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

For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

金輝控股
RADIANCE HOLDINGS

Radiance Holdings (Group) Company Limited
金輝控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9993)

US$300,000,000 7.8% SENIOR GREEN NOTES DUE 2024

(the "Notes", Stock Code: 40847)

PUBLICATION OF THE OFFERING MEMORANDUM

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Please refer to the offering memorandum dated 13 September 2021 (the "**Offering Memorandum**") appended herein in relation to the issuance of the Notes. As disclosed in the Offering Memorandum, the Notes were intended for purchase by professional investors only and have been listed on the Stock Exchange on that basis. Accordingly, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) (each as defined in the Offering Memorandum) confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

By order of the board of directors
Radiance Holdings (Group) Company Limited
Lam Ting Keung
Chairman

Hong Kong, 21 September 2021

As at the date of this announcement, the board comprises four executive directors, namely, Mr. Lam Ting Keung, Mr. Lam Yu, Mr. Chen Chaorong and Mr. Huang Junquan and three independent non-executive directors, namely, Mr. Zhang Huaqiao, Mr. Tse Yat Hong and Mr. Chung Chong Sun.

IMPORTANT NOTICE

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

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

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

The following offering memorandum is not a prospectus for the purposes of the European Union's Directive Regulation (EU) 2017/1129.

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

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

Confirmation and your representation: In order to be eligible to view the attached document or make an investment decision with respect to the securities, investors must be outside the United States. By accepting the e-mail and accessing the attached document, you shall be deemed to have represented to us that (1) you and any customers you represent are outside the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of the attached document by electronic transmission.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction. The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited, BOCOM International Securities Limited, Merrill Lynch (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, CMB International Capital Limited, Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Huatai Financial Holdings (Hong Kong) Limited, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited, BOCI Asia Limited, China CITIC Bank International Limited, CMBC Securities Company Limited, FUTEC Financial Limited, TFI Securities and Futures Limited, Vision Capital International Holdings Limited and YONXI Securities Limited, any person who controls it or any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

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

OFFERING MEMORANDUM **CONFIDENTIAL**

US$300,000,000

Radiance Holdings (Group) Company Limited
金輝控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

7.8% SENIOR GREEN NOTES DUE 2024

ISSUE PRICE: 99.555%

Our 7.8% Senior Green Notes due 2024 (the "Notes") will bear interest at the rate of 7.8% per annum payable in arrears on March 20 and September 20 of each year, commencing March 20, 2022 and will mature on March 20, 2024.

The Notes are senior obligations of Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司) (the "Company") guaranteed (the "Subsidiary Guarantees") by our existing subsidiaries (the "Subsidiary Guarantors") other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in "Description of the Notes."

At any time and from time to time prior to March 20, 2024, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.8% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, we may at our option redeem the Notes, in whole but not in part, at any time prior to March 20, 2024 at a redemption price equal to 100% of the principal amount of the Notes plus a premium as set forth in this offering memorandum and accrued and unpaid interest if any, to (but not including) the redemption date. 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 will be (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (2) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); (3) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined in the Description of the Notes).

For a more detailed description of the Notes. See "Description of the Notes."

The Notes are being issued as "Green Bonds" under our Green Finance Framework. See the section entitled "Notes Being Issued as Green Bonds" beginning on page 61.

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See the section entitled "Risk Factors" beginning on page 16 and particularly pages 45-59 for risks relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. See "Risk Factors" beginning on page 16.

Application will be made to The Stock Exchange of Hong Kong Limited (the "SEHK") for the listing of, and permission to deal in the Notes (as defined herein) by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) ("Professional Investors") only. This offering memorandum is for distribution to Professional Investors only. **Notice to Hong Kong investors**: The Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirms that the Notes are intended for purchase by Professional Investors only and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this offering memorandum, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this offering memorandum to Professional Investors only have been reproduced in this document. Listing of the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company, the Group, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the content of this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act"), and may not be offered or sold within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes are being offered and sold by the Initial Purchasers only outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S"). For a description of certain restrictions on resale or transfer, see "Transfer Restrictions."

