

###### (ii) Inventories

As explained in note 1(n), the Group's land held for future development, 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 recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties. If there is an increase in costs to completion or a decrease in net sales value, impairment provision for inventories may be resulted. Such provision requires the use of judgment 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.

Given the volatility of Mainland China's property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

#### 2 會計判斷及估計(續)

##### (b) 估計不明朗因素之來源(續)

###### (ii) 存貨

誠如附註1(n)所解釋，本集團的持作未來發展的土地、發展中物業及持作出售已落成物業按成本及可變現淨值的較低者列賬。基於本集團的近期經驗及標的項目的性質，本集團估計售價、完工成本(如為發展中物業)及出售物業中產生的成本。倘若完工成本增加或銷售淨值減少，則可能導致對存貨進行減值撥備。該撥備要求使用判斷及估計。倘若預期不同於原估計，則於該等估計變動的期間內物業賬面值及撥備將相應地作出調整。

鑒於中國內地物業市場的波動及個別財產的獨特性，按成本計算的實際結果及收入可能高於或低於報告期末的估計。未來年度撥備任何增加或減少將會影響損益。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 3 Revenue and segment reporting

#### (a) Revenue

The principal activities of the Group are property development and sale, property investment, hotel management and construction and design services.

Revenue are net of sales related taxes and discounts allowed. All the revenue are generated in Mainland China.

### 3 收入及分部報告

#### (a) 收入

本集團主要業務為物業開發及銷售、物業投資、酒店管理以及工程施工及設計服務。

收入扣除銷售相關稅項及許可折扣。所有收入均源於中國內地。

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>	<b>香港財務報告準則第15號 範圍內之客戶合約收入</b>		
Sale of properties	物業銷售	8,646,232	2,237,353
Hotel revenue	酒店收入	22,899	8,717
Construction and design services income	工程施工及設計 服務收入	20,091	-
<b>Revenue from other sources</b>	<b>其他收入來源</b>		
Gross rentals from investment properties	投資物業之租金總額	89,378	91,571
		<b>8,778,600</b>	<b>2,337,641</b>

The Group's customer base is diversified. None of the Group's client with whom transactions have exceeded 10% of the Group's revenue.

本集團的客戶基礎分散，概無與本集團交易的客戶佔本集團收入10%以上。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 3 Revenue and segment reporting (continued)

#### (a) Revenue (continued)

As far as the Group's businesses are concerned, the construction periods of properties under development were delayed by about one to two months due to the suspension during the outbreak of the COVID-19 pandemic. However, the above impacts have been limited in view of the fact that the epidemic in Mainland China has been basically controlled, the disruption to business activities is fading out, and the contingency measures carried out by the Group are effective.

- (i) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2020 and 31 December 2019.

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
<b>Remaining performance obligations expected to be satisfied:</b>	<b>預期將予履行的餘下履約義務：</b>		
Within 1 year	一年內	<b>14,541,623</b>	7,740,200
1 year to 2 years	一至兩年	<b>4,619,882</b>	6,052,814
2 years to 3 years	兩至三年	<b>4,966,450</b>	3,202,497
		<b>24,127,955</b>	16,995,511

These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. These amounts include the significant financing components of the pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(w)(i)).

### 3 收入及分部報告(續)

#### (a) 收入(續)

就本集團的業務而言，COVID-19疫情爆發導致開發中物業的施工期延遲約一至兩個月。然而，鑒於中國內地的疫情已基本受控，對業務活動的干擾正逐步減少，且本集團已採取有效應急措施，故上述影響程度有限。

- (i) 預期未來確認於報告日期與現有客戶訂立合約所產生的收入。

下表載列於二零二零年十二月三十一日及二零一九年十二月三十一日預期於未來就未履行(或部分未履行)的履約義務確認的收入。

該等金額指未來就客戶與本集團訂立的發展中物業的完工前銷售合約確認之收入。該等金額包括完工前物業銷售合約的重大融資部分，根據該部分，本集團從客戶處獲得重要融資收益(見附註1(w)(i))。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 3 Revenue and segment reporting (continued)

#### (b) Segment reporting

##### Operating segment

The Group's operating activities are attributable to a single operating segment focusing on property development and property investment. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform with HKFRS 8, that are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the executive directors of the Company). The CODM regularly reviews property portfolio by locations and considers them as one single operating segment since most of the properties are developed by the Group for sales. No revenue analysis, operating results or other discrete financial information is available for the assessment of performance of the respective locations.

##### Geographical information

Information about the Group's non-current assets (other than deferred tax assets) is presented base on the geographical location of the assets as follows:

### 3 收入及分部報告(續)

#### (b) 分部報告

##### 經營分部

本集團的經營業務由專注物業發展及物業投資的單一經營分部進行。該經營分部乃基於遵循香港財務報告準則第8號的會計政策而編製之內部管理報告予以識別，由主要經營決策者（「主要經營決策者」，即本公司執行董事）定期審閱。主要經營決策者定期按所在地審閱物業組合，由於大部分物業由本集團開發作出售用途，故視為單一經營分部。無收入分析、經營業績及其他單獨財務資料可作各地區表現評估。

##### 區域資料

本集團按資產的地區分佈劃分的非流動資產(遞延稅項資產除外)資料如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Mainland China	中國內地	4,372,003	3,685,536
Hong Kong	香港	38,213	41,059
		<b>4,410,216</b>	3,726,595

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 4 Other income

#### 4 其他收益

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Net exchange gain/(loss)	匯兌收益／(虧損)淨額	44,300	(6,170)
Interest income on bank deposits	銀行存款之利息收入	9,832	7,036
Forfeited deposits from customers	沒收客戶按金	11,907	36,386
Compensation to customers	向客戶賠償	(1,878)	(267)
Dividend income from financial assets at fair value through profit or loss	按公平值計入損益之 金融資產之股息收入	-	147
Donation	捐款	(1,000)	(6,350)
Fair value changes on listed equity securities	上市股本證券之公平值變動	-	8,545
Fair value changes on derivative financial instruments	衍生金融工具之公平值變動	2,368	(9)
Project management fee	項目管理費	7,540	6,579
Sales commission fee received from a related party	自關聯方收取之銷售 佣金費用	-	1,999
Others	其他	1,807	2,490
		<b>74,876</b>	<b>50,386</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

##### (a) Finance costs

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Interest on bank loans and other borrowings 銀行貸款及其他借款利息	1,117,707	804,439
Interest on bonds 債券利息	152,165	144,918
Interest payable to Fuzhou Sansheng (note 26) 應付福州三盛款項利息 (附註26)	45,997	93,328
Interest on lease liabilities (note 21(c)) 租賃負債利息(附註21(c))	1,416	1,134
Interest accrued on significant financing component of contract liabilities 合約負債重大融資部分應計利息	996,390	509,288
	<b>2,313,675</b>	1,553,107
Less: interest expense capitalised into inventories, construction in progress and investment properties* 減：資本化為存貨金額、在建工程及投資物業之利息開支*	<b>(2,253,967)</b>	(1,520,671)
	<b>59,708</b>	32,436

\* The borrowing costs have been capitalised at a weighted average rate of 8.69% per annum (2019 (restated): 9.18%).

#### 5 稅前溢利

稅前溢利乃經扣除／(計入)以下各項後達致：

##### (a) 融資成本

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Interest on bank loans and other borrowings 銀行貸款及其他借款利息	1,117,707	804,439
Interest on bonds 債券利息	152,165	144,918
Interest payable to Fuzhou Sansheng (note 26) 應付福州三盛款項利息 (附註26)	45,997	93,328
Interest on lease liabilities (note 21(c)) 租賃負債利息(附註21(c))	1,416	1,134
Interest accrued on significant financing component of contract liabilities 合約負債重大融資部分應計利息	996,390	509,288
	<b>2,313,675</b>	1,553,107
Less: interest expense capitalised into inventories, construction in progress and investment properties* 減：資本化為存貨金額、在建工程及投資物業之利息開支*	<b>(2,253,967)</b>	(1,520,671)
	<b>59,708</b>	32,436

\* 借款成本已按加權平均年利率8.69% (二零一九年(經重列)：9.18%)資本化。

##### (b) Staff costs

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Salaries, wages and other benefits 薪金、工資及其他福利	205,776	157,755
Retirement benefits scheme contributions 退休福利計劃之供款	3,086	10,016
	<b>208,862</b>	167,771

##### (b) 員工成本

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 5 Profit before taxation (continued)

#### (b) Staff costs (continued)

##### Hong Kong

The Group participates in a defined contribution scheme under Mandatory Provident Fund Scheme ("MPF Scheme"). For members of the MPF Scheme, both the Group and the employee contribute 5% of the employee's relevant income to the Scheme according to the MPF ordinance.

##### Mainland China

The employees of the Group in the Mainland China are members of state-managed retirement benefit schemes operated by the respective local governments in relevant jurisdictions. The Group is required to contribute and recognise a specified percentage of payroll costs to the schemes to fund the benefits. The only obligations of the Group with respect to these schemes are to make the specified contributions and recognise the respective retirement pay in accordance with terms set out in the schemes and relevant jurisdiction requirements.

The Group has enjoyed social security exemptions from two to twelve months according to specific policies issued by local governments due to the outbreak of the COVID-19 pandemic.

#### (c) Other items

### 5 稅前溢利(續)

#### (b) 員工成本(續)

##### 香港

本集團參與強制性公積金計劃(「強積金計劃」)項下之定額供款計劃。作為強積金計劃成員，根據強積金條例，本集團及僱員均按僱員相關月薪5%向該計劃供款。

##### 中國內地

本集團之中國內地僱員為相關司法權區各地方政府營運之國家管理退休福利計劃之成員。本集團須按薪金成本之指定百分比向退休福利計劃作出供款及確認，從而提供退休福利。本集團對於該等退休福利計劃的唯一責任為作出指定之供款並確認按照計劃所載的條款和有關司法管轄區的要求之相關退休工資。

由於COVID-19疫情爆發，本集團根據地方政府出台的具體政策而享有2至12個月的社保豁免。

#### (c) 其他項目

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Depreciation and amortisation	折舊及攤銷		
– owned property, plant and equipment	– 擁有的物業、 廠房及設備	42,811	39,878
– right-of-use assets	– 使用權資產	25,673	18,380
Cost of inventories	存貨成本	6,249,525	1,454,241
Auditors' remuneration	核數師酬金		
– Audit service	– 審計服務	2,380	1,020
– Non-audit services	– 非審計服務	2,310	2,030
Rentals income from investment properties less direct outgoings of RMB9,453,000 (2019 (restated): RMB10,110,000)	投資物業租金收入減直接支出人民幣9,453,000元(二零一九年(經重列): 人民幣10,110,000元)	(79,925)	(81,461)



## Notes to the Consolidated Financial Statements 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 6 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

### 6 綜合損益表所示之所得稅

(a) 綜合損益表所示之稅項為：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
<b>Current tax</b>			
PRC Corporate Income Tax ("CIT")	即期稅項 中國企業所得稅 (「企業所得稅」)	562,468	143,151
Withholding tax	預扣稅	205	207
Land Appreciation Tax ("LAT")	土地增值稅(「土地增值稅」)	515,986	226,983
<b>Deferred tax</b>			
Origination and reversal of temporary differences (note 28(b)(ii))	遞延稅項 暫時性差異之產生及撥回 (附註28(b)(i))	(239,598)	(57,572)
		<b>839,061</b>	<b>312,769</b>

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in Hong Kong for both years.

(iii) The provision for CIT is calculated based on the estimated taxable income at the rates applicable to subsidiaries of the Group in Mainland China. The income tax rates applicable are 25% (2019: 25%).

(i) 根據開曼群島及英屬處女群島(「英屬處女群島」)之規則及規例，本集團毋須繳納開曼群島及英屬處女群島之任何所得稅。

(ii) 二零二零年香港利得稅撥備按年內估計應課稅溢利之16.5%(二零一九年：16.5%)計算。由於本集團兩個年度於香港均無應課稅溢利，故此概無就綜合財務報表作出香港利得稅作出撥備。

(iii) 企業所得稅撥備乃根據按本集團中國內地附屬公司適用之稅率得出之估計應課稅收入計算。適用所得稅稅率為25%(二零一九年：25%)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 6 Income tax in the consolidated statement of profit or loss (continued)

##### (a) Taxation in the consolidated statement of profit or loss represents: (continued)

- (iv) Withholding tax includes tax on interest income received from a subsidiary in Mainland China at 7% (2019: 7%) of the amount received and withholding tax on profits retained by Mainland China subsidiaries.

From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise.

Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

- (v) LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

#### 6 綜合損益表所示之所得稅(續)

##### (a) 綜合損益表所示之稅項為：(續)

- (iv) 預扣稅包括有關中國內地一家附屬公司所收取之利息收入之稅項，金額相當於其所收取金額之7%（二零一九年：7%），以及中國內地附屬公司的保留溢利預扣稅。

自二零零八年一月一日起，在中國並無設立機構或營業場所的非居民企業，或在中國設有機構或營業場所但其有關收入與在中國設立的機構或營業場所概無實際關連的非居民企業，將須就各類被動收入（如來自中國境內的股息）按10%（因條約減少者除外）的稅率繳納預扣稅。根據中港避免雙重徵稅安排及相關條例，倘一名合資格香港稅務居民為中國企業的「實益擁有人」，並持有25%或以上股權，該名香港稅務居民自中國企業產生的股息則須按5%稅率繳納預扣稅。

遞延稅項負債已根據該等附屬公司就自二零零八年一月一日起產生之溢利於可見將來預期分派之股息計提撥備。

- (v) 本集團銷售所發展之物業須按土地價值增幅30%至60%之累進稅率繳納土地增值稅，根據適用規例，土地增值稅乃按出售物業所得款項減可扣稅開支（包括土地使用權出租支出、借款成本及相關物業發展開支）計算。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 6 Income tax in the consolidated statement of profit or loss (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項開支與按適用稅率得出之會計溢利對賬如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Profit before taxation	稅前溢利	1,689,989	309,809
Less: LAT	減：土地增值稅	515,986	226,983
Profit before CIT	企業所得稅前溢利	1,174,003	82,826
Notional tax calculated at applicable income tax rate of the relevant group entities concerned	按相關集團公司適用所得稅率計算的名義稅項	220,526	23,977
Tax effect of non-deductible expenses	不可抵扣開支之稅務影響	40,843	37,664
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(659)	(780)
Tax effect of unused tax losses not recognised	未確認未動用稅項虧損之稅務影響	50,724	25,079
Utilisation of previously unrecognised tax losses	動用過往未確認之稅項虧損	(367)	(377)
Withholding tax (note 6(a)(iv))	預扣稅(附註6(a)(iv))	12,008	207
Others	其他	-	16
CIT expense	企業所得稅開支	323,075	85,786
Add: LAT	加：土地增值稅	515,986	226,983
Income tax expense	所得稅開支	839,061	312,769

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

#### 7 董事酬金

根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第二部披露之董事酬金如下：

		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2020 Total
		薪金、津貼 及實物利益	酌情花紅	退休計劃 供款	二零二零年 總計
		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
<b>Executive directors</b>	<b>執行董事</b>				
Mr. Lin Rongbin	林榮濱先生	-	1,067	16	1,083
Ms. Cheng Xuan	程璇女士	-	1,333	16	1,349
<b>Non-executive directors</b>	<b>非執行董事</b>				
Mr. Xiao Zhong	肖眾先生	160	-	-	160
Mr. Xu Jianwen	許劍文先生	160	-	-	160
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>				
Mr. Pan Dexiang	潘德祥先生	160	-	-	160
Mr. Zhong Bin	鍾彬先生	160	-	-	160
Mr. Yuan Chun	袁春先生	160	-	-	160
		800	2,400	32	3,232

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 7 Directors' emoluments (continued)

#### 7 董事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2019 Total
		董事袍金	薪金、津貼及實物利益	酌情花紅	退休計劃供款	二零一九年總計
		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>Executive directors</b>	<b>執行董事</b>					
Mr. Lin Rongbin	林榮濱先生	-	1,066	-	16	1,082
Ms. Cheng Xuan	程璇女士	-	1,332	-	16	1,348
<b>Non-executive directors</b>	<b>非執行董事</b>					
Mr. Xiao Zhong	肖眾先生	160	-	-	-	160
Mr. Xu Jianwen	許劍文先生	160	-	-	-	160
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>					
Mr. Pan Dexiang	潘德祥先生	160	-	-	-	160
Mr. Zhong Bin	鍾彬先生	160	-	-	-	160
Mr. Yuan Chun	袁春先生	160	-	-	-	160
		800	2,398	-	32	3,230

During the year, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 8 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

於年內，本集團概無已付或應付董事或下文附註8所載之任何五名最高薪酬人士款項，作為促使其或在其加入本集團時之獎勵或作為離職補償。於年內無作出任何安排，致使董事放棄或同意放棄任何酬金。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, 1 (2019: 2) are directors whose emoluments are disclosed in note 7.