The Notes are expected to be rated B2 by Moody's Investors Services and B by Standard & Poor's Rating Services. We have been assigned a long-term corporate credit rating of B1 with a stable outlook by Moody's Investors Service and a long-term corporate credit rating of B+ with a stable outlook by Standard and Poor's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

With reference 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") promulgated by National Development and Reform Commission (the "NDRC") of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Notes with the NDRC and obtained certificates from the NDRC on December 14, 2020 and March 18, 2021 evidencing such registration. Pursuant to the registration certificates, we will cause relevant information relating to the issue of the Notes to be reported to the NDRC within ten PRC working days after the issue date of the Notes.

It is expected that delivery of the Notes will be made on or about September 20, 2021 through the book-entry facilities of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Guotai Junan International **China International Capital Corporation** **Haitong International** **BOCOM International**

BofA Securities **China Merchants Securities (HK)** **CMB International**

Credit Suisse **Deutsche Bank** **HSBC** **Huatai International** **Morgan Stanley** **Nomura** **Orient Securities (Hong Kong)**

BOC International **China CITIC Bank International** **CMBC Capital** **FUTEC Financial** **TF International** **Vision Capital International** **YONXI Securities**

Sole Green Finance Structuring Advisor

Haitong International

The date of this offering memorandum is September 13, 2021

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

This offering memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129.

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

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

IN CONNECTION WITH THIS OFFERING, ANY ONE OF THE INITIAL PURCHASERS APPOINTED AND ACTING IN THE CAPACITY AS STABILIZATION MANAGERS OR ANY PERSON ACTING FOR THEM (THE "STABILIZATION MANAGERS"), MAY PURCHASE

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

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

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

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

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

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

No representation or warranty, express or implied, is made or given by Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited, BOCOM International Securities Limited, Merrill Lynch (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, CMB International Capital Limited, Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Huatai Financial Holdings (Hong Kong) Limited, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited, BOCI Asia Limited, China CITIC Bank International Limited, CMBC Securities Company Limited, FUTEC Financial Limited, TFI Securities and Futures Limited, Vision Capital International Holdings Limited and YONXI Securities Limited (the "Initial Purchasers"), China Construction Bank (Asia) Corporation Limited, as trustee (the "Trustee") or any of their respective affiliates or advisers as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation or warranty, whether as to the past or the future. Neither the Initial Purchasers nor the Trustee has independently verified any of the information contained in this offering memorandum or can give any assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, neither the Initial Purchasers nor the Trustee accepts any responsibility for the contents of this offering memorandum or for any statement made or purported to be made by the Initial Purchasers, the Trustee or on their behalf in connection with the Company, the Subsidiary Guarantors or the issue and offering of the Notes. The Initial Purchasers and the Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

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

Data Protection

Under the Cayman Islands Data Protection Act (as amended) and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the "Data Protection Legislation"), individual data subjects have rights and the Issuer as data controller has obligations with respect to the processing of personal data by the Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Issuer could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Issuer in order for an investment in the Notes to continue or to enable the Notes to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Notes or to redeem the Notes.

The Issuer has published a privacy notice (the "Data Privacy Notice"), which provides prospective investors with information on the Issuer's use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the "General Information" Section of this offering memorandum.

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

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

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own professional advisers for legal, business, tax and other advice regarding an investment in the Notes.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we," "us," "our," the "Company," the "Group" and words of similar import, we are referring to Radiance Holdings (Group) Company Limited(金輝控股(集團)有限公司)itself and its consolidated subsidiaries, as the context requires. In this offering memorandum, references to the "Board" or "Board of Directors" refer to the board of directors of the Company.