The aggregate of the emoluments in respect of the remaining 4 (2019: 3) individuals is as follows:

#### 8 最高薪酬人士

五名最高薪酬人士當中，一名(二零一九年：兩名)人士為董事，其酬金已於附註7披露。

有關餘下四名(二零一八年：三名)人士之酬金總額如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Salaries and other emoluments	薪金及其他薪酬	4,876	3,296
Retirement scheme contributions	退休計劃供款	249	195
Performance related incentive payments	與表現掛鈎之獎勵	774	448
		<b>5,899</b>	<b>3,939</b>

The emoluments of the 4 (2019: 3) individuals with the highest emoluments are within the following bands:

另外四名(二零一九年：三名)最高薪酬人士之薪酬介乎以下範圍：

		2020 二零二零年 Number of individuals 人數	2019 二零一九年 Number of individuals 人數 (restated) (經重列)
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元	1	2
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至 2,000,000港元	2	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至 2,500,000港元	1	-

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 9 Earnings per share

The calculation of the basic earnings per share attributable to equity shareholders of the Company is based on the following data:

#### 9 每股盈利

本公司權益股東應佔的每股基本盈利乃根據以下數據計算：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Earnings for the purpose of basic earnings per share	就每股基本盈利而言的 盈利	<b>809,237</b>	39,906
		2020 二零二零年 '000 千股	2019 二零一九年 '000 千股 (restated) (經重列)
Weighted average number of ordinary shares of the Company	本公司普通股加權 平均數	<b>490,594</b>	490,594

The weighted average number of ordinary shares of the purpose of basic earnings per share has been determined based on the sum of average ordinary shares of the Company in issue during 2020 of 441,114,000 (2019: 441,114,000) ordinary shares and 49,480,000 (2019: 49,480,000) ordinary shares of the Company issued on 24 November 2020 as consideration for the transaction as set out in note 1(b).

No dilutive earnings per share is presented as there were no dilutive potential ordinary shares in issue during both years.

就每股基本盈利而言的普通股加權平均數乃按本公司於二零二零年發行的441,114,000股(二零一九年：441,114,000股)普通股及於二零二零年十一月二十四日因附註1(b)載列的交易代價入賬而發行的49,480,000股(二零一九年：49,480,000股)普通股的本公司平均普通股總和釐定。

由於在該兩年內均無已發行具有攤薄潛力之普通股，因此並無呈列每股攤薄盈利。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 10 Investment properties

##### (a) Reconciliation of carrying amount

#### 10 投資物業

##### (a) 賬面值對賬

		Completed properties 已竣工物業 RMB'000 人民幣千元	Properties under development 發展中物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
	Note 附註			
<b>Fair Value</b>	<b>公平值</b>			
At 1 January 2019 (as previously reported)	於二零一九年一月一日 (誠如過往呈報)	716,067	-	716,067
Adjustments arising from adoption of merger accounting (note 1(d))	採納合併會計處理方法產生的調整 (附註1(d))	1,305,333	-	1,305,333
At 1 January 2019 (restated)	於二零一九年一月一日 (經重列)	2,021,400	-	2,021,400
Additions	添置	5,441	-	5,441
Increase in fair value	公平值增加	47,602	-	47,602
Transfer from inventories	存貨轉入	22,578	-	22,578
Exchange adjustments	匯兌調整	741	-	741
At 31 December 2019 and 1 January 2020 (as restated)	於二零一九年十二月三十一日及二零二零年一月一日 (經重列)	2,097,762	-	2,097,762
Additions	添置	-	190,848	190,848
Increase in fair value	公平值增加	21,326	27,475	48,801
Transfer from inventories	存貨轉入	9,620	45,077	54,697
Exchange adjustments	匯兌調整	(2,563)	-	(2,563)
At 31 December 2020	於二零二零年十二月三十一日	2,126,145	263,400	2,389,545

As at 31 December 2020, the Group's investment properties with the carrying amount of RMB702,148,000 (2019 (restated): RMB702,900,000) were pledged for bank loans and other borrowings borrowed by related parties.

於二零二零年十二月三十一日，本集團賬面值人民幣702,148,000元(二零一九年(經重列)：人民幣702,900,000元)的投資物業作為關聯方借入的銀行貸款及其他借款的抵押。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 10 Investment properties (continued)

##### (b) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following tables gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised.

#### 10 投資物業(續)

##### (b) 公平值等級

下表呈列按經常性基準呈列於報告期末計量之本集團物業之公平值，乃按香港財務報告準則第13號「公平值計量」分類為三個等級之公平值等級。公平值計量等級分類乃參考以下估值方法所用輸入數據之可觀察性及重要性釐定：

- 第一級估值：僅用第一等級輸入數據，即於計量日期相同資產或負債於活躍市場之未經調整報價計量公平值。
- 第二級估值：使用第二等級輸入數據，即未能符合第一等級之可觀察輸入數據，以及不使用重大不可觀察輸入數據計量公平值。不可觀察輸入數據指未有相關市場數據之輸入數據。
- 第三級估值：使用重大不可觀察輸入數據計量公平值。

下表載列如何釐定該等投資物業的公平值(尤其是估值方法及所使用輸入數據)以及根據將公平值計量輸入數據分級之公平值等級。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 10 Investment properties (continued)

#### (b) Fair value hierarchy (continued)

### 10 投資物業(續)

#### (b) 公平值等級(續)

Carrying value of investment properties held by the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
本集團所持投資物業之賬面值	公平值等級	估值方法及主要輸入數據	重大不可觀察輸入數據	不可觀察輸入數據與公平值的關係

#### At 31 December 2020

於二零二零年十二月三十一日

Offices and commercial properties in Mainland China other than properties in Yantai 中國內地的辦公室及商業物業(煙台的物業除外)	Level 3 第三級	Term and reversion method 年期及復歸法  The key inputs are: 主要輸入數據為: (1) reversion rent; and 復歸租金; 及 (2) reversionary yield 復歸收益率	Reversion rate based on market research on comparable rentals and making adjustments on factors such as location, floor size and facilities. 復歸率基於對比較租金的市場研究計算及對位置、樓層面積及設施等因素作出調整。  Reversionary yield which is 5% for offices, 4.5%~6% for commercial properties and 3% for car parking spaces at each valuation date. 於各估值日期，辦公室的復歸收益率為5%，商業物業為4.5%至6%及停車場為3%。	The higher the reversion rent, the higher the fair value. 復歸租金越高，公平值越高。  The higher the reversionary yield, the lower the fair value. 復歸收益率越高，公平值越低。
Commercial properties under development in Yantai, Mainland China 中國內地煙台的發展中商業物業	Level 2 第二級	Direct comparison method assuming sale in its existing state and by making reference to comparable sales evidences of similar nature properties as available in the relevant market. 假設以現狀出售及參考有關市場之同類物業的可比銷售證據的直接比較法。	N/A 不適用	N/A 不適用
Commercial properties in Hong Kong 香港商業物業	Level 2 第二級	Direct comparison method assuming sale in its existing state and by making reference to comparable sales evidences of similar nature properties as available in the relevant market. 假設以現狀出售及參考有關市場之同類物業的可比銷售證據的直接比較法。	N/A 不適用	N/A 不適用

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 10 Investment properties (continued)

##### (b) Fair value hierarchy (continued)

#### 10 投資物業(續)

##### (b) 公平值等級(續)

Carrying value of investment properties held by the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
本集團所持投資物業之賬面值	公平值等級	估值方法及主要輸入數據	重大不可觀察輸入數據	不可觀察輸入數據與公平值的關係
<b>At 31 December 2019</b>				
於二零一九年十二月三十一日				
Offices and commercial property in Mainland China 中國內地的辦公室及商業物業	Level 3 第三級	Term and reversion method 年期及復歸法	Reversion rate based on market research on comparable rentals and making adjustments on factors such as location, floor size and facilities. 復歸率基於對比較租金的市場研究計算及對位置、樓層面積及設施等因素作出調整。	The higher the reversion rent, the higher the fair value. 復歸租金越高，公平值越高。
		The key inputs are: 主要輸入數據為： (1) reversion rent; and 復歸租金；及 (2) reversionary yield 復歸收益率	Reversionary yield which is 5% for offices, 4.25%~6% for commercial properties and 3% for car parking spaces at each valuation date. 於各估值日期，辦公室的復歸收益率為5%，商業物業為4.25%至6%及停車場為3%。	The higher the reversionary yield, the lower the fair value. 復歸收益率越高，公平值越低。
Commercial properties in Hong Kong 香港商業物業	Level 2 第二級	Direct comparison method assuming sale in its existing state and by making reference to comparable sales evidences of similar nature properties as available in the relevant market. 假設以現狀出售及參考有關市場之同類物業的可比銷售交易的直接比較法。	N/A 不適用	N/A 不適用

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 10 Investment properties (continued)

##### (b) Fair value hierarchy (continued)

All of the Group's investment properties were revalued as at 31 December 2020. The valuations of all the properties were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2020 and the valuations of properties were carried out by Cushman & Wakefield Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2019. Both of the surveyors have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussed with the surveyors on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available and considers the highest and best use of the properties is their current use. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be transaction prices or derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company.

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: none).

#### 10 投資物業(續)

##### (b) 公平值等級(續)

本集團所有投資物業於二零二零年十二月三十一日經重新估值。所有物業的估值由獨立估值師行仲量聯行企業評估及諮詢有限公司於二零二零年十二月三十一日進行，而於二零一九年十二月三十一日，物業估值乃由戴德梁行有限公司及仲量聯行企業評估及諮詢有限公司進行。兩間估值公司的職員為香港測量師學會資深會員，對近期所估值物業之地點及類別具備豐富經驗。於估值乃為財務報告而進行，本集團管理層就估值假設及估值結果與測量師進行討論。

在估計本集團投資物業之公平值時，本集團在可得之範圍內使用市場可觀察數據，並考慮目前用途的最高及最佳物業用途。倘並無第一級輸入數據，本集團會委聘第三方合資格估值師對本集團之投資物業進行估值。於各報告期末，本集團管理層與合資格外部估值師緊密合作，以建立及釐定合適之估值技巧及輸入數據，進行第二級及第三級公平值計量。倘輸入數據為交易價格或可自活躍市場之可觀察報價取得，則本集團將會優先考慮及採納第二級輸入數據。當並無第二級輸入數據時，本集團將會採納包括第三級輸入數據之估值技巧。倘資產之公平值出現重大變動，則將會向本公司董事會匯報波動之理由。

截至二零二零年十二月三十一日止年度，第一級與第二級之間並無轉撥，或轉入或轉出第三級(二零一九年：無)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 10 Investment properties (continued)

##### (c) Total future minimum lease payments receivable by the Group

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased each year to reflect market rentals. None of the leases include variable lease payment terms.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

#### 10 投資物業(續)

##### (c) 本集團應收未來最低租賃付款總額

本集團以經營租賃方式出租投資物業。租約的初步年期通常為1至3年，並可在該日期後選擇續租，屆時所有條款將重新磋商。租賃付款通常每年增加，以反映市場租金。概無任何租賃包括可變租賃付款條款。

於報告日期已訂立的不可撤銷經營租賃的未貼現租賃付款將由本集團於未來期間收取，詳情如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Within 1 year	一年內	95,462	83,179
After 1 year but within 5 years	一年後但五年內	266,867	398,276
After 5 years	五年以上	160,538	125,832
		<b>522,867</b>	<b>607,287</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 11 Property, plant and equipment

#### 11 物業、廠房及設備

		Properties leased for own use carried at depreciated cost	Plant and machinery	Furniture, fixture and equipment	Motor vehicles	Improvements to premises	Interests in leasehold land for own use	Construction in progress	Hotel building	Total
		自用租賃物業， 按折舊成本列賬 RMB'000 人民幣千元 (Note 12) (附註12)	廠房及機器 RMB'000 人民幣千元	傢俱、 固定裝置及設備 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	物業裝修 RMB'000 人民幣千元	自用租賃 土地權益 RMB'000 人民幣千元 (Note 12) (附註12)	在建工程 RMB'000 人民幣千元	酒店大樓 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<b>Cost</b>	<b>成本</b>									
At 1 January 2019	於二零一九年一月一日									
As previously reported	如先前呈報	11,973	61	18,113	3,809	43,932	392,789	51,864	-	522,541
Adjustments arising from adoption of merger accounting (note 1(b))	採納合併會計處理方法 產生的調整(附註1(b))	5,131	-	7,442	9,812	21,624	21,748	232,498	-	298,255
As restated	經重列	17,104	61	25,555	13,621	65,556	414,537	284,362	-	820,796
Additions	添置	4,616	-	4,758	3,027	42,203	-	87,309	-	141,913
Transfers	轉讓	-	-	-	-	-	(9,192)	(274,854)	284,046	-
Disposals	出售	(3,270)	-	(14)	(1,884)	-	-	-	-	(5,168)
Exchange adjustments	匯兌調整	-	-	27	-	-	-	-	-	27
At 31 December 2019 and 1 January 2020 (restated)	於二零一九年十二月三十一日 及二零二零年一月一日 (經重列)	18,450	61	30,326	14,764	107,759	405,345	96,817	284,046	957,568
Additions	添置	4,490	-	1,902	1,598	9,598	-	115,980	-	133,568
Transfers	轉讓	-	-	-	-	-	(8,544)	8,544	-	-
Acquisition of a subsidiary	收購一間附屬公司	-	-	291	-	-	-	-	-	291
Disposals	出售	-	-	(1,528)	(1,941)	-	-	-	-	(3,469)
Exchange adjustments	匯兌調整	-	-	28	-	-	-	-	-	28
At 31 December 2020	於二零二零年十二月三十一日	22,940	61	31,019	14,421	117,357	396,801	221,341	284,046	1,087,986

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 11 Property, plant and equipment (continued) 11 物業、廠房及設備(續)

	Properties leased for own use carried at depreciated cost 自用租賃物業、按折舊成本列賬 RMB'000 人民幣千元 (Note 12) (附註12)	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture, fixture and equipment 傢俱、固定裝置及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Improvements to premises 物業裝修 RMB'000 人民幣千元	Interests in leasehold land for own use 自用租賃土地權益 RMB'000 人民幣千元 (Note 12) (附註12)	Construction in progress 在建工程 RMB'000 人民幣千元	Hotel building 酒店大樓 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
<b>Accumulated depreciation 累計折舊</b>										
At 1 January 2019 As previously reported	於二零一九年一月一日 如先前呈報	-	54	11,515	1,761	25,091	-	-	-	38,421
Adjustments arising from adoption of merger accounting (note 1(d))	採納合併會計處理方法產生的調整 (附註1(d))	1,548	-	5,367	8,373	2,771	-	-	-	18,059
As restated	經重列	1,548	54	16,882	10,134	27,862	-	-	-	56,480
Charge for the year	年內支出	3,881	-	3,065	1,710	30,017	-	-	5,086	43,759
Written back on disposals	出售撥回	(835)	-	(3)	(1,439)	-	-	-	-	(2,277)
Exchange adjustments	匯兌調整	-	-	7	-	-	-	-	-	7
At 31 December 2019 and 1 January 2020 (restated)	於二零一九年十二月三十一日 及二零二零年一月一日 (經重列)	4,594	54	19,951	10,405	57,879	-	-	5,086	97,969
Charge for the year	年內支出	10,526	-	3,823	1,758	12,620	648	-	24,610	53,985
Acquisition of a subsidiary	收購一間附屬公司	-	-	199	-	-	-	-	-	199
Written back on disposals	出售撥回	-	-	(1,328)	(1,636)	-	-	-	-	(2,964)
Exchange adjustments	匯兌調整	-	-	10	-	-	-	-	-	10
At 31 December 2020	於二零二零年十二月三十一日	15,120	54	22,655	10,527	70,499	648	-	29,696	149,199
<b>Net book values 賬面淨值</b>										
At 31 December 2019 (restated)	於二零一九年十二月三十一日 (經重列)	13,856	7	10,375	4,359	49,880	405,345	96,817	278,960	859,599
At 31 December 2020	於二零二零年十二月三十一日	7,820	7	8,364	3,894	46,858	396,153	221,341	254,350	938,787

Notes:

As at 31 December 2020, the Group's properties and respective interests in leasehold land for own use with carrying amount of RMB274,803,000 (2019 (restated): RMB300,060,000) were pledged for bank loans and other borrowings borrowed by related parties.

附註:

於二零二零年十二月三十一日，關聯方借取的銀行貸款及其他借款乃以本集團賬面值為人民幣274,803,000元(二零一九年(經重列): 人民幣300,060,000元)的自用物業及各自的租賃土地權益作抵押。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 12 Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

#### 12 使用權資產

本集團使用權資產於報告期末按相關資產類別劃分的賬面淨值分析如下：

	Note	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Included in "Property, plant and equipment":</b>			
Ownership interests in leasehold land, carried at depreciated cost, with remaining lease term of between 10 and 50 years	計入「物業、廠房及設備」： (i) 租賃土地之擁有權權益，按折舊成本列賬，餘下租期介乎10至50年	396,153	405,345
Other properties leased for own use, carried at depreciated cost	(ii) 其他自用租賃物業，按折舊成本列賬	7,820	13,856
<b>Included in "Investment properties":</b>			
Ownership interests in leasehold investment properties, at fair value, with remaining lease term of between 10 and 50 years	計入「投資物業」： 租賃投資物業之擁有權權益，按公平值列賬，餘下租期介乎10至50年	2,389,545	2,097,762
<b>Included in "Prepaid lease payments":</b>			
Ownership interests in leasehold land, at amortised cost, with remaining lease term of between 10 and 50 years	計入「預付租賃款項」： (i) 租賃土地之擁有權權益，按攤銷成本列賬，餘下租期介乎10至50年	449,480	463,979
<b>Included in "Inventories and other contract costs", with remaining lease term of between 10 and 50 years:</b>			
Properties under development for sale	計入「存貨及其他合約成本」，餘下租期介乎10至50年： (i) 待售發展中物業	23,907,431	14,300,036
Completed properties for sale	(ii) 持作出售已落成物業	1,011,229	444,428
		<b>28,161,658</b>	<b>17,725,406</b>

Notes:

- (i) The Group holds two parcels of leasehold lands for the construction of commercial properties comprising hotels. As at 31 December 2020, one of them was in progress. The Group is the registered owner of these leasehold lands. Lump sum payments were made upfront to acquire the leasehold lands and there are no ongoing payments to be made under the terms of land lease.
- (ii) The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 2-5 years and do not include an option to renew the lease for an additional period after the end of the contract term.

附註：

- (i) 本集團持有兩幅租賃土地，用於建設包括酒店的商業物業。於二零二零年十二月三十一日，其中一幅土地正進行建設項目。本集團為該等租賃土地的登記擁有人。根據土地租賃條款，於收購租賃土地前已作出一次性付款，並無正在進行的付款。
- (ii) 本集團已透過租賃協議取得使用其他物業作為其辦公室的權利。該等租約一般初步為期二至五年，不包含於合約期完結後再重續租賃一段期間之選項。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 13 Properties under development

The amount comprised project design and pre-development costs, professional fees, amortisation of prepaid lease payments capitalised and other related fees and taxes that are directly attributable to the development of the Group's prepaid lease payments.

At 31 December 2020, the Group has not yet obtained the approval on the planning design scheme from the relevant government authorities as a result of certain additional requirements imposed by the local government. The Group is continuously negotiating with the relevant government authorities and have obtained an initial compensation plan proposed by the relevant local government authorities. The director was of the opinion that no impairment provision would be provided with reference to the compensation plan.

#### 13 發展中物業

此款項包括項目設計及前期開發費用、專業費、資本化預付租賃款項攤銷及與本集團預付租賃款項發展直接相關之其他相關費用及稅項。

於二零二零年十二月三十一日，由於當地政府提出若干額外要求，故本集團尚未取得相關政府部門對規劃設計方案之批准。本集團正與相關政府部門持續磋商，並已取得當地政府部門提出的初步補償方案。董事參考該補償計劃認為概不會作出減值撥備。

#### 14 Prepaid lease payments

#### 14 預付租賃款項

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
At 1 January	於一月一日	463,979	478,478
Amortisation for the year	年內攤銷	(14,499)	(14,499)
At 31 December	於十二月三十一日	449,480	463,979
Analysed for reporting purpose as:	就呈報目的分析為：		
Current assets	流動資產	14,499	14,499
Non-current assets	非流動資產	434,981	449,480
	12	449,480	463,979

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

##### (a) Investment in subsidiaries

Name of company 公司名稱	Place of incorporation and business 註冊成立及業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Harbin Lifestyle Commercial Building Co., Ltd.* 哈爾濱利福商廈有限公司	Harbin 哈爾濱	USD18,000,000 18,000,000美元	100%	-	100%	Property investment 物業投資
Shenyang Yifu Property Company* 瀋陽怡富置業有限公司	Shenyang 瀋陽	USD89,990,000 89,990,000美元	100%	-	100%	Property investment 物業投資
Lifestyle Plaza (Qingdao) Co., Limited* 嘉標商廈(青島)有限公司	Qingdao 青島	RMB225,000,000 225,000,000人民幣	100%	-	100%	Property investment 物業投資
Zhangqiu Zhengda Tianyuan Development Limited* 章丘正大天源置業有限公司	Zhangqiu 章丘	RMB18,000,000 18,000,000人民幣	80%	-	80%	Real estate development 房地產發展
Pingtian Yangguang Guohang Land Limited* 平潭陽光國航置地有限公司	Pingtian 平潭	RMB300,210,000 300,210,000人民幣	90%	-	100%	Real estate development 房地產發展
Rudong Sansheng Real Estate Development Limited* 如東三盛房地產開發有限公司	Nantong 南通	RMB350,000,000 350,000,000人民幣	92%	-	92%	Real estate development 房地產發展
Fuzhou Shenghai Real Estate Development Limited* (note) 福州盛海房地產開發有限公司(附註)	Fuzhou 福州	RMB200,000,000 200,000,000人民幣	30%	-	30%	Real estate development 房地產發展

#### 15 於其他實體之權益

下表僅列出對本集團之業績、資產或負債有重大影響之附屬公司資料。除另有列明外，所持有股份類別均為普通股。

##### (a) 於附屬公司之投資

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (a) Investment in subsidiaries (continued)

#### 15 於其他實體之權益(續)

##### (a) 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及 業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Fuzhou Shengxin Real Estate Development Limited* 福州盛欣房地產開發有限公司	Fuzhou 福州	RMB200,000,000 200,000,000人民幣	100%	-	100%	Real estate development 房地產發展
Fuzhou Zhisheng Real Estate Development Limited* (note) 福州致盛房地產開發有限公司(附註)	Fuzhou 福州	RMB50,000,000 50,000,000人民幣	30%	-	30%	Real estate development 房地產發展
Fuzhou Shengquan Real Estate Development Limited* (note) 福州盛全房地產開發有限公司(附註)	Fuzhou 福州	RMB19,608,000 19,608,000人民幣	28%	-	51%	Real estate development 房地產發展
Fujian Pusheng Real Estate Development Limited* 福建浦盛房地產開發有限公司	Xiapu 霞浦	RMB50,000,000 50,000,000人民幣	55%	-	100%	Real estate development 房地產發展
Longhai Sansheng Real Estate Limited* 龍海三盛置業有限公司	Zhangzhou 漳州	RMB50,000,000 50,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Wuxi Xidong Automobile Square Development Company Limited* 無錫錫東汽車廣場開發有限公司	Wuxi 無錫	RMB107,766,746 107,766,746人民幣	100%	-	100%	Real estate development 房地產發展
Fujian Shengchuang Real Estate Development Co., Ltd.* 福建盛創房地產開發有限公司	Fuzhou 福州	RMB10,526,300 10,526,300人民幣	95%	-	95%	Real estate development 房地產發展
Fuzhou Hongsheng Real Estate Development Co., Ltd.* 福州宏盛房地產開發有限公司	Fuzhou 福州	RMB50,000,000 50,000,000人民幣	95%	-	100%	Real estate development 房地產發展

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (a) Investment in subsidiaries (continued)

#### 15 於其他實體之權益(續)

##### (a) 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Fujian Tianren Real Estate Development Co., Ltd.* 福建天壬房地產開發有限公司	Fuzhou 福州	RMB20,000,000 20,000,000人民幣	86%	-	90%	Real estate development 房地產發展
Changzhou Runsheng Real Estate Development Co., Ltd.* 常州潤盛房地產開發有限公司	Changzhou 常州	RMB200,000,000 200,000,000人民幣	96%	-	100%	Real estate development 房地產發展
Putian Tangshun Real Estate Development Co., Ltd.* ("Putian Tangshun") (note) 莆田唐順房地產開發有限公司 (「莆田唐順」)(附註)	Putian 莆田	RMB400,000,000 400,000,000人民幣	35%	-	35%	Real estate development 房地產發展
Zhangzhou Zhuosheng Real Estate Limited* 漳州卓盛置業有限公司	Zhangzhou 漳州	RMB60,000,000 60,000,000人民幣	71%	-	75%	Real estate development 房地產發展
Haimen Sansheng Real Estate Limited* 海門三盛房地產開發有限公司	Nantong 南通	RMB20,000,000 20,000,000人民幣	80%	-	100%	Real estate development 房地產發展
Yantai Shengxiang Real Estate Limited* 煙台盛祥置業有限公司	Yantai 煙台	RMB1,140,000,000 1,140,000,000人民幣	97%	-	100%	Real estate development 房地產發展
Changzhou Nuotingshan Real Estate Limited* 常州長興諾廷山房地產開發有限公司	Changzhou 常州	RMB12,000,000 12,000,000人民幣	51%	-	100%	Real estate development 房地產發展
Putianshi Shenghe Real Estate Limited* 莆田市盛和房地產開發有限公司	Putian 莆田	RMB39,215,600 39,215,600人民幣	51%	-	51%	Real estate development 房地產發展
Taicangshi Wanxin Real Estate Limited**(note) 太倉市萬鑫房地產開發有限公司(附註)	Taicang 太倉	RMB460,000,000 460,000,000人民幣	34%	-	100%	Real estate development 房地產發展
Fuzhou Shengqin Real Estate Limited** ("Fuzhou Shengqin") (note) 福州盛勤房地產開發有限公司 (「福州盛勤」)(附註)	Fuzhou 福州	RMB25,000,000 25,000,000人民幣	20%	-	40%	Real estate development 房地產發展

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (a) Investment in subsidiaries (continued)

#### 15 於其他實體之權益(續)

##### (a) 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及 業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Danyangshi Hongtai Real Estate Limited* 丹陽市宏泰房地產發展有限公司	Danyang 丹陽	RMB10,000,000 10,000,000人民幣	51%	-	100%	Real estate development 房地產發展
Wenzhou Rongzhen Real Estate Limited* 溫州榮臻房地產開發有限公司	Wenzhou 溫州	RMB20,000,000 20,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Hangzhou Xiaolin Real Estate Limited* (note) 杭州蕭麟置業有限公司(附註)	Hangzhou 杭州	RMB1,000,000,000 1,000,000,000人民幣	28%	-	100%	Real estate development 房地產發展
Shaoxing Ronghang Real Estate Limited* 紹興榮杭房地產開發有限公司	Shaoxing 紹興	RMB10,000,000 10,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Shantou Shengchuang Real Estate Limited* 汕頭盛創置業有限公司	Shantou 汕頭	RMB20,000,000 20,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Chengdu Shengzhen Real Estate Limited* 成都盛臻房地產開發有限公司	Chengdu 成都	RMB353,205,900 353,205,900人民幣	100%	-	100%	Real estate development 房地產發展
Chengdu Jisheng Real Estate Co., Ltd.* 成都吉盛置業有限公司	Chengdu 成都	RMB290,000,000 290,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Yangzhou Sansheng Real Estate Development Co., Ltd.* ("Yangzhou Sansheng") 揚州三盛房地產開發有限公司(「揚州三盛」)	Yangzhou 揚州	RMB420,000,000 420,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Fujian Minqiao Real Estate Development Co., Ltd.* ("Fujian Minqiao") 福建閩橋房地產開發有限公司(「福建閩橋」)	Fuzhou 福州	RMB50,000,000 50,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Qingdao Haishang Real Estate Co., Ltd.* ("Qingdao Haishang") 青島海上置業有限公司(「青島海上」)	Qingdao 青島	RMB103,896,000 103,896,000人民幣	70%	-	100%	Real estate development 房地產發展

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

**15 Interests in other entities (continued)****(a) Investment in subsidiaries (continued)****15 於其他實體之權益(續)****(a) 於附屬公司之投資(續)**

Name of company 公司名稱	Place of incorporation and business 註冊成立及 業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Wenling Rongfa Real Estate Development Co., Ltd.* 溫嶺榮發房地產開發有限公司	Wenling 溫嶺	RMB11,111,100 11,111,100人民幣	76%	-	80%	Real estate development 房地產發展
Jiangsu Zheguang Real Estate Co., Ltd.* (note) 江蘇浙廣置業有限公司(附註)	Xuzhou 徐州	RMB30,000,000 30,000,000人民幣	48%	-	100%	Real estate development 房地產發展
Fuzhou Shenglong Real Estate Development Co., Ltd.* 福州盛隆房地產開發有限公司	Fuzhou 福州	RMB50,000,000 50,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Putian Shengxiang Real Estate Development Co., Ltd.* 莆田市盛祥房地產開發有限公司	Putian 莆田	RMB20,000,000 20,000,000人民幣	70%	-	100%	Real estate development 房地產發展
Quanzhou Shengchuang Real Estate Co., Ltd.* 泉州盛創置業有限公司	Quanzhou 泉州	RMB30,000,000 30,000,000人民幣	95%	-	100%	Real estate development 房地產發展
Hanzhong Tianyu Xinye Real Estate Development Co., Ltd.* ("Hanzhong Tianyu") 漢中添域鑫業房地產開發有限責任公司 ([漢中添域])	Hanzhong 漢中	RMB128,600,000 128,600,000人民幣	95%	-	100%	Real estate development 房地產發展
Xuzhou Rongzhi Real Estate Development Co., Ltd.*(note) 徐州榮智房地產開發有限公司(附註)	Xuzhou 徐州	RMB20,000,000 20,000,000人民幣	48%	-	100%	Real estate development 房地產發展
Hebei Shengjun Real Estate Development Co., Ltd.* 河北盛俊房地產開發有限公司	Shijiazhuang 石家莊	RMB10,000,000 10,000,000人民幣	76%	-	80%	Real estate development 房地產發展
Tangshan Shengchuang Real Estate Development Co., Ltd.* 唐山盛創房地產開發有限公司	Shijiazhuang 石家莊	RMB10,000,000 10,000,000人民幣	64%	-	67%	Real estate development 房地產發展
Ruian Ronghong Real Estate Limited*(note) 瑞安榮弘置業有限責任公司(附註)	Wenzhou 溫州	RMB500,000,000 500,000,000人民幣	24%	-	100%	Real estate development 房地產發展

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (a) Investment in subsidiaries (continued)

#### 15 於其他實體之權益(續)

##### (a) 於附屬公司之投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及業務地點	Particulars of issued capital 已發行股本資料	Proportion of ownership interest 持有擁有權部分			Principal activity 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 由本公司持有	Held by a subsidiary 由附屬公司持有	
Shanghai Aipu Enterprise Management Co., Ltd.* ("Shanghai Aipu") 上海愛璞企業管理有限公司(「上海愛璞」)	Shanghai 上海	RMB5,000,000 5,000,000人民幣	51%	-	51%	Business services 商業服務
Shanghai Shengjun Industrial Development Co., Ltd.* ("Shanghai Shengjun") 上海盛君實業發展有限公司(「上海盛君」)	Shanghai 上海	RMB1,000,000,000 1,000,000,000人民幣	51%		51%	Business services 商業服務
Hangzhou Zhonghuan Enterprise Management Co., Ltd.* ("Hangzhou Zhonghuan") (note) 杭州眾環企業管理有限公司 (「杭州眾環」)(附註)	Hangzhou 杭州	RMB1,000,000,000 1,000,000,000人民幣	28%		51%	Business services 商業服務
Shanghai Shengcha Industrial Development Co., Ltd.* ("Shanghai Shengcha") (note) 上海盛察實業發展有限公司 (「上海盛察」)(附註)	Shanghai 上海	RMB600,000,000 600,000,000人民幣	34%		34%	Business services 商業服務
Wenzhou Kangsheng Properties Co., Ltd.* ("Wenzhou Kangsheng") (note) 溫州康晟置業有限公司 (「溫州康晟」)(附註)	Wenzhou 溫州	RMB500,000,000 500,000,000人民幣	24%	-	25%	Real estate development 房地產發展
Rudong Yinsheng Real Estate Development Co., Ltd.* (note) 如東銀盛房地產開發有限公司(附註)	Nantong 南通	RMB20,000,000 20,000,000人民幣	50%	-	50%	Real estate development 房地產發展

\* These entities are limited liability companies incorporated in Mainland China. The English translation of the names are for reference only. The official names of the companies are in Chinese.