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

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

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollar amounts were made at the rate of RMB6.4566 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2021, and all translations from H.K. dollar amounts into U.S. dollar amounts were made at the rate of HK$7.7658 to US$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2021. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate, or at all. For further information relating to the exchange rates, see "Exchange Rate Information."

References to "BVI" in this offering memorandum are to the British Virgin Islands.

References to "COVID-19" in this offering memorandum are to the disease caused by severe acute respiratory syndrome coronavirus 2.

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

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

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

References to "IFRS" are to International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board.

References to "Reorganization" are to the corporate reorganization we underwent before our initial public offering listed on the SEHK in October 2020.

References to "CBRC" or "CBIRC" are to, China Banking Regulatory Commission (中國銀行業監督管理委員會), currently consolidated into the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會).

References to "EIT" are to enterprise income tax in the PRC. References to "EIT Law" are to, the PRC Enterprise Income Tax Law.

References to "MOFCOM" are to Ministry of Commerce of the PRC (中華人民共和國商務部).

References to "MOHURD" are to Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)(previously Ministry of Construction of the PRC (中華人民共和國建設部) before March 15, 2008).

References to "NDRC" are to National Development and Reform Commission (中華人民共和國發展和改革委員會).

References to "PBOC" are to People's Bank of China (中國人民銀行).

References to "SAFE" are to the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局).

References to "SAFE Circular No. 37" are to the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investments by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE on July 4, 2014.

References to "SAT" are to the State Administration of Taxation of the People's Republic of China (中華人民共和國國家稅務總局).

References to "State Council" are to the PRC State Council (中華人民共和國國務院).

References to "2019 Notes" are to the 11.75% senior notes due 2021 issued by Radiance Capital Investments Limited (金輝資本投資有限公司) on October 31, 2019 in the aggregate principal amount of US$250,000,000.

References to "January 2020 Notes" are to the 10.50% senior notes due 2022 issued by Radiance Capital Investments Limited (金輝資本投資有限公司) on January 16, 2020 in the aggregate principal amount of US$300,000,000.

Reference to the "June 2020 Notes" are to the 8.8% senior notes due 2023 issued by Radiance Capital Investments Limited（金輝資本投資有限公司）on June 17, 2020 in the aggregate principal amount of US$250,000,000.

In this offering memorandum, unless the context otherwise requires, all references to "Affiliate" are to person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to "subsidiary" are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK"), as amended (the "Listing Rules"), which includes: (i) a "subsidiary undertaking" as defined in Schedule 1 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), (ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable, and (iii) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable; all references to "associate" are used with the meaning ascribed thereto under the Listing Rules, which includes: (i) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power, (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director of our Company, chief executive or substantial shareholder of a listed issuer; and all references to "controlling shareholder" are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our board of directors, and "controlling interest" will be construed accordingly.

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

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

FORWARD-LOOKING STATEMENTS

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

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

In some cases, you can identify forward-looking statements by such terminology as "may," "will," "should," "could," "would," "expect," "intend," "plan," "anticipate," "going forward," "ought to," "seek," "project," "forecast," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled "Risk Factors" in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

ENFORCEMENT OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability, and each Subsidiary Guarantor and JV Subsidiary Guarantor (if any) is also incorporated or may be incorporated, as the case may be, outside the United States, such as the BVI and Hong Kong. The Cayman Islands, BVI, Hong Kong and other jurisdictions have different bodies of securities laws from the United States and protections for investors may differ.