Note: In accordance with the shareholders' agreements, the Group controls these entities as the Group has rights to take unilateral decisions on relevant developing, operating and financing activities which significantly affect the returns, and the Group is exposed to variable returns from its involvement with the entities.

\* 該等實體為中國內地註冊成立之有限責任公司。有關實體之英文名稱翻譯僅供參考。該等公司中文名稱方屬其官方名稱。

附註：根據股東協議，由於本集團有權對該等實體的相關發展、經營及融資活動作出單方面決定而重大影響回報，故本集團控制這些實體，並在參與實體活動中面臨變動回報。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (a) Investment in subsidiaries (continued)

The following table lists out the information relating to subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

#### 15 於其他實體之權益(續)

##### (a) 於附屬公司之投資(續)

下表列出有關本集團存在重大非控股權益之附屬公司之資料。下表所載財務資料概要乃未進行公司間對銷之金額。

		Fuzhou Shengqin*	Shanghai Shengcha*	Hangzhou Zhonghuan*	Wenzhou Kangsheng*	Jiangsu Zheguang		Qingdao Haishang		Shanghai Shengjun*
		福州盛勤*	上海盛察*	杭州眾環*	溫州康晟*	江蘇浙廣		青島海上		上海盛君*
		2020	2020	2020	2020	2020	2019	2020	2019	2020
		二零二零年	二零二零年	二零二零年	二零二零年	二零二零年	二零一九年	二零二零年	二零一九年	二零二零年
		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
NCI percentage	非控股權益百分比	60%	66%	49%	75%	49%	49%	26%	26%	49%
Current assets	流動資產	632,768	1,070,264	10	4,638,797	2,971,012	313,286	4,650,482	4,638,797	999,999
Non-current assets	非流動資產	8	-	1,000,000	9,644	12,799	-	81,501	9,644	-
Current liabilities	流動負債	46,409	470,259	1	4,288,408	1,098,349	-	3,018,990	4,288,408	2
Net assets	資產淨值	586,368	600,005	1,000,006	280,733	1,164,442	313,286	729,311	280,733	999,997
Carrying amount of NCI	非控股權益之賬面值	351,821	396,003	490,003	210,550	570,577	153,510	189,621	72,991	489,999
(Loss)/profit and total comprehensive income attributable to shareholder for the year	年內股東應佔(虧損)/溢利及全面收益總額	(1,453)	2	3	(23)	(18,135)	-	331,948	(10,845)	(2)
(Loss)/profit and total comprehensive income allocated to NCI	分配予非控股權益之(虧損)/溢利及全面收益總額	(2,179)	3	3	(68)	(17,423)	-	116,630	(3,810)	(1)
Cash flows (used in)/generated from	下列活動(所用)/所得現金流量									
- operating activities	- 經營活動	(8,323)	(164,403)	(35,680)	(64,960)	(374,270)	-	(1,156,888)	655,690	(13,560)
- investing activities	- 投資活動	-	-	-	-	-	-	(268)	(1,252)	-
- financing activities	- 融資活動	8,636	164,403	35,690	64,965	713,186	-	870,397	(343,028)	13,569

\* These companies were set up in 2020.

\* 該等公司於二零二零年設立。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (b) Acquisition of subsidiaries

To further expand the land banks, the Group entered into following agreements with independent third parties to acquire certain companies.

#### 15 於其他實體之權益(續)

##### (b) 收購附屬公司

為進一步擴大土地儲備，本集團與獨立第三方簽訂以下協議，以收購若干公司。

	Acquisition date	Consideration transferred	Percentage of equity interest acquired
	收購日期	已轉讓代價 RMB'000 人民幣千元	已收購權益 百分比
Shanghai Aipu 上海愛璞	5 January 2020 二零二零年 一月五日	173,400	51%
Wenzhou Kangsheng 溫州康晟	19 August 2020 二零二零年 八月十九日	297,137	25%
Hanzhong Tianyu 漢中添域	20 August 2020 二零二零年 八月二十日	165,117	100%

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (b) Acquisition of subsidiaries (continued)

#### 15 於其他實體之權益(續)

##### (b) 收購附屬公司(續)

		2020 二零二零年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	425
Trade and other receivables	應收賬款及其他應收款項	281,623
Inventories and other contract costs	存貨及其他合約成本	1,735,912
Property, plant and equipment	物業、廠房及設備	148
Trade and other payables	應付賬款及其他應付款項	(290,843)
Non-controlling interests	非控股權益	(1,091,610)
<b>Net assets acquired attributable to the Group</b>	<b>本集團應佔所收購資產淨值</b>	<b>635,655</b>
Consideration of acquisition of equity interests	收購股權的代價	635,655
Less: Consideration payable (note 24)	減：應付代價(附註24)	48,654
Total cash and cash equivalents acquired	所收購現金及現金等價物總額	425
<b>Net cash outflow</b>	<b>現金流出淨額</b>	<b>586,576</b>

The acquired subsidiaries contributed revenue of RMB Nil and net loss of RMB6,649,000 attributable to the equity shareholders of the Company for the year ended 31 December 2020. Should the acquisitions have occurred on 1 January 2020, the consolidated revenue and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2020 would have been RMB8,778,600,000 and RMB809,060,000 respectively. The acquired subsidiaries' major assets are properties under development. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties.

截至二零二零年十二月三十一日止年度，所收購附屬公司為本集團權益股東帶來收入人民幣零元及應佔淨虧損人民幣6,649,000元。倘收購事項於二零二零年一月一日發生，則截至二零二零年十二月三十一日止年度本公司權益股東應佔綜合收入及綜合溢利將分別為人民幣8,778,600,000元及人民幣809,060,000元。所收購附屬公司的主要資產為發展中物業。董事認為收購該等附屬公司之目的僅為收購相關物業。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 15 Interests in other entities (continued)

##### (c) Joint operation

Zhangzhou Deyousheng Real Estate Development Co., Ltd. (“Zhangzhou Deyousheng”) is engaged in two real estate development projects on separate land use rights it holds. They are Gulf Taiwu City\* (“海灣•太武城”, the “first project”) and International Harbour\* (“國際海岸”, the “second project”). In 2013, Mr. Lin Rongbin became the controlling party of Zhangzhou Deyousheng and by December 2015, the first project had been substantially completed and delivered, with certain residual assets and liabilities subject to further disposition and settlement.

Xiamen Sansheng Real Estate Co., Ltd. (“Xiamen Sansheng”), a subsidiary of the Group, acquired 83.15% of the registered capital of Zhangzhou Deyousheng from Mr. Lin Rongbin and others in September 2015. Xiamen Sansheng further acquired the additional 16.85% of the registered capital of Zhangzhou Deyousheng in December 2017. For the purposes of defining and securing their respective interests in the first and the second projects, Xiamen Sansheng in conjunction with the acquisition of the second project in Zhangzhou Deyousheng entered into a contractual arrangement with Mr. Lin Rongbin in 2015. Under the arrangement, the parties undertook to jointly sustain the ongoing segregation of the business operations while maintaining their unilateral rights to manage the ongoing development and being fully exposed to the risks and rewards of their respective projects. As such, the parties’ respective rights and obligations in Zhangzhou Deyousheng differ from the percentage of shareholdings in Zhangzhou Deyousheng. The contractual arrangement took effect from September 2015 and will remain effective until the remaining business dealings of the first project are fully completed.

\* The English translation of the project names and the company name is for reference only. The official name is in Chinese.

#### 15 於其他實體之權益(續)

##### (c) 共同經營

漳州德友盛房地產開發有限公司(「漳州德友盛」)根據其持有的各土地使用權從事兩項地產開發項目。其為海灣•太武城(「第一個項目」)及國際海岸(「第二個項目」)。於二零一三年，林榮濱先生成為漳州德友盛的控股方，及於二零一五年十二月，第一個項目已基本竣工並交付，若干餘下資產及負債須進一步處理及結算。

廈門三盛置業有限公司(「廈門三盛」)(本集團的附屬公司)於二零一五年九月自林榮濱先生及其他人士收購漳州德友盛註冊資本的83.15%。廈門三盛於二零一七年十二月進一步收購漳州德友盛註冊資本16.85%。為界定及確保彼等於第一個項目及第二個項目中的權益，於二零一五年，廈門三盛連同漳州德友盛第二個項目收購事項與林榮濱先生訂立合約安排。根據安排，訂約方承諾共同支持進行的業務營運分離，同時保持彼等管理正在進行開發業務的單方面權利，並全面承擔彼等各自項目的風險及回報。因此，訂約方各自於漳州德友盛的權利及義務與其於漳州德友盛的股權百分比不同。合約安排自二零一五年九月生效，並將繼續有效至第一個項目的餘下業務交易全面完結。

\* 項目名稱及公司名稱之英文名稱翻譯僅供參考。中文名稱方屬其官方名稱。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 16 Interests in joint ventures

#### 16 於合營企業的權益

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Share of net liabilities	應佔淨負債	(20,062)	(6,428)
Shareholder's loans to joint ventures (note)	向合營企業提供的股東貸款 (附註)	550,225	215,870
		<b>530,163</b>	209,442
		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	於綜合財務報表中單獨而不重要的合營企業的賬面值總額	536,591	209,442
Aggregate amount of the Group's share of those joint ventures' profits less losses and total comprehensive income for the year	年內本集團應佔該等合營企業的溢利總額減虧損及全面收益總額	(13,634)	(6,428)

Management considers that none of the joint ventures of the Group will have significant impact to the financial position and performance of the Group individually.

管理層認為，本集團合營企業將個別不會對本集團的財務狀況及業績造成重大影響。

Note: In accordance with the terms of the joint venture agreement, both parties to the joint venture have provided loan capital to the joint venture in proportion to their shareholdings and under equal terms. The loans are unsecured, interest free and subordinated to the other financing obtained by the joint venture. Repayment of any amount of the loan capital requires both venturers' approval and is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. Accordingly, the shareholder's loan forms an integral part of the Group's equity investment in the joint venture and is recognised as such.

附註：按照合營企業協議的條款，合營企業雙方已按照彼等的持股量比例及根據相同條款向該合營企業提供貸款資本。該等貸款為無抵押、免息及附屬於該合營企業獲得的其他融資。償還任何該等貸款資本的金額需要該兩間企業的批准，且須待該合營企業於計及外界融資及累計溢利後具備足夠資產後方可償還。因此，股東貸款構成本集團於合營企業之股權投資之組成部份並按此確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 17 Inventories and other contract costs

#### 17 存貨及其他合約成本

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Properties under development for sale	待售發展中物業	35,481,758	23,947,212
Completed properties for sale	持作出售已落成物業	2,601,788	1,214,623
		<b>38,083,546</b>	25,161,835
Other contract costs	其他合約成本	234,735	199,887
		<b>38,318,281</b>	25,361,722

##### (a) Inventories

The amount of inventories recognised as an expense and included in profit or loss is as follows:

##### (a) 存貨

確認為開支及計入損益的存貨金額如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Carrying amount of inventories sold	已售存貨的賬面值	6,227,633	1,413,223
Write-down of inventories	撇減存貨	37,751	41,018
Reversal of write-down of inventories	撥回撇減存貨	(15,859)	-
		<b>6,249,525</b>	1,454,241

The amount of properties under development for sale expected to be recovered after more than one year is RMB23,141,786,000 (2019: (restated) RMB17,863,151,000). All of the other inventories are expected to be recovered within one year.

As at 31 December 2020, certain properties under development for sale and completed properties for sale were pledged for certain bank loans and other borrowings (see note 22).

預期於超過一年後收回之待售發展中物業之金額為人民幣23,141,786,000元(二零一九年(經重列): 人民幣17,863,151,000元)。預計所有其他存貨將在一年內收回。

於二零二零年十二月三十一日，本集團所獲授若干銀行貸款及其他借款乃以若干待售發展中物業及持作出售已落成物業作抵押(見附註22)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 17 Inventories and other contract costs (continued)

(b) The analysis of carrying value of leasehold land held included in properties under development for sale is as follows:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
In Mainland China, with remaining lease term of:	中國內地，餘下租期為：		
– 50 years or more	– 50年或以上	24,838,113	11,519,525
– between 10 and 50 years	– 10至50年	4,487,198	3,198,000
		<b>29,325,311</b>	<b>14,717,525</b>

#### (c) Contract costs

Contract costs capitalised as at 31 December 2020 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and marketing expenses" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB107,250,000 (2019 (restated): RMB67,609,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2019 (restated): Nil).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs that is expected to be recovered after more than one year is RMB97,870,000 (2019 (restated): RMB86,011,000).

#### 17 存貨及其他合約成本(續)

(b) 計入待售發展中物業的持有租賃土地賬面值分析如下：

#### (c) 合約成本

於二零二零年十二月三十一日資本化的合約成本涉及已付其出售活動導致客戶就本集團於報告日期仍在建設中的物業訂立買賣協議的物業代理的增量銷售佣金。於相關物業銷售產生的收入確認的期間內，合約成本於損益表中確認為「銷售及市場推廣開支」。年內於損益中確認的資本化成本金額為人民幣107,250,000元(二零一九年(經重列)：人民幣67,609,000元)。有關資本化成本的年初結餘及年內資本化成本並無減值(二零一九年(經重列)：無)。

本集團應用於香港財務報告準則第15號第94段的可行權宜方法，倘本集團原本以其他方式確認之該等資產的攤銷期間在包括訂立合約日期的相同報告期內，取得有關銷售落成物業及服務之合約的增量成本於產生時確認為開支。

預期於一年或以上方可收回的資本化合約成本金額為人民幣97,870,000元(二零一九年(經重列)：人民幣86,011,000元)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

**18 Trade and other receivables****18 應收賬款及其他應收款項**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Trade receivables, net of loss allowance ((note (a)))	應收賬款，扣除虧損撥備 (附註(a))	34,905	14,507
Other receivables ((note (b)))	其他應收款項 (附註(b))	694,075	118,557
Advances to Fuzhou Sansheng ((note (c)))	福州三盛的墊款 (附註(c))	-	235,443
Amounts due from joint ventures	應收合營企業款項	22,606	-
Amounts due from non-controlling interests (note (d))	應收非控股權益款項 (附註(d))	2,172,412	121,989
Financial assets measured at amortised cost	按攤銷成本計量的金融資產	2,923,998	490,496
Prepaid VAT and surcharges	預付增值稅及附加稅	1,416,474	1,087,135
Deposits and prepayments (note (e))	按金及預付款項 (附註(e))	692,993	313,905
		<b>5,033,465</b>	<b>1,891,536</b>

Note:

- (a) As at 31 December 2020, trade receivables are mainly rental receivables with ageing of within one year based on the invoice date.
- (b) Other receivables as at 31 December 2020 include an amount of RMB410,415,000 (2019: Nil) representing advances from pre-sale of certain property projects in Changzhou and Xuzhou deposited in certain institutions designated by Housing Security and Real Estate Administration under the local regulatory policy. The amount will be released in installments according to the progress of the construction of property development projects. Since certain institutions are ultimately held by the local government with good credibility, the Group considers that the credit risk is low.
- Other receivables as at 31 December 2020 also include an amount of RMB140,000,000 (2019: Nil) representing cooperation intention funds paid to the intended partners. Under terms of the contracts signed, the intention funds would be treated as security deposit. When the development site was confirmed, the intention funds would be paid as part of land cost. If the intended partners and the Group failed to obtain the land, the funds will be returned once the contract terminated. Most of the contracts last less than one year and the Group considers the credit risk is low.
- (c) Advances to Fuzhou Sansheng are mainly under Time Fortune Investments Limited and its subsidiaries acquired in year of 2019. The amounts were fully settled in early January 2020.
- (d) Amounts due from non-controlling interests are unsecured, interest free and repayable on demand. As the amounts could be recovered by offsetting with the expected distributable profits to the respective non-controlling interests, management considered that the risk of default in repayment from these entities is remote.
- (e) Other deposits and prepayment mainly represent deposits and prepayment on land use rights, construction cost and deposits of water and electricity, gas and public maintenance funds paid on behalf of the customers.