All of our assets and all of the assets of the initial Subsidiary Guarantors are, and all of the assets of any future Subsidiary Guarantors or JV Subsidiary Guarantors may be, located outside the United States. In addition, all of our directors and officers and the directors and officers of the initial Subsidiary Guarantors are, and the directors and officers of any future Subsidiary Guarantors or JV Subsidiary Guarantors may be, nationals or residents of countries other than the United States (principally of the PRC), and all or a substantial portion of such persons' assets are or may be located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the initial Subsidiary Guarantors or future Subsidiary Guarantors or JV Subsidiary Guarantors or such directors and officers or to enforce against us or any of the initial Subsidiary Guarantors or future Subsidiary Guarantors or JV Subsidiary Guarantors or such directors and officers judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

We and each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) expect to appoint Cogency Global Inc. as our and their respective agent to receive service of process with respect to any action brought against us or any such Subsidiary Guarantor or JV Subsidiary Guarantor in the United States federal courts located in the Borough of Manhattan, The City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or any such Subsidiary Guarantor or JV Subsidiary Guarantor in the courts of the State of New York in the Borough of Manhattan, The City of New York under the securities laws of the State of New York.

We have been advised by our Cayman Islands legal advisor, Walkers (Hong Kong), that a judgment obtained in a court of the United States will be recognized and enforced in the courts of the Cayman Islands without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands, where the judgment: (a) is final and conclusive; (b) is one in respect of which such United States courts had jurisdiction over the defendant according to Cayman Islands conflict of law rules; (c) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in person and non-money relief; and (d) was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

We have been advised by our British Virgin Islands legal advisor, Walkers (Hong Kong), that any final and conclusive judgment obtained in a court of the United States for either a liquidated sum (not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations), or in certain circumstances, for in person and non-money relief, such judgment will be recognized and enforced in the courts of the British Virgin Islands without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the courts of the British Virgin Islands, provided that (a) the judgment had not been wholly satisfied, (b) that United States court had jurisdiction in the matter and the Subsidiary Guarantors incorporated in the British Virgin Islands either submitted to the jurisdiction of that United States court or was resident or carrying on business within such jurisdiction and was duly served with process, (c) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of a court, (d) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy or for some other similar reason the judgment could not have been entertained by the courts of the British Virgin Islands; (e) the proceedings pursuant to which judgment was obtained were not contrary to natural justice; and (f) applicable rules of British Virgin Islands law permit service out on the debtor in question.

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

(i) was obtained by fraud;

(ii) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);

(iii) is contrary to public policy or natural justice in Hong Kong;

(iv) is based on foreign penal, revenue or other public law; or

(v) falls within Section 3(1) of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong).

We have also been advised by Beijing DeHeng Law Offices, our PRC legal adviser, that there is uncertainty as to whether the courts of China would (i) enforce judgments of U.S. courts obtained against us, our directors or officers, any Subsidiary Guarantor, any JV Subsidiary Guarantor or their respective directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, any Subsidiary Guarantor, any JV Subsidiary Guarantor or their respective directors or officers predicated upon the U.S. federal or state securities laws.

GLOSSARY OF TECHNICAL TERMS

This glossary contains terms used in this offering memorandum in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ABS"	asset-backed securities
"ASP"	average selling price
"Bohai Economic Rim"	a geographical region in China covering Beijing and Tianjin Municipalities, Hebei, Shandong, Liaoning Provinces and Jiangsu Province (North) for purposes of this Offering Memorandum
"building ownership certificate"	building ownership certificate (房屋所有權證), a certificate issued by relevant authorities with respect to building ownership rights
"CAGR"	compound annual growth rate
"commercial property(ies)"	for purposes of this Offering Memorandum, property(ies) designated for commercial use
"completion certificate"	the construction work completion inspection acceptance certificate (房屋建築工程竣工驗收備案表), issued by local urban construction bureaus or relevant authorities in China in connection with the completion of property development projects
"construction land planning permit"	the construction land planning permit (建設用地規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction land
"construction work commencement permit"	the construction work commencement permit (建築工程施工許可證), issued by local construction bureaus or relevant authorities in China in connection with the commencement of construction work
"construction work planning permit"	the construction work planning permit (建設工程規劃許可證), issued by local urban zoning and planning bureaus or relevant authorities in China in connection with the planning of construction work
"first-tier cities"	cities specified by the MOHURD as such, being Beijing, Shanghai, Shenzhen and Guangzhou. The first-tier cities where our Group has property projects include Beijing and Shanghai
"GDP"	gross domestic product
"GFA"	gross floor area
"Jiangsu Province (North)"	a geographical region in Jiangsu Province covering Yancheng, Huai'an, Lianyungang and Xuzhou for purposes of this Offering Memorandum
"Jiangsu Province (South)"	a geographical region in Jiangsu Province covering Nanjing, Suzhou, Yangzhou and Zhenjiang for purposes of this Offering Memorandum
"land grant contract"	the state-owned land use right grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities

"land use right certificate"	the state-owned land use right certificate (國有土地使用證), a certificate (or certificates, as the case may be) concerning one's right to use a parcel of land
"LAT"	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例實施細則》)
"Northwestern China"	a geographical region in China covering Shaanxi, Henan, Shanxi and Gansu Provinces for purposes of this Offering Memorandum
"plot ratio"	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
"pre-sales permit"	commodity property pre-sales permit (商品房預售許可證), a permit issued by local housing and building administrative bureaus or relevant authorities in China in connection with pre-sales of properties under construction
"residential property(ies)"	for purposes of this Offering Memorandum, property(ies) designated for residential use
"second-tier cities"	the major cities in China defined by the PRC National Statistics Bureau that are either provincial capitals, direct-controlled municipalities or sub-provincial cities or have strong economic and business performance as defined by China Business Network. The second-tier cities where our Group has property projects include Shenyang, Tianjin, Shijiazhuang, Zhengzhou, Xi'an, Xuzhou, Yangzhou, Nanjing, Hefei, Suzhou, Hangzhou, Shaoxing, Ningbo, Wuhan, Chengdu, Chongqing, Changsha, Fuzhou, Quanzhou, Huizhou, Wuxi and Foshan
"Southern China"	a geographical region in China covering Guangdong, Guangxi, Fujian and Hainan Provinces for purposes of this Offering Memorandum
"Southwestern China"	a geographical region in China covering Chongqing Municipality, Sichuan, Hunan, Hubei and Anhui Provinces for purposes of this Offering Memorandum
"sq.m."	square meter(s)
"Yangtze River Delta"	a geographical region in China covering Shanghai Municipality, Zhejiang Province and Jiangsu Province (South) for purposes of this Offering Memorandum
"%"	per cent

SUMMARY

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

OVERVIEW

We are a reputable large property developer with national presence, regional focus and leading positions in select cities, and we focus on providing quality residential properties to first-time homebuyers and first-time upgraders. With over 20 years' experience, we have expanded our operations into eight regions with strong economic growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta. We were ranked 36th in terms of comprehensive strengths among "2020 China's Top 50 Real Estate Developers" and were ranked as one of "China's Top 10 Real Estate Developers of Comprehensive Strength" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2020. We were ranked 37th in terms of comprehensive strengths among "China's Top 100 Real Estate Developers" by the Enterprise Research Institute of Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2020, representing an improvement from the 38th place in 2019. We were also awarded "China's Top 30 Real Estate Developers of Brand Value" and "China's Top 10 Real Estate Developers of Brand Value's Growth Potential" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2018 and 2019, respectively. We were ranked as one of "China's Top 50 Real Estate Developers" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute for seven consecutive years since 2014.

We strategically focus on providing quality and diversified residential properties to first-time homebuyers and first-time upgraders. We offer four residential property series to meet the differentiated needs and preferences of our target customers. New Block series (優步系) features creative and modern design with efficient use of interior spaces. Elite's Mansion series (雲著系) features the integration of smart-living facilities and artistic design to provide comfortable, convenient and smart-living experience to our customers. King's Garden series (銘著系) targets high-end customers, and we engage world-renowned architectural design firms to deliver an advanced design and a quality living experience. The Metropolitan series (大城系) features large-scale complexes of residential properties with commercial areas in the vicinity, aiming to build an integrated community offering a convenient and cozy living experience. We believe our proven track record is attributable to our strong execution capabilities and in-depth understanding of the markets and development trends in the regions in which we operate. We believe that over the years we have built a highly recognized brand name and accumulated a large customer base by consistently delivering quality properties to our customers.