附註：

- (a) 於二零二零年十二月三十一日，應收賬款為賬齡為一年內並基於發票日期的應收租金。
- (b) 於二零二零年十二月三十一日，其他應收款項包括人民幣410,415,000元(二零一九年：無)，為根據當地調控政策存放於住房保障和房地產管理局指定的若干機構的常州及徐州的若干物業項目的預售墊款。該筆款項將根據物業發展項目的建設進度分期發放。由於若干機構最終由地方政府持有，信譽良好，故本集團認為信貸風險較低。
- 於二零二零年十二月三十一日，其他應收款項亦包括向有意合作方支付的合作意向金人民幣140,000,000元(二零一九年：無)。根據已簽訂合約條款，該意向金將作為按金處理。當開發用地確定後，意向金將作為土地成本的一部分支付。倘有意合作方與本集團未能獲得土地，則該筆資金將在合約終止後退還。大多數合約為期少於一年，故本集團認為信貸風險較低。
- (c) 福州三盛的墊款主要屬二零一九年收購的時幸投資有限公司及其附屬公司項下。該等款項已於二零二零年一月初悉數結清。
- (d) 應收非控股權益款項為無抵押、免息及須按要求償還。由於款項可透過抵銷預期可分派予各非控股權益的利潤收回，故管理層認為該等實體拖欠還款的風險甚微。
- (e) 其他按金及預付款項主要是指代客戶繳納的土地使用權按金及預付款項、工程造價以及水電、燃氣、公共維修基金的按金。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 19 Financial assets at fair value through profit or loss

#### 19 按公平值計入損益之金融資產

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Units in trust protection fund	信託保護基金單位	85,420	46,749

#### 20 Restricted deposits

#### 20 受限制存款

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Pledged for mortgage arrangement of the property buyers (note (a))	物業買方按揭安排抵押 (附註(a))	104,451	313,587
Pledged for construction of pre-sold properties (note (b))	預售物業建設抵押(附註(b))	10,184	110,629
Others	其他	4,582	-
		119,217	424,216

Note:

- (a) In accordance with relevant contracts, certain property development companies of the Group are required to place in designated bank accounts certain cash deposits as collateral for mortgage loans advanced to property buyers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties are passed to the banks.
- (b) In accordance with the relevant documents issued by the local state-owned land and resource bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local state-owned land and resource bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

附註：

- (a) 根據相關合約，本集團若干物業開發公司需要在指定銀行賬戶中存放若干現金存款，作為墊付予物業買方按揭貸款的抵押品。該保證金將於相關物業的房地產證遞交予銀行後解除。
- (b) 根據地方國有土地資源管理局發出之相關文件，本集團若干物業發展公司需要在指定銀行賬戶將收取的預售物業所得款項存入作為相關物業工程的保證金。在得到地方國有土地資源管理局的批准下，該保證金只可用於購買建築材料及支付有關物業項目的建築費。該保證金只會根據興建有關預售物業的完成階段獲解除。

#### 21 Cash and cash equivalents and other cash flow information

- (a) The cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows as at 31 December 2020 and 2019 are all cash at bank and on hand.

As at 31 December 2020, RMB7,093,274,000 (2019 (restated): RMB1,675,459,000) is placed at the banks in Mainland China. Remittance of funds out of the Mainland China is subject to exchange restrictions imposed by the PRC government.

#### 21 現金及現金等價物以及其他現金流量資料

- (a) 於二零二零年及二零一九年十二月三十一日的綜合財務狀況表及綜合現金流量表內的現金及現金等價物包括所有銀行現金及手頭現金。

於二零二零年十二月三十一日，人民幣7,093,274,000元(二零一九年(經重列)：人民幣1,675,459,000元)存入中國內地的銀行。從中國內地匯款至境外須受中國政府施加的限制。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 21 Cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

#### 21 現金及現金等價物以及其他現金流量資料(續)

(b) 稅前溢利與經營活動所得現金對賬：

	Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列) (Note 1(b)) (附註1(b))
<b>Operating activities</b>	<b>經營活動</b>		
Profit before taxation		1,689,989	309,809
Adjustments for:			
Depreciation and amortisation	5(c)	68,484	58,258
Fair value changes on listed equity securities		-	(8,545)
Interest income on bank deposits		(9,832)	(7,036)
Dividend income from financial assets at fair value through profit or loss		-	(147)
Share of profit less losses of joint ventures	16	13,634	6,428
Fair value changes on derivative financial instruments		(2,368)	9
Net valuation gain on investment properties		(48,801)	(47,602)
Unrealised exchange (gain)/loss		(44,300)	6,170
Finance costs		59,708	32,436
Changes in working capital:	營運資金變動：		
Decrease/(increase) in restricted bank deposits	受限制銀行存款 減少/(增加)	304,999	(210,255)
Increase in inventories and other contract costs	存貨及其他合約成本增加	(9,262,400)	(5,412,957)
(Increase)/decrease in trade and other receivables	應收賬款及其他應收款項 (增加)/減少	(4,614,051)	346,727
Increase in contract liabilities	合約負債增加	6,205,971	7,174,661
Increase/(decrease) in trade and other payables	應付賬款及其他應付款項 增加/(減少)	461,453	(765,985)
Cash (used in)/generated from operations	經營(所用)/所得現金	(5,177,514)	1,481,971
Tax paid	已繳稅額	(350,341)	(442,159)
<b>Net cash (used in)/generated from operating activities</b>	<b>經營活動(所用)/ 所得現金淨額</b>	<b>(5,527,855)</b>	<b>1,039,812</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 21 Cash and cash equivalents and other cash flow information (continued)

##### (c) Reconciliation of liabilities arising from financing activities

#### 21 現金及現金等價物以及其他現金流量資料(續)

##### (c) 融資活動所產生的負債對賬

		Bank loans and other borrowings 銀行貸款及其他借款 RMB'000 人民幣千元 (Note 22) (附註22)	Interest payable 應付利息 RMB'000 人民幣千元 (Note 24) (附註24)	Due to/(from) Fuzhou Sansheng 應付/(應收)福州三盛款項 RMB'000 人民幣千元 (Note 24 and 26) (附註24及26)	Bonds payable 應付債券 RMB'000 人民幣千元 (附註23)	Lease liabilities 租賃負債 RMB'000 人民幣千元 (Note 27) (附註27)	Total 總計 RMB'000 人民幣千元
At 1 January 2020 (restated)	於二零二零年一月一日 (經重列)	9,287,692	54,047	808,180	1,000,174	20,151	11,170,244
<b>Changes from financing cash flows:</b>		<b>融資活動現金流量變動：</b>					
Proceeds from new bank loans	新銀行貸款所得款項	15,035,093	-	-	-	-	15,035,093
Repayment of bank loans	償還銀行貸款	(7,788,427)	-	-	-	-	(7,788,427)
Proceeds from related parties	關聯方所得款項	-	-	3,284,508	-	-	3,284,508
Repayment to related parties	償還關聯方	-	-	(1,068,492)	-	-	(1,068,492)
Proceeds from bonds issue	發行債券所得款項	-	-	-	459,828	-	459,828
Interest paid	已付利息	-	(1,206,669)	-	-	-	(1,206,669)
Capital element of lease rentals paid	已付租約租金之資本部分	-	-	-	-	(6,172)	(6,172)
Interest element of lease rentals paid	已付租約租金之利息部分	-	-	-	-	(1,416)	(1,416)
<b>Total changes from financing cash flows</b>	<b>融資現金流量變動總額</b>	<b>7,246,666</b>	<b>(1,206,669)</b>	<b>2,216,016</b>	<b>459,828</b>	<b>(7,588)</b>	<b>8,708,253</b>
<b>Exchange adjustments</b>	<b>匯兌調整</b>	<b>-</b>	<b>(8,236)</b>	<b>-</b>	<b>(68,630)</b>	<b>-</b>	<b>(76,866)</b>
<b>Other changes:</b>		<b>其他變動：</b>					
Finance costs (note 5(a))	融資成本(附註5(a))	-	1,243,839	45,997	-	1,416	1,291,252
At 31 December 2020	於二零二零年十二月三十一日	16,534,358	82,981	3,070,193	1,391,372	13,979	21,092,883

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 21 Cash and cash equivalents and other cash flow information (continued)

##### (c) Reconciliation of liabilities arising from financing activities (continued)

#### 21 現金及現金等價物以及其他現金流量資料(續)

##### (c) 融資活動所產生的負債對賬(續)

		Bank loans and other borrowings 銀行貸款及其他借款 RMB'000 人民幣千元 (Note 22) (附註22)	Interest payable 應付利息 RMB'000 人民幣千元 (Note 24) (附註24)	Due to/(from) Fuzhou Sansheng 應付/(應收)福州三盛款項 RMB'000 人民幣千元 (Note 24 and 26) (附註24及26)	Bonds payable 應付債券 RMB'000 人民幣千元 (Note 23) (附註23)	Lease liabilities 租賃負債 RMB'000 人民幣千元 (Note 27) (附註27)	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2019</b>	<b>於二零一九年一月一日</b>						
- As previously reported	- 如先前呈報	5,742,130	131,033	1,701,092	894,078	11,973	8,480,306
- Adjustments arising from adoption of merger accounting (note 1(d))	- 採納合併會計處理方法產生的調整(附註1(d))	3,045,690	8,819	(226,913)	-	11,764	2,839,360
<b>As restated</b>	<b>經重列</b>	8,787,820	139,852	1,474,179	894,078	23,737	11,319,666
<b>Changes from financing cash flows:</b>	<b>融資活動現金流量變動：</b>						
Proceeds from bank loans and other borrowings	銀行貸款及其他借款所得款項	10,087,258	-	-	-	-	10,087,258
Repayment of bank loans and other borrowings	償還銀行貸款及其他借款	(9,587,386)	-	-	-	-	(9,587,386)
Proceeds from related parties	關聯方所得款項	-	-	8,493,035	-	-	8,493,035
Repayment to related parties	償還關聯方	-	-	(9,208,788)	-	-	(9,208,788)
Proceeds from bonds issue	發行債券所得款項	-	-	-	323,167	-	323,167
Repayment of bonds	償還債券	-	-	-	(243,384)	-	(243,384)
Interest paid	已付利息	-	(1,016,330)	-	-	-	(1,016,330)
Capital element of lease rentals paid	已付租約租金之資本部分	-	-	-	-	(5,668)	(5,668)
Interest element of lease rentals paid	已付租約租金之利息部分	-	-	-	-	(1,134)	(1,134)
<b>Total changes from financing cash flows</b>	<b>融資現金流量變動總額</b>	499,872	(1,016,330)	(715,753)	79,783	(6,802)	(1,159,230)
<b>Exchange adjustments</b>	<b>匯兌調整</b>	-	(18,832)	-	26,313	-	7,481
<b>Other changes:</b>	<b>其他變動：</b>						
Finance costs (note 5(a))	融資成本(附註5(a))	-	949,357	93,328	-	1,134	1,043,819
Addition of right-of-use assets	添置使用權資產	-	-	-	-	2,082	2,082
Non-cash transaction with Time Fortune Group acquired	與所收購的時幸集團的非現金交易	-	-	(43,574)	-	-	(43,574)
<b>Total other changes</b>	<b>其他變動總額</b>	-	949,357	49,754	-	3,216	1,002,327
<b>At 31 December 2019 (restated)</b>	<b>於二零一九年十二月三十日(經重列)</b>	9,287,692	54,047	808,180	1,000,174	20,151	11,170,244

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 21 Cash and cash equivalents and other cash flow information (continued)

##### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Within operating cash flows	經營現金流量內	13,293,168	2,839,222
Within financing cash flows	融資現金流量內	6,883	5,672
		<b>13,300,051</b>	2,844,894

These amounts relate to the following:

該等金額與下列有關：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Lease rentals paid	已付租賃租金	9,265	8,638
Purchase of leasehold land use right	購買租賃土地使用權	13,290,786	2,836,256
		<b>13,300,051</b>	2,844,894

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 22 Bank loans and other borrowings

#### 22 銀行貸款及其他借款

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
<b>Current</b>	<b>即期</b>		
Secured	有抵押		
– Bank loans	– 銀行貸款	539,660	1,337,717
– Other borrowings	– 其他借款	2,715,862	2,378,425
		<b>3,255,522</b>	3,716,142
<b>Non-current</b>	<b>非即期</b>		
Secured	有抵押		
– Bank loans	– 銀行貸款	7,551,200	3,072,400
– Other borrowings	– 其他借款	5,727,636	2,499,150
		<b>13,278,836</b>	5,571,550
		<b>16,534,358</b>	9,287,692

At 31 December 2020, all non-current interest-bearing bank loans and other borrowings were repayable as follows:

於二零二零年十二月三十一日，所有非即期計息銀行貸款及其他借款須償還如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
After 1 year but within 2 years	於1年後但於2年內	7,816,136	2,686,350
After 2 years but within 5 years	於2年後但於5年內	5,462,700	2,885,200
		<b>13,278,836</b>	5,571,550

Bank loans and other borrowings are interest-bearing at a weighted average rate of 8.98% per annum (2019 (restated): 9.15% per annum).

銀行貸款及其他借款按加權平均年利率8.98% (二零一九年(經重列): 9.15%)計息。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 22 Bank loans and other borrowings (continued)

All of the Group's banking facilities are subject to the fulfilment of covenants which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b). As at 31 December 2020, none of the covenants relating to drawn down facilities had been breached (2019: Nil).

The secured bank loans and other borrowings are guaranteed over share of interest in certain subsidiaries of the Group and other assets as below:

#### 22 銀行貸款及其他借款(續)

本集團所有銀行融資均須受契諾履行限制，該等契諾乃屬一般金融機構提供之借款安排。倘本集團違反該等契諾，已提取融資將須按要求償還。本集團定期監察其遵守該等契諾之情況。本集團管理流動資金風險之進一步詳情載於附註30(b)。於二零二零年十二月三十一日，概無違反與已提取融資有關的契諾(二零一九年：無)。

有抵押銀行貸款及其他借款以本集團若干附屬公司之股權及以下其他資產作為擔保：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Inventories (note 17)	存貨(附註17)	16,933,081	12,409,157
Investment properties (note 10)	投資物業(附註10)	719,341	650,204

At 31 December 2020, certain bank loans and other borrowings are also secured by related parties, by properties and shareholdings of the companies owned by Mr. Lin Rongbin (see note 32(c)).

At 31 December 2020, the Group's unutilised banking and other financial institutions facilities amounted to RMB2,258,373,000 (2019 (restated): RMB821,800,000).

於二零二零年十二月三十一日，若干銀行貸款及其他借款亦由關聯方、林榮濱先生所擁有的公司的物業及股權提供擔保(見附註32(c))。

於二零二零年十二月三十一日，本集團未動用的銀行及其他金融機構融資為人民幣2,258,373,000元(二零一九年(經重列)：人民幣821,800,000元)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 23 Bonds payable

#### 23 應付債券

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Current</b>			
USD100 million private corporate bonds due November 2021 (note (a))	即期 於二零二一年十一月到期的100,000,000美元私人公司債券(附註(a))	629,237	676,229
HKD17.8 million private corporate bonds (note (b))	17,800,000港元私人公司債券(附註(b))	14,933	-
USD44.2 million private corporate bonds (note (c))	44,200,000美元私人公司債券(附註(c))	287,374	-
		<b>931,544</b>	676,229
<b>Non-current</b>			
HKD17.8 million private corporate bonds (note (b))	非即期 17,800,000港元私人公司債券(附註(b))	-	15,776
USD44.2 million private corporate bonds (note (c))	44,200,000美元私人公司債券(附註(c))	-	308,169
RMB dim sum bond due January 2023 (note(d))	於二零二三年一月到期的人民幣點心債券(附註(d))	459,828	-
		<b>459,828</b>	323,945
		<b>1,391,372</b>	1,000,174

Notes :

- (a) The bond is secured over share of interest in certain subsidiaries of the Group.
- (b) On 12 July 2019, the Company issued 1.5-year private corporate bonds with principal amount of HKD17,800,000 issued at par. The bonds were fully settled in January 2021.
- (c) On 19 July 2019, the Company issued 2-year private bonds with principal amount of USD44,200,000 issued at par. Bonds with amount of USD20,000,000 were guaranteed by Mr. Lin Rongbin and Ms. Cheng Xuan. Part of the bonds with amount of USD23,700,000 were fully settled in January 2021.
- (d) On 15 January 2020, the Company issued a 3-year private bond with principal amount of RMB214,688,000. On 14 October 2020 and 8 December 2020, the Company issued additional bonds RMB153,040,000 and RMB92,100,000 respectively under the same program.

附註：

- (a) 債券以本集團若干附屬公司之股權作抵押。
- (b) 於二零一九年七月十二日，本公司按面值發行本金額為17,800,000港元之1.5年期私人公司債券。債券於二零二一年一月悉數清償。
- (c) 於二零一九年七月十九日，本公司按面值發行本金額為44,200,000美元之2年期私募債券。金額為20,000,000美元的債券由林榮濱先生及程璇女士擔保。金額為23,700,000美元的部份債券於二零二一年一月悉數清償。
- (d) 於二零二零年一月十五日，本公司發行三年期私募債券，本金額為人民幣214,688,000元。於二零二零年十月十四日及二零二零年十二月八日，本公司按同一方案分別增發債券人民幣153,040,000元及人民幣92,100,000元。

These bonds are interest-bearing at a weighted average rate of 9.79% per annum (2019: 13.12% per annum). As at 31 December 2020 and 2019, the Company had not breached any covenants of the bonds.

該等債券按加權平均年利率9.79% (二零一九年：年利率13.12%)計息。於二零二零年及二零一九年十二月三十一日，本公司概無違反債券的任何契諾。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

**24 Trade and other payables****24 應付賬款及其他應付款項**

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Trade creditors and accrued charges (note (a))	應付賬款及應計費用 (附註(a))	1,959,522	1,650,239
Amounts due to Fuzhou Sansheng (note (b))	應付福州三盛款項(附註(b))	-	808,811
Amounts due to related parties (note (b))	應付關聯方款項(附註(b))	140,522	-
Amounts due to non-controlling interests (note (c))	應付非控股權益款項 (附註(c))	1,633,782	1,803,916
Contributions from employees (note (d))	僱員供款(附註(d))	85,885	79,968
Consideration payables for acquisition of a subsidiary	收購一間附屬公司應付代價	75,654	27,000
Other payables (note (e))	其他應付款項(附註(e))	329,236	286,514
Interest payable	應付利息	82,981	54,047
Financial liabilities measured at amortised cost	按攤銷成本計量之 金融負債	4,307,582	4,710,495
Derivative financial liability	衍生金融負債	18,317	6,667
Value added tax and surcharges payables	增值稅及應付附加稅	2,165,448	1,241,428
Deposits received (note (f))	已收按金(附註(f))	633,638	59,183
Receipts in advance	預收賬款	8,990	11,089
		<b>7,133,975</b>	<b>6,028,862</b>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Notes:

- (a) As at 31 December 2020, all trade creditors are with ageing of within 1 year based on the invoice date.
- (b) Fuzhou Sansheng and these related parties are private companies owned by Mr. Lin Rongbin. The amounts are interest-free, unsecured and repayable on demand.
- (c) The amount represents advance from non-controlling interests of certain subsidiaries for the respective property development projects. The amount is interest-free and repayable on demand.
- (d) The amount represents contributions from employees and accrued benefits in certain subsidiaries of the Group.
- (e) Other payables mainly represent sales commission payables and salaries and bonus payables.
- (f) Deposits received include an amount of RMB260,000,000 (2019: Nil) representing cooperation intention deposits received from the intended. Under terms of the contracts signed, the intention funds would be treated as security deposit and paid as part of land cost or returned to the intended partners within one year.

Deposits also include an amount of RMB330,000,000 (2019: RMB50,000,000) representing retention deposits and bidding deposits received from constructors.

所有應付賬款及其他應付款項預期將於一年內結清或確認為收入或須按要求償還。

附註：

- (a) 於二零二零年十二月三十一日，所有應付賬款之賬齡均為發票日期起計一年內。
- (b) 福州三盛及該等關聯方均為林榮濱先生擁有的私人公司。該等款項為免息、無抵押及須按要求償還。
- (c) 該款項指若干附屬公司的非控股權益就各自的物業發展項目作出的墊款。該款項乃免息及須按要求償還。
- (d) 該款項指本集團若干附屬公司來自僱員的供款及應計福利。
- (e) 其他應付款項主要是指應付銷售佣金以及應付薪金及花紅。
- (f) 已收按金包括向有意收取的合作意向金人民幣260,000,000元(二零一九年：無)。根據已簽訂合約條款，該意向金將作為擔保按金處理，並作為土地成本的一部分支付或在一年內退還予有意合作方。

按金亦包括自建造方收取的留置金及投標按金人民幣330,000,000元(二零一九年：人民幣50,000,000元)。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 25 Contract liabilities

#### 25 合約負債

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Receipts in advance from property sales	銷售物業帶來的 預收款項	20,204,783	14,026,502

Typical payment terms of property development which impact the amount of contract liabilities recognised are as follows:

Depending on market conditions, the Group may require customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

影響已確認合約負債金額之物業發展典型付款條款如下：

視乎市況，本集團可能要求客戶在發展項目進行期間在協定時間內而非相關物業落成時支付全部代價。該等預付款項計劃導致合約負債在餘下物業發展期內按合約價格全額確認。此外，合約負債將按本集團應計的利息開支金額增加，以反映於付款日期至向客戶交付物業日期期間自客戶獲得的任何重大融資利益的影響。由於此項應計費用增加了發展期間的合約負債金額，故已落成物業的控制權轉移至客戶時確認的收入金額有所增加。

#### Movement in contract liabilities

#### 合約負債變動

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Balance at 1 January, as restated	於一月一日的結餘(經重列)	14,026,502	6,810,285
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	因年內確認計入年初合約負債的收入而產生的合約負債減少	(7,611,511)	(2,120,286)
Increase in contract liabilities as a result of receipts in advance from property sales during the year in respect of properties still under development	因年內銷售仍然開發中的物業的預收款項而產生的合約負債增加	12,793,402	8,827,215
Increase in contract liabilities as a result of accruing interest expense on advances	因累計墊款的利息開支而產生的合約負債增加	996,390	509,288
Balance at 31 December	於十二月三十一日的結餘	20,204,783	14,026,502

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 26 Due to Fuzhou Sansheng

Due to Fuzhou Sansheng represent:

- (i) amount of RMB2,420,193,000 (2019: Nil) drawn by the Group from the revolving facilities of RMB4,500,000,000 granted by Fuzhou Sansheng on 18 August 2017 and 28 September 2017 respectively. In 2019, the above facilities granted are renewed and extended for two more years from the original maturity dates of 18 August 2020 and 28 September 2020 respectively. The amounts from the revolving facilities are unsecured, interest-bearing at 7.00% per annum and repayable by 2022 in accordance with the renewal facilities agreement; and
- (ii) an amount of RMB650,000,000 due to Fuzhou Sansheng which is non-interest bearing and included in current liabilities of the Group. Fujian Minqiao and Yangzhou Sansheng, the companies merged to the Group as a result of the reorganisation as set out in note 1(b), had provided guarantees for bank loan facilities obtained by Mr. Lin Rongbin and Fuzhou Sansheng by pledging their properties (see notes 10 and 11) and entire equity interests of Fujian Minqiao before the reorganisation and the facilities will be expired on 31 October 2021. In return, the proceeds drawn from these facilities were used in financing the projects developed by Fujian Minqiao and Yangzhou Sansheng before the reorganisation. To rationalise the above arrangement, Mr. Lin and Fuzhou Sansheng entered into an agreement with the Group that from the date of completion of the acquisition to 31 October 2021, Fuzhou Sansheng agreed to provide an interest free facility of RMB650,000,000 to the Group up to 31 October 2021 and the Group agreed to continue the securities provided for the above mentioned facilities until their expiry. The above arrangement has been approved in the extraordinary general meeting of the Company held on 19 October 2020.

#### 27 Lease liabilities

At 31 December 2020, the lease liabilities were repayable as follows:

#### 26 應付福州三盛款項

應付福州三盛款項指：

- (i) 本集團自福州三盛分別於二零一七年八月十八日及二零一七年九月二十八日授出的人民幣4,500,000,000元循環融資項下所提取的人民幣2,420,193,000元(二零一九年：無)。於二零一九年，上述已授出融資經已重續，並自分別為二零二零年八月十八日及二零二零年九月二十八日的原到期日額外延長兩年。根據重續融資協議，自循環融資提取的金額為無抵押，按年利率7.00%計息，還款日期為二零二二年；及
- (ii) 應付福州三盛的人民幣650,000,000元，該款項為免息及計入本集團的流動負債。福建閩僑及揚州三盛(因附註1(b)所載之重組而併入本集團的公司)已於重組前抵押其物業(見附註10及11)及福建閩僑全部股權，作為林榮濱先生及福州三盛取得銀行貸款融資的擔保，而該等融資將於二零二一年十月三十一日到期。為此，該等融資所提取的所得款項乃用於為福建閩僑及揚州三盛於重組前進行的開發項目提供融資。為理順上述安排，林先生及福州三盛與本集團訂立協議，自收購事項完成之日起至二零二一年十月三十一日止，福州三盛同意向本集團提供人民幣650,000,000元的免息融資至二零二一年十月三十一日止，而本集團同意繼續為上述融資提供擔保，直至其到期為止。上述安排已於二零二零年十月十九日舉行的本公司股東特別大會上獲批准。

#### 27 租賃負債

於二零二零年十二月三十一日，租賃負債償還情況如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Within 1 year	一年內	3,252	6,408
After 1 year but within 2 years	一年以上但兩年內	2,694	5,315
After 2 years but within 5 years	兩年以上但五年內	4,632	3,577
After 5 years	五年以上	3,401	4,851
		<b>10,727</b>	<b>13,743</b>
		<b>13,979</b>	<b>20,151</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 28 Income tax in the consolidated statement of financial position 28 綜合財務狀況表內的所得稅

(a) Current taxation in the consolidated statement of financial position represents:

(a) 綜合財務狀況表內的即期稅項指：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Prepaid tax:	預付稅項：		
CIT	企業所得稅	26,029	2,232
LAT	土地增值稅	636,265	404,039
		<b>662,294</b>	<b>406,271</b>
		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Current taxation:	即期稅項：		
CIT	企業所得稅	923,222	511,297
LAT	土地增值稅	808,546	451,976
		<b>1,731,768</b>	<b>963,273</b>

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 28 Income tax in the consolidated statement of financial position (continued)

#### (b) Deferred tax assets and liabilities recognised:

##### (i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	遞延稅項來源：	Fair value change of investment property	Amortisation of capitalised contract costs	Tax losses	Provision for LAT	Dividends withholding tax	Capitalised Interest	Other temporary differences	Total
		投資物業 公平值變動 RMB'000 人民幣千元 (Note) (附註)	資本化的 合約成本攤銷 RMB'000 人民幣千元	稅項虧損 RMB'000 人民幣千元	土地 增值稅撥備 RMB'000 人民幣千元	股息預扣稅 RMB'000 人民幣千元	資本化利息 RMB'000 人民幣千元	其他 暫時差額 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年 一月一日								
- As previously reported	- 如先前呈報	96,890	7,164	(19,363)	(34,034)	-	-	(7,524)	43,133
- Adjustments arising from adoption of merger accounting (note 1(d))	- 採納合併會計處理方法產生的調整(附註1(d))	105,777	4,484	(85,225)	-	-	17,657	(1,738)	40,955
As restated	經重列	202,667	11,648	(104,588)	(34,034)	-	17,657	(9,262)	84,088
Charged/(credited) to profit or loss	於損益內扣除/(計入)	29,841	39,657	(101,510)	(35,779)	-	7,829	2,390	(57,572)
At 31 December 2019 and 1 January 2020 (restated)	於二零一九年十二月三十一日及二零二零年一月一日(經重列)	232,508	51,305	(206,098)	(69,813)	-	25,486	(6,872)	26,516
Charged/(credited) to profit or loss	於損益內扣除/(計入)	29,152	6,539	(180,713)	(132,323)	10,902	26,684	161	(239,598)
At 31 December 2020	於二零二零年十二月三十一日	261,660	57,844	(386,811)	(202,136)	10,902	52,170	(6,711)	(213,082)

Note:

The balance represents deferred LAT and CIT arising from fair value change of investment properties in Mainland China, and depreciation allowance recognised in the respective subsidiaries.

### 28 綜合財務狀況表內的所得稅 (續)

#### (b) 確認的遞延稅項資產及負債：

##### (i) 遞延稅項資產及負債各個部分之變動

於綜合財務狀況表內確認之遞延稅項(資產)/負債之部份之變動，以及於年內之變動如下：

附註：

結餘為中國內地投資物業公平值變動產生的遞延土地增值稅及企業所得稅，以及各附屬公司確認之折舊撥備金額。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 28 Income tax in the consolidated statement of financial position (continued)

##### (b) Deferred tax assets and liabilities recognised: (continued)

##### (ii) Reconciliation to the consolidated statement of financial position

#### 28 綜合財務狀況表內的所得稅 (續)

##### (b) 確認的遞延稅項資產及負債：(續)

##### (ii) 與綜合財務狀況表之對賬

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Net deferred tax asset recognised in the consolidated statement of financial position	於綜合財務狀況表中確認之遞延稅項資產淨值	547,132	161,314
Net deferred tax liability recognised in the consolidated statement of financial position	於綜合財務狀況表中確認之遞延稅項負債淨額	(334,050)	(187,830)
		<b>213,082</b>	<b>(26,516)</b>

##### (c) Deferred tax assets not recognised

At 31 December 2020, the Group has unused tax losses of RMB578,042,000 (2019 (restated): RMB352,924,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams. The tax losses in Hong Kong may carry forward indefinitely. The unrecognised tax losses in Mainland China will expire from 2021 to 2025.

##### (c) 未確認之遞延稅項資產

於二零二零年十二月三十一日，本集團尚未動用稅項虧損人民幣578,042,000元(二零一九年(經重列)：人民幣352,924,000元)可用於抵銷未來溢利。由於未來溢利流不可預測，故此未就有關虧損確認遞延稅項資產。香港之稅項虧損或會無限結轉後期。未確認之中國內地稅務虧損將於二零二一年至二零二五年到期。

##### (d) Deferred tax liabilities not recognised

No deferred tax has been recognised on changes in fair value of the investment properties situated in Hong Kong as it is not expected to have tax consequence upon disposal of these properties.

##### (d) 未確認之遞延稅項負債

由於預期出售香港投資物業不會產生稅項後果，故本集團並無就該等物業之公平值變動確認遞延稅項。

As at 31 December 2020, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in mainland China amounted to RMB1,380,311,000 (2019: 434,200,000). Deferred tax liabilities of RMB138,031,000 (2019: RMB43,420,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries in mainland China and the directors have determined that these profits are not likely to be distributed in the foreseeable future.

於二零二零年十二月三十一日，與本集團在中國內地的若干附屬公司未分派溢利有關的暫時差額為人民幣1,380,311,000元(二零一九年：434,200,000元)。由於本公司控制該等中國內地附屬公司的股息政策，且董事已釐定在可預見的未來不太可能分派該等溢利，故未就分派該等保留溢利時應支付的預扣稅確認遞延稅項負債人民幣138,031,000元(二零一九年：人民幣43,420,000元)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 29 Capital, reserves and dividends

##### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Balance at 1 January 2019</b>	於二零一九年一月一日之結餘	33,184	911,543	(161,514)	783,213
<b>Changes in equity for 2019:</b>	二零一九年之權益變動：				
Issue of shares	發行股份	1,970	204,834	-	206,804
Loss and total comprehensive income for the year	年內虧損及全面收益總額	-	-	(160,817)	(160,817)
<b>Balance at 31 December 2019 and 1 January 2020</b>	於二零一九年十二月三十一日及二零二零年一月一日之結餘	35,154	1,116,377	(322,331)	829,200
<b>Changes in equity for 2020:</b>	二零二零年之權益變動：				
Issue of shares	發行股份	4,200	290,663	-	294,863
Loss and total comprehensive income for the year	年內虧損及全面收益總額	-	-	(138,006)	(138,006)
<b>Balance at 31 December 2020</b>	於二零二零年十二月三十一日之結餘	39,354	1,407,040	(460,337)	986,057

##### (b) Dividends

Dividends payable to equity shareholders of the Company attributable to the year

##### (b) 股息

本年度應付本公司權益股東的股息：

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Final dividend proposed after the end of the reporting period of RMB0.20 per ordinary share (2019: Nil)	報告期末後擬派末期股息每股普通股人民幣0.20元 (二零一九年：無)	
	<b>98,119</b>	-

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

報告期末後擬派的末期股息於報告期末時尚未確認為負債。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 29 Capital, reserves and dividends (continued) 29 資本、儲備及股息(續)

##### (c) Share capital

Details of the Company's share capital during both years are as follows:

##### (c) 股本

本公司於兩個年度之股本詳情如下：

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元	
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股			
Authorised:	法定：			
As at 1 January 2019, 31 December 2019 and 31 December 2020	於二零一九年一月一日、 二零一九年十二月 三十一日及二零二零年 十二月三十一日	2,000,000,000		200,000
			Numbers of shares 股份數目	Amount 金額 RMB'000 人民幣千元 (equivalent) (相等值)
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股		Amount 金額 HK\$'000 千港元	Amount 金額 RMB'000 人民幣千元 (equivalent) (相等值)
Issued and fully paid:	已發行及繳足：			
As at 1 January 2019	於二零一九年一月一日	419,114,000	41,911	33,184
Share issued	已發行股份	22,000,000	2,200	1,970
As 31 December 2019 and 1 January 2020	於二零一九年十二月 三十一日及二零二零年 一月一日	441,114,000	44,111	35,154
Shares issued	已發行股份	49,480,000	4,948	4,200
As at 31 December 2020	於二零二零年十二月 三十一日	490,594,000	49,059	39,354

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派之股息，並有權於本公司會議上按每股一票投票表決。所有普通股就本公司剩餘資產享有同等權利。

On 24 November 2020, 49,480,000 new shares were allotted and issued at a consideration of HK\$7.02 per share. A par value of HK\$4,948,000 (equivalent to approximately RMB4,200,000) was credited to share capital and the premium of HK\$6.92 per share was credited to share premium account in accordance to Companies Law of the Cayman Islands.