As of June 30, 2021, we had 216 property development projects at various stages of development, among which, 167 projects developed by our subsidiaries and 49 projects developed by our joint ventures and associates. As of June 30, 2021, our property development projects had a total GFA attributable to us of 33,070,760 sq.m., comprising (i) GFA available for sale, rentable GFA and rentable GFA for property investment for completed projects of 4,266,320 sq.m.; (ii) planned GFA for properties under development of 19,069,186 sq.m.; and (iii) estimated GFA for properties held for future development of 9,735,254 sq.m. As of June 30, 2021, 97.9% of (iii) total GFA attributable to us was located in second-tier cities and core third-tier cities. We believe that our large- scale and strategically located land bank will further contribute to our business growth. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our revenue amounted to RMB15,971.2 million, RMB25,963.1 million, RMB34,875.2 million, RMB11,153.0 million and RMB16,066.4 million (US$2,488.4 million), respectively. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our profit for the year/period amounted to RMB2,299.9 million, RMB2,690.0 million, RMB3,819.1 million, RMB1,045.7 million and RMB2,012.4 million (US$311.7 million), respectively, representing a CAGR of 10.0%.

OUR STRENGTHS

We believe our primary competitive strengths are:

- a reputable large property developer with national presence, regional focus and leading positions in select cities;
- quality land bank attributable to prudent land acquisition strategy and flexible and efficient land acquisition methods;
- focus on providing quality and diversified residential properties to first-time homebuyers and first-time upgraders;
- rapid asset turnover underpinned by standardized development processes and strong execution capabilities;
- stable and diversified financing channels; and
- experienced senior management team and highly qualified talents.

OUR STRATEGIES

Our mission is to "build properties with craftsmanship and make better homes（用心建好房，讓家更美好）", and we are devoted to improving the quality of our products and services through continuous innovation. We aim to become a trustworthy leading property developer in the PRC. To achieve our goal, we intend to implement the following strategies:

- continue to focus on key regions and further strengthen our market position;
- continue to expand quality land bank through diversified land acquisition methods;
- continue to enhance the competitiveness of our products in design and quality and empower our products with smart technology to improve customer satisfaction;
- continue to implement prudent financial policies, optimize capital structure and improve shareholder returns; and
- expand our talent pool to improve efficiency and performance.

RECENT DEVELOPMENTS

The Recent Coronavirus Epidemic Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. The COVID-19 pandemic has adversely affected the livelihood of many people in and the economy of the PRC. The PRC central and local governments have taken various measures, including travel restrictions, to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. The PRC real estate market is under pressure in the short term as the COVID-19 pandemic has curbed demand and pre-sales. As a result of the timely and effective implementation of these measures, the PRC government has subsequently lowered emergency response levels to the COVID-19 pandemic since late March 2020, allowing businesses and factories to gradually reopen. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected.

As a result of the COVID-19 pandemic, since late January 2020 and up to mid-April 2020, we had suspended the construction activities for our property development projects in compliance with the governmental requirements. Since April 2020, China has gradually lifted the restrictive measures and began to resume work and school at varying levels and scopes. Our construction and pre-sale activities have gradually resumed to normal operation. The outbreak is however far from over, and in different countries, is showing signs of resurgence and further waves of infections are recorded from time to time. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. See "Risk Factors – Risks Relating to Doing Business in the PRC – The COVID-19 pandemic may adversely affect the PRC economy, the PRC real estate industry and our business operations."