於二零二零年十一月二十四日，已配發及發行49,480,000股新股份，代價為每股7.02港元。根據開曼群島公司法，面值4,948,000港元（相等於約人民幣4,200,000元）已計入股本，而溢價每股6.92港元已計入股份溢價賬。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 29 Capital, reserves and dividends (continued)

##### (d) Reserves

###### (i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

###### (ii) Capital reserve

The capital reserve mainly represents premium received from capital injection to the PRC subsidiaries which are required to be included in their reserves by the PRC regulations.

###### (iii) Merger reserve

Since AG5 is adopted, the net assets of the acquired company group are consolidated using their existing book values from the perspective of ultimate shareholder. Merger reserve represents the difference between the consideration paid and the book values of the acquirees.

###### (iv) Statutory surplus reserves

Pursuant to applicable PRC regulations, the PRC subsidiaries of the Group are required to appropriate 10% of their profit-after-tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiaries. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiaries.

###### (v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

##### (e) Distributability of reserves

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB946,703,000 (2019: RMB794,046,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

#### 29 資本、儲備及股息(續)

##### (d) 儲備

###### (i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可用於向股東支付分派或股息，惟須確保緊隨建議支付分派或股息日期後，本公司有能力支付日常業務過程中的到期債務。

###### (ii) 資本儲備

資本儲備主要指向中國附屬公司注資所收取的溢價，根據中國法規，有關注資須計入其儲備。

###### (iii) 合併儲備

由於採納會計指引第5號，被收購公司集團的淨資產以最終股東的角度使用現有賬面值綜合入賬。合併儲備指已付代價及被收購方的賬面值的差額。

###### (iv) 法定盈餘儲備

根據適用中國法規，本集團中國附屬公司須將其10%除稅後溢利(經抵銷過往年度虧損)分撥至法定儲備，直至儲備達各間相關中國附屬公司註冊股本之50%。法定儲備轉撥須於向股東分派股息前作出。經相關當局批准後，法定儲備資金可用於抵銷累計虧損或增加附屬公司之註冊資本。

###### (v) 匯兌儲備

匯兌儲備包括換算海外業務財務報表產生之所有匯兌差額。有關儲備根據附註1(x)之會計政策處理。

##### (e) 可分派儲備

於二零二零年十二月三十一日，根據開曼群島公司法計算的本公司可供分派儲備約為人民幣946,703,000元(二零一九年：人民幣794,046,000元)，該等儲備可作分派，惟須確保緊隨建議派發股息日期後，本公司有能力償還日常業務過程中的到期債務。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 29 Capital, reserves and dividends (continued)

##### (f) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of debt-to-assets ratio and adjusted debt-to-assets ratio which deducted contract liabilities and receipts in advance from total liabilities. The ratios as at 31 December 2020 and 2019 is calculated as follows:

#### 29 資本、儲備及股息(續)

##### (f) 資本管理

本集團管理其資本以確保本集團實體能夠持續經營，同時透過優化債務及權益結餘來盡量擴大持份者之回報。本集團之整體策略與去年持平。

本集團主動定期檢討及管理其資本架構，務求在較高借貸水平可帶來之較高股東回報，與穩健資本水平可帶來的好處和保障之間取得平衡，並因應經濟狀況變動調整資本架構。

本集團根據債務資產比率及經調整債務資產比率(於總負債中扣除合約負債及預收賬款)監察其資本架構。於二零二零年及二零一九年十二月三十一日，有關比率計算如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
<b>(i) Debt-to-assets ratio</b>	<b>(i) 債務資產比率</b>		
Total liabilities	總負債	50,414,478	31,528,502
Total assets	總資產	56,576,382	33,722,229
Debt-to-assets ratio	債務資產比率	89.11%	93.49%
<b>(ii) Adjusted debt-to-assets ratio</b>	<b>(ii) 經調整債務資產比率</b>		
Total liabilities	總負債	50,414,478	31,528,502
Less: Contract liabilities and receipts in advance	減：合約負債及預收賬款	20,213,773	14,037,591
Adjusted total liabilities	經調整總負債	30,200,705	17,490,911
Total assets	總資產	56,576,382	33,722,229
Adjusted debt-to-assets ratio	經調整債務資產比率	53.38%	51.87%

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

##### (a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

##### (i) Trade receivables

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The Group's trade receivables mainly arise from lease of properties. The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

##### (ii) Other receivables

At each reporting date, the Group measures the expected credit losses of other receivables in following ways:

If, at the reporting date, the credit risk on other receivable has not increased significantly since initial recognition, the Group measures the loss allowance for other receivable at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition.

In respect of amounts due from non-controlling interests and joint ventures, the Group closely monitored their financial conditions and profitability.

In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation.

The Group has assessed that the credit risk of other receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be immaterial.

#### 30 財務風險管理及金融工具之公平值

本集團於日常業務過程中會產生信貸、流動資金、利率及貨幣風險。

本集團所面對之該等風險及本集團用以管理該等風險之財務風險管理政策及慣例載述如下。

##### (a) 信貸風險

本集團主要就應收賬款及其他應收款項而面對信貸風險。應收賬款及其他應收款項之賬面值，乃本集團就金融資產所面對的最大信貸風險。管理層訂有信貸政策，並會持續監管該等信貸風險。

##### (i) 應收賬款

就應收賬款而言，本集團所承受的信貸風險，主要受各客戶的個別特點所影響，而非來自客戶所經營的行業，因此當本集團承受個別客戶的重大風險時，將產生高度集中的信貸風險。

本集團的應收賬款主要來自出租物業。本集團制定政策確保其僅與有合適信貸記錄的承租人訂立租賃合約，且本集團會持續監察應收款項的信貸質素。倘應收租戶款項未獲償付或倘違反合約，本集團可能會預扣部分或全部按金。本集團亦會定期審閱各項個別應收賬款的可收回金額，以確保就不可收回金額計提足夠減值虧損。

##### (ii) 其他應收款項

於各報告日，本集團按下列方式計量其他應收款項的預期信貸虧損：

於報告日，如果其他應收款項的信貸風險自初步確認後並未大幅上升，本集團按照相當於其他應收款項未來12個月內預期信貸虧損的金額計量其虧損撥備。如果其他應收款項的信貸風險自初步確認後已大幅上升，本集團按照相當於其他應收款項整個存續期內預期信貸虧損的金額計量其虧損撥備。

就應收非控股權益及合營企業款項而言，本集團密切監察彼等之財務狀況及盈利能力。

就應收第三方之其他應收款項而言，本集團會根據營運需要審查風險並對其進行管理。

本集團評估其他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估為不重要。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (a) Credit risk (continued)

##### (ii) Other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

		2020 二零二零年		
		Expected loss rate 預期虧損率 %	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Loss allowance 虧損撥備 RMB'000 人民幣千元
Current (not past due)	即期(並無逾期)	0.09%	26,065	23
Less than 1 year past due	逾期少於一年	2.68%	6,235	167
More than 1 year past due	逾期一年以上	22.14%	3,590	795
			<b>35,890</b>	<b>985</b>

		2019 (restated) 二零一九年(經重列)		
		Expected loss rate 預期虧損率 %	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Loss allowance 虧損撥備 RMB'000 人民幣千元
Current (not past due)	即期(並無逾期)	1.05%	12,882	135
Less than 1 year past due	逾期少於一年	2.35%	1,321	31
More than 1 year past due	逾期一年以上	27.69%	650	180
			<b>14,853</b>	<b>346</b>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

預期虧損率乃根據過往年度的實際虧損經驗。該等虧損率已經調整，以反映收集過往數據期間的經濟狀況、當前狀況與本集團對應收款項預期年期的經濟狀況的觀點之間的差異。

##### (iii) Financial guarantees

Except for the financial guarantees given by the Group as set out in note 33, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 33.

##### (iii) 財務擔保

除附註33所載本集團提供之財務擔保外，本集團並無提供任何其他擔保，致使本集團面臨信貸風險。於報告期末，有關該等財務擔保的最大信貸風險於附註33披露。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (b) Liquidity risk

The Group are responsible for all individual operating subsidiaries' cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group regularly monitors its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

#### 30 財務風險管理及金融工具之公平值(續)

##### (b) 流動資金風險

本集團負責所有個別營運附屬公司之現金管理，包括就現金盈餘進行短期投資和為應付預期現金需求的貸款集資。本集團定期監察其流動資金需要，並遵守借貸契諾，確保維持足夠現金及隨時可銷售變現的證券之儲備以及有足夠由主要金融機構發出的承諾融資，以應付長短期流動資金需要。

下表詳載本集團之非衍生金融負債和衍生金融負債於報告期末以合約未折現現金流量(包括按合約利率，或如屬浮息，則按報告期末當時利率計算之利息付款)和本集團可獲要求付款之最早日期為準的剩餘合約到期情況：

		2020 二零二零年					
		Within 1 year or on demand 須於一年內 或按需求償還 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年 但少於兩年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過兩年 但少於五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元	Total contractual undiscounted cash flow 合約未折現 現金流量總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
Non-derivative financial liabilities	非衍生金融負債						
- Bank loans and other borrowings	- 銀行貸款及其他借款	4,582,401	8,016,600	6,680,637	-	19,279,638	16,534,358
- Bonds payable	- 應付債券	1,036,341	13,795	460,402	-	1,510,538	1,391,372
- Trade and other payables	- 應付賬款及其他應付款項	4,307,582	-	-	-	4,307,582	4,307,582
- Lease liabilities	- 租賃負債	3,252	2,962	4,632	3,401	14,247	13,979
Derivative financial liability	衍生金融負債						
- Interest rate swap (net settled)	- 利率掉期(以淨額結算)	18,317	-	-	-	18,317	18,317
		9,947,893	8,033,357	7,145,671	3,401	25,130,322	22,265,608

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (b) Liquidity risk (continued)

#### 30 財務風險管理及金融工具之公平值(續)

##### (b) 流動資金風險(續)

		2019 二零一九年				Total contractual undiscounted cash flow 合約未折現 現金流量總額	Carrying amount 賬面值
		Within 1 year or on demand 須於一年內或 按需求償還 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年 但少於兩年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過兩年 但少於五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-derivative financial liabilities	非衍生金融負債						
- Bank loans and other borrowings	- 銀行貸款及其他借款	4,451,340	3,160,912	2,927,909	-	10,540,161	9,287,692
- Bonds payable	- 應付債券	131,666	1,086,153	-	-	1,217,819	1,000,174
- Trade and other payables	- 應付賬款及其他應付款項	4,710,495	-	-	-	4,710,495	4,710,495
- Lease liabilities	- 租賃負債	7,526	6,274	4,844	6,768	25,412	20,151
Derivative financial liability	衍生金融負債						
- Interest rate swap (net settled)	- 利率掉期(以淨額結算)	6,667	14,018	-	-	20,685	20,685
		9,307,694	4,267,357	2,932,753	6,768	16,514,572	15,039,197
Adjustments to present cash flows on bonds payable based on lender's right to demand repayment	根據貸款人有權要求還款呈列債券應付款項現金流量的調整	676,229	(750,073)	-	-	(73,844)	
		9,983,923	3,517,284	2,932,753	6,768	16,440,728	

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings.

Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group has a policy ensuring that most of its borrowings are effectively on a fixed basis, either through the contractual terms of the interest-bearing financial liabilities or through the use of interest rate swaps. The interest rate and terms of repayment of the Group's interest-bearing borrowings are disclosed in notes 22, 23 and 26 to the consolidated financial statements.

##### (i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Fixed rate borrowings:	固定利率借款：		
Lease liabilities	租賃負債	13,979	20,151
Bank loans and other borrowings	銀行貸款及其他借款	16,510,998	9,262,764
Bonds payable	應付債券	762,135	323,945
		<b>17,287,112</b>	9,606,860
Variable rate borrowings:	浮動利率借款：		
Bank loans and other borrowings	銀行貸款及其他借款	23,360	24,928
Bonds payable	應付債券	629,237	676,229
		<b>652,597</b>	701,157

#### 30 財務風險管理及金融工具之公平值(續)

##### (c) 利率風險

利率風險指由於市場利率變化導致金融工具公平值或未來現金流量波動的風險。本集團的利率風險主要來自長期借款。

以浮動利率及固定利率發行之借款分別使本集團面臨現金流量利率風險及公平值利率風險。本集團訂有一項政策，透過計息金融負債的合約條款或利用利率掉期，確保其大部分借款實際上乃按固定利率計息。本集團計息借貸之利率及償還條款於綜合財務報表附註22、23及26披露。

##### (i) 利率風險狀況

下表是向本集團管理層呈報之本集團借款於報告期末的利率風險狀況：

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (c) Interest rate risk (continued)

##### (ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase of 50 basis points in interest rates of bank loans and other borrowings of the Group, with all other variables held constant, would have decreased/increased the Group's profit/loss and total equity by approximately RMB3,263,000 and RMB3,506,000 (restated) respectively for the year ended 31 December 2020 and 2019.

The sensitivity analysis above assumes that the change in interest rates had occurred at the end of the reporting period and had been applied to all floating rate bank loans and other borrowings, without taking into account the impact of interest capitalisation. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2019.

#### 30 財務風險管理及金融工具之公平值(續)

##### (c) 利率風險(續)

##### (ii) 敏感度分析

於二零二零年十二月三十一日，在所有其他變量不變的情況下，假定本集團銀行貸款及其他借款利率整體上升50個基點，估計將導致本集團截至二零二零年及二零一九年十二月三十一日止年度的溢利／虧損及權益總額分別減少／增加約人民幣3,263,000元及人民幣3,506,000元(經重列)。

上述敏感度分析假設利率變動已於報告期末發生，並已應用至所有按浮動利率計息之銀行貸款及其他借款，惟並無考慮利息資本化之影響。就本集團於報告期末持有之浮動利率非衍生工具所產生之現金流量利率風險而言，對本集團溢利及權益總額之影響乃估計為該等利率變動所產生的利息開支或收入之年度化影響。分析乃按與二零一九年相同的基準進行。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (d) Currency risk

The Group is exposed to foreign currency risk primarily on bank balances and cash and bonds payable that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United State Dollars and Hong Kong Dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

#### 30 財務風險管理及金融工具之公平值(續)

##### (d) 貨幣風險

本集團主要因以營運相關之功能貨幣以外之貨幣計值之銀行結餘及現金以及應付債券而面臨貨幣風險。美元和港元為主要造成有關風險之貨幣。

下表詳列本集團於報告期末因以相關實體功能貨幣以外貨幣計值之已確認資產或負債而產生之貨幣風險。就呈列而言，該等風險之金額以人民幣列示，並以年結當日之即期匯率換算。將海外業務財務報表換算為本集團呈報貨幣產生之差異並不包括在內。

#### Exposure to foreign currencies (expressed in Renminbi)

外匯風險  
(以人民幣列示)

	2020 二零二零年		2019 二零一九年	
	United States Dollars 美元 RMB'000 人民幣千元	Hong Kong Dollars 港元 RMB'000 人民幣千元	United States Dollars 美元 RMB'000 人民幣千元	Hong Kong Dollars 港元 RMB'000 人民幣千元
Bank balances and cash 銀行結餘及現金	333,606	1,056	13,921	9,815
Bonds payable 應付債券	(916,611)	(14,933)	(984,398)	(15,776)

##### Sensitivity analysis

Based on the assumption that Hong Kong Dollars continue to be pegged to United States Dollars, the Group considers the risk of movements in exchange rates between Hong Kong Dollars and United States Dollars to be insignificant.

Management estimated that a 3% appreciation/depreciation of Renminbi against Hong Kong Dollars and United States Dollars, the Group's profit and equity would be increased/decreased by approximately RMB20,353,000 (2019: RMB29,189,000).

The analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables remain constant. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

##### 敏感度分析

基於港元繼續與美元掛鈎之假設，本集團認為港元匯率與美元匯率變動之風險微不足道。

管理層估計人民幣兌港元及美元升值／貶值3%，本集團之溢利及權益將增加／減少約人民幣20,353,000元(二零一九年：人民幣29,189,000元)。

假設外匯匯率變動發生在報告期末而所有其他變量保持不變，則分析結果已經釐定。該分析並不包括將海外業務財務報表換算為本集團呈報貨幣所產生之差異。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 30 Financial risk management and fair values of financial instruments (continued)

##### (e) Fair value measurement

##### (i) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

##### (ii) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

#### 30 財務風險管理及金融工具之公平值(續)

##### (e) 公平值計量

##### (i) 按公平值以外者列賬之金融資產及負債之公平值

本集團以成本或攤銷成本列賬之金融工具賬面值，與其於二零二零年及二零一九年十二月三十一日之公平值並無重大差異。

##### (ii) 按公平值計量之金融資產及負債

##### *公平值等級*

根據香港財務報告準則第13號「公平值計量」所界定之三個公平值等級，於報告期末按經常性基準計量之本集團金融工具之公平值呈列於下表。公平值計量所歸類之等級乃參照以下估算方法所用輸入數據之可觀察程度及重要程度而釐定：

- 第一級估值：僅用第一等級輸入數據，即於計量日期相同資產或負債於活躍市場之未經調整報價計量公平值。
- 第二級估值：使用第二等級輸入數據，即未能符合第一等級之可觀察輸入數據，以及不使用重大不可觀察輸入數據計量公平值。不可觀察輸入數據指未有相關市場數據之輸入數據。
- 第三級估值：使用重大不可觀察輸入數據計量公平值。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

### 30 Financial risk management and fair values of financial instruments (continued)

#### (e) Fair value measurement (continued)

#### (ii) Financial assets and liabilities measured at fair value (continued)

*Fair value hierarchy (continued)*

		Fair value at 31 December 2020 於二零二零年 十二月三十一日 之公平值				Fair value at 31 December 2019 於二零一九年 十二月三十一日 之公平值			
		Fair value measurements as at 31 December 2020 categorised into				Fair value measurements as at 31 December 2019 categorised into			
		於二零二零年十二月三十一日之公平值計量分類為				於二零一九年十二月三十一日之公平值計量分類為			
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
		第一級	第二級	第三級	第一級	第二級	第三級		
		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		
<b>Recurring fair value measurements</b>	<b>經常性之公平值計量</b>								
Asset:	資產:								
Financial assets at fair value through profit or loss:	按公平值計入損益之金融資產								
- Unit in trust protection fund	- 信託保護基金單位	85,420	-	85,420	46,749	-	46,749		
Liability:	負債:								
Derivative financial instruments:	衍生金融工具:								
- Interest rate swap	- 利率掉期	18,317	-	18,317	20,685	-	20,685		

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### *Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of interest rate swaps is the present value of estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of unit in trust protection fund is determined by discounting the expected future cash flows at prevailing market interest rates as at the end of the reporting period. The discount rate used is derived from the bank deposit rate as at the end of the reporting period plus an adequate constant credit spread.

### 30 財務風險管理及金融工具之公平值(續)

#### (e) 公平值計量(續)

#### (ii) 按公平值計量之金融資產及負債(續)

*公平值等級(續)*

截至二零二零年及二零一九年十二月三十一日止年度，第一級與第二級並無相互轉撥，亦無轉入或轉出第三級。本集團之政策是於出現轉撥之報告期末確認公平值等級之間之轉撥。

#### *用於第二級公平值計量之估值方法及輸入數據*

利率掉期之公平值已計及現時利率及現時掉期對手信貸評級，為本集團於報告期末終止掉期時會收取或支付之估計數額現值。

信託保護基金單位的公平值乃按於報告期末之現行市場利率貼現估計未來現金流量而釐定。所採用之貼現率由於報告期末之銀行存款利率加足夠之固定信貸息差而得出。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 31 Commitments

Capital commitments outstanding at 31 December 2020 not provided for in the financial statements were as follows:

#### 31 承擔

本集團於二零二零年十二月三十一日未於財務報表內撥備之未履行資本承擔如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Contracted but not provided for in the consolidated financial statements	已訂約但並未於綜合財務報表撥備		
- Land use rights	- 土地使用權	281,717	-
- Construction and development contracts	- 建築及開發合約	6,858,287	5,260,635
		<b>7,140,004</b>	5,260,635

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 32 Material related party transactions

During the year, other than those disclosed elsewhere, the Group had entered into the following significant transactions. Transactions with the following parties are considered to be related party transactions:

##### Name of related parties 關聯方姓名／名稱

Mr. Lin Rongbin  
林榮濱先生

Ms. Cheng Xuan  
程璇女士

Fuzhou Sansheng Property Co., Ltd.\*  
("Fuzhou Sansheng") and its subsidiaries  
福州三盛置業有限公司(「福州三盛」)及其附屬公司

Fujian Wuhe Investment & Development Co., Ltd.\*  
("Fujian Wuhe")  
福建五和建設發展有限公司(「福建五和」)

Fujian Bo En Property Group Company Limited\*  
("Fujian BE") and its subsidiaries  
福建伯恩物業集團有限公司(「福建伯恩」)  
及其附屬公司

Zhejiang Ao Sheng Property Development Co., Ltd.\*  
("Zhejiang Aosheng")  
浙江鰲盛房地產開發有限公司(「浙江鰲盛」)

Ping Yang Shi Ying Property Development Co., Ltd.\*  
("Ping Yang Shi Ying")  
平陽世盈房地產開發有限公司(「平陽世盈」)

\* The English translation of the name is for reference only. The official name of the entity is in Chinese.

##### (a) Key management personnel remuneration

The remuneration of executive directors and key management personnel is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends. Details of which together with the other 4 (2019: 3) highest paid management personnel are disclosed in notes 7 and 8 above.

#### 32 主要關聯方交易

年內，除另有披露者外，本集團已訂立以下重大交易。與以下各方的交易被視為關聯方交易：

##### Relationship 關係

Ultimate shareholder  
最終股東

The spouse of Mr. Lin Rongbin  
林榮濱先生的配偶

Companies controlled by Mr. Lin Rongbin and Ms. Cheng Xuan  
林榮濱先生及程璇女士控制的公司

Joint venture of companies controlled by Mr. Lin Rongbin  
林榮濱先生控制的公司的合營企業

Companies controlled by Mr. Lin Rongbin and Ms. Cheng Xuan  
林榮濱先生及程璇女士控制的公司

Joint venture  
合營企業

Joint venture  
合營企業

\* 英文譯名僅供參考。實體的中文名稱方屬其官方名稱。

##### (a) 主要管理人員薪酬

執行董事及主要管理人員之薪酬由本公司薪酬委員會按個別表現及市場趨勢釐定。其連同另外四名(二零一九年：三名)最高薪酬管理人員之薪酬詳情於上文附註7及8中披露。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 32 Material related party transactions (continued)

#### 32 主要關聯方交易(續)

##### (b) Transactions with other related parties

##### (b) 與其他關聯方之交易

Name of related parties 關聯方名稱	Nature of transactions 交易性質	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
Fuzhou Sansheng 福州三盛	Interest expense 利息開支	45,997	93,328
	Rental income from lease of properties 物業租賃租金收入	255	909
	Consultation service received 已收諮詢服務	–	1,657
	Construction service provided 已提供工程施工服務	5,670	–
	Design service provided 已提供工程設計服務	24	–
	Other service provided 已提供其他服務	–	1,321
Fujian BE 福建伯恩	Property management service received 已收物業管理服務	81,525*	46,842
Zhejiang Aosheng 浙江鵬盛	Project management consultancy service provided 已提供物業管理諮詢服務	731	2,265
Ping Yang Shi Ying 平陽世盈	Project management consultancy service provided 已提供物業管理諮詢服務	1,993	2,993
Fujian Wuhe 福建五和	Sales commission services provided 已提供銷售委託服務	–	1,999

\* The amount includes transactions with total amount of RMB14,129,000 which were incurred by the entities controlled by Mr. Lin Rongbin acquired by the Group before the completion of the reorganisation as mentioned in note 1(b). The amount is not considered as part of the continuing connected transactions.

\* 該金額包括本集團在附註1(b)所述重組完成前收購的林榮濱先生所控制實體產生的交易，總金額為人民幣14,129,000元。該金額概不會被視為持續關連交易的一部分。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 32 Material related party transactions (continued)

##### (c) Bank loans and other borrowings guaranteed by related parties

Guaranteed by related parties	由關聯方擔保
– Fuzhou Sansheng, Mr. Lin Rongbin and Ms. Cheng Xuan	– 福州三盛、林榮濱先生及程璇女士
– Fuzhou Sansheng	– 福州三盛
– Fuzhou Sansheng and Mr. Lin Rongbin	– 福州三盛及林榮濱先生
– Mr. Lin Rongbin and Ms. Cheng Xuan	– 林榮濱先生及程璇女士
– Mr. Lin Rongbin	– 林榮濱先生

#### 32 主要關聯方交易(續)

##### (c) 由關聯方擔保的銀行貸款及其他借款

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)
	7,648,005	4,385,864
	3,825,930	797,400
	2,099,000	1,794,000
	1,274,000	500,000
	5,000	–
	<b>14,851,935</b>	<b>7,477,264</b>

##### (d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Fujian BE, the construction and design services provided to Fuzhou Sansheng and guarantee provided to related parties as set out in note 26(ii) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the paragraphs headed "Connected transactions and Continuing Connected Transactions– Continuing Connected Transaction" of the Directors' Report.

In addition, the related party transactions in respect of financial assistance received by the Group and the relevant interest expense set out in notes 5(a), 22 and 26 to the financial statements also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules as they are (i) on normal commercial terms; and (ii) not secured by the assets of the Group.

##### (d) 與關連交易有關之上市規則之適用性

有關福建伯恩的關聯方交易、向福州三盛提供的工程施工及設計服務以及向關聯方提供的擔保(載於附註26(ii))構成上市規則第14A章所界定之關連交易或持續關連交易。上市規則第14A章所規定的披露於董事會報告「關連交易及持續關連交易–持續關連交易」段落提供。

此外，本集團所收取財務資助之關聯方交易及財務報表附註5(a)、22及26所載相關利息開支亦構成上市規則第14A章所界定之持續關連交易。然而，該等交易獲全面豁免遵守上市規則第14A章之股東批准、年度審閱及所有披露規定，此乃由於有關交易(i)按一般商業條款訂立；及(ii)並非以本集團資產作抵押。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 33 Contingent liabilities

As at the end of the reporting period, the Group has issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB6,582,855,000 (2019 (restated): RMB3,641,612,000), which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties.

The directors do not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors.

As at 31 December 2020, certain properties and share of a subsidiary of the Group are pledged as security for related parties to obtain loan facilities from banks and financial institutions (note 26).

#### 34 Immediate and ultimate controlling party

At 31 December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be Mega Regal Limited, which is incorporated in BVI. This entity does not produce financial statements available for public use.

#### 33 或然負債

於報告期末，本集團已向銀行發出擔保，以為物業買家之按揭安排作抵押。向銀行作出之未償還擔保金額為人民幣6,582,855,000元(二零一九年(經重列)：人民幣3,641,612,000元)，有關擔保將於完成向買方轉讓有關物業法定業權之程序後終止。

董事認為，由於在該等物業買家違約付款之情況下，銀行有權出售該物業並從銷售所得款項中收回未償還貸款餘額，故本集團不大可能因該等擔保而蒙受損失。本集團並無就該等擔保確認任何遞延收入，因董事認為其公平值屬微不足道。

於二零二零年十二月三十一日，本集團若干物業及一間附屬公司的股份已被抵押，作為關聯方向銀行及金融機構取得貸款融資的擔保(附註26)。

#### 34 直接及最終控股方

於二零二零年十二月三十一日，董事認為，本集團之直接母公司及最終控股方為於英屬處女群島註冊成立之Mega Regal Limited。該實體並無編製財務報表以供公眾使用。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 35 Company-level statement of financial position

#### 35 公司層面的財務狀況表

		Note 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<b>Non-current asset</b>	<b>非流動資產</b>			
Interest in a subsidiary	於一間附屬公司之權益		2,063,653	1,872,332
<b>Current assets</b>	<b>流動資產</b>			
Prepayments	預付款項		663	729
Cash and cash equivalents	現金及現金等價物		8,379	4,301
			9,042	5,030
<b>Current liabilities</b>	<b>流動負債</b>			
Accrued charges	應計費用		260	1,252
Interest payable	應付利息		19,936	26,051
Amount due to related parties	應付關聯方款項		116,581	-
Derivative financial liabilities	衍生金融負債		18,317	6,667
Bonds payable	應付債券		931,544	676,229
			1,086,638	710,199
<b>Net current liabilities</b>	<b>淨流動負債</b>		<b>(1,077,596)</b>	<b>(705,169)</b>
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>986,057</b>	<b>1,167,163</b>
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Bonds payable	應付債券		-	323,945
Derivative financial liabilities	衍生金融負債		-	14,018
			-	337,963
<b>Net assets</b>	<b>淨資產</b>		<b>986,057</b>	<b>829,200</b>
<b>Capital and reserves</b>	<b>資本及儲備</b>			
Share capital	股本	29	39,354	35,154
Reserves	儲備		946,703	794,046
<b>Total equity</b>	<b>總權益</b>		<b>986,057</b>	<b>829,200</b>



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(Expressed in Renminbi unless otherwise indicated) (除非另有說明，否則均以人民幣列示)

#### 36 Comparative figures

##### Application of merger accounting

As further explained in note 1(b) to the financial statements, due to the application of AG 5 in the current year, retrospective adjustments have been made and certain comparative amounts have been restated to conform with the current year's presentation.

#### 37 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

#### 36 比較數字

##### 應用合併會計處理方法

誠如財務報表附註1(b)進一步闡述，由於在本年度應用會計指引第5號，為遵照本年度的呈列，已作出追溯調整及重列若干比較金額。

#### 37 截至二零二零年十二月三十一日止年度已頒佈但尚未生效之修訂、新訂準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈多項修訂、新訂準則及詮釋，該等修訂、新訂準則及詮釋於截至二零二零年十二月三十一日止年度尚未生效，且於此等財務報表並未採用。以下為可能與本集團有關之準則。

**Effective for  
accounting periods  
beginning on or after  
於以下日期或之後  
開始之會計期間生效**

Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i> 香港財務報告準則第3號之修訂「概念框架的提述」	1 January 2022 二零二零年一月一日
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i> 香港會計準則第16號之修訂「物業、廠房及設備：擬定用途前所得款項」	1 January 2022 二零二零年一月一日
Amendments to HKAS 37, <i>Onerous Contracts — Cost of Fulfilling a Contract</i> 香港會計準則第37號之修訂「繁重合約—履行合約的成本」	1 January 2022 二零二零年一月一日
Annual Improvements to HKFRSs 2018-2020 Cycle 香港財務報告準則二零一八年至二零二零年週期之年度改進	1 January 2022 二零二零年一月一日

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團現正評估該等發展於首次應用期間預期產生之影響。迄今為止，可總結採納該等準則不大可能對綜合財務報表造成重大影響。

## Five-Year Group Financial Summary

### 五年集團財務摘要

#### Results

For the year ended 31 December

#### 業績

截至十二月三十一日止年度

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Turnover	營業額	8,778,600	2,337,641	2,111,930	-	-
Profit(loss) attributable to equity shareholder of the Company	本公司權益股東應佔溢利/(虧損)	809,237	39,906	(145,930)	(16)	(26,645)
Earnings(loss) per share (RMB) – Basic	每股盈利/(虧損)(人民幣) – 基本	1.65	0.08	(0.33)	(0.00)	(0.06)

#### Assets and liabilities

At 31 December

#### 資產及負債

於十二月三十一日

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元 (restated) (經重列)	2018 二零一八年 RMB'000 人民幣千元 (restated) (經重列)	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	非流動資產	4,957,348	3,887,909	3,690,916	1,749,506	1,171,339
Current assets	流動資產	51,619,034	29,834,320	23,135,959	12,911,636	475,417
Current liabilities	流動負債	(33,910,844)	(25,417,416)	(18,291,897)	(8,809,894)	(181,107)
Non-current liabilities	非流動負債	(16,503,634)	(6,111,086)	(6,511,945)	(4,367,811)	(132,609)
Net assets	淨資產	6,161,904	2,193,727	2,023,033	1,483,437	1,333,040

Note:

As set out in Note 1(b) to the financial statements, the Group has applied AG5 to account for business combination under common control in current year and retrospective adjustments have been made. The financial information for the assets and liabilities of 2019 and 2018 and the results of 2019 have been restated accordingly to conform with the current year's presentation. For the interests of shareholders, financial information for assets and liabilities for 2016 and 2017 and the results for 2016, 2017 and 2018 are not restated.

附註：

財務報表附註1(b)載列，本集團已應用會計指引第5號將本年度共同控制業務合併入賬，並已作出追溯調整。二零一九年及二零一八年的資產及負債財務資料以及二零一九年的業績已相應重列，以與本年度之呈列一致。為保障投資者利益，二零一六年及二零一七年的資產及負債財務資料以及二零一六年、二零一七年及二零一八年的業績並無重列。

**THE COMPANY**

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