Second Tranche 2021 Public Corporate Bonds

On July 29, 2021, Radiance Group issued the second tranche of the 2021 Public Corporate Bonds in an aggregate principal amount of RMB850 million (the "Second Tranche 2021 Public Corporate Bonds"). On August 3, 2021, the Second Tranche 2021 Public Corporate Bonds were listed on the Shanghai Stock Exchange. See "Description of Other Material Indebtedness – Onshore Corporate Bonds – 2021 Public Corporate Bonds" for details.

SWS MU – Radiance Commercial Properties Asset-backed Securities Program

On July 30, 2021, Radiance Group established the SWS MU – Radiance Commercial Properties Asset-backed Securities Program (the "ABS program"), of which SWS MU (Shanghai) Asset Management Co., Ltd. is the manager of the ABS Program. The senior A tranche is issued in the principal amount of RMB720 million with a coupon rate of 6% per annum and a tenure of 18 years. The senior B tranche is issued in the principal amount of RMB980 million with a coupon rate of 6.5% per annum and a tenure of 18 years. The subordinated tranche is issued in the principal amount of RMB50 million with no fixed coupon rate and a tenure of 18 years. The total size of the ABS Program is RMB1.75 billion and it was listed on the Shanghai Stock Exchange on September 3, 2021.

Land Acquisition

Subsequent to June 30, 2021, we have acquired the following major projects. The following table sets forth certain information regarding these projects:

City	Location	The Group's equity interest	Site Area	Floor Area Ratio
		(%)	*(sq.m.)*	*(sq.m.)*
Shaoxing	Northeastern Plot on the intersection of Biya Road and Biyu Road, High-tech Zone, Xinchang County 新昌縣高新園區碧芽路與碧玉路交叉口東北側地塊	100%	29,365.00	2
Huai'an	Northern Plot of Huai'an City Plaza 淮安城市廣場北地塊	60%	46,677.00	2.5
Huai'an	Southern Plot of Huai'an City Plaza 淮安城市廣場南地塊	60%	47,869.00	2.5
Hefei	Plot FX202109, Feixi 肥西FX202109地塊	100%	60,000.00	1.9
Quanzhou. . . .	Plot 2021S-13 of Northern Shishi City, Quanzhou 泉州石獅城北2021S-13地塊	85%	21,879.00	2.8
Quanzhou. . . .	Plot 2021S-14 of Northern Shishi City, Quanzhou 泉州石獅城北2021S-14地塊	85%	19,646.00	2.8
Fuzhou	Jingxi Block of Minhou, Fuzhou 福州閩侯荊溪地塊	100%	22,088.00	1.8

GENERAL INFORMATION

We were incorporated in the Cayman Islands on October 17, 2019, as an exempted company with limited liability. Our shares have been listed on the SEHK since October 29, 2020. Our principal place of business in Hong Kong is at Unit 6701-02, 67/F, The Center, 99 Queen's Road Central, Central, Hong Kong. Our head office in the PRC is at 42/F, Radiance Plaza, Qiyang Road, Wangjing, Chaoyang District, Beijing China. Our registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our website is *http://www.radiance.com.cn.* Information contained on our website does not constitute part of this offering memorandum.

THE OFFERING

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

Issuer	Radiance Holdings (Group) Company Limited (the "Company").
Notes offered	US$300,000,000 aggregate principal amount of 7.8% Senior Green Notes due 2024 (the "Notes").
Issue Price	99.555% of the principal amount of the Notes.
Maturity Date	March 20, 2024.
Interest	The Notes will bear interest from and including September 20, 2021 at the rate of 7.8% per annum, payable semi-annually in arrears.
Interest Payment Dates . . .	March 20 and September 20 of each year, commencing March 20, 2022.
Ranking of the Notes	The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations described under "Risk Factors – Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees" and "Description of the Notes – The Subsidiary Guarantees and JV Subsidiary Guarantors;"
- effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees . . .	Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The initial Subsidiary Guarantors on the Original Issue Date consist of all of the Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC and the Initial Non-Guarantor Subsidiaries. All of the initial Subsidiary Guarantors are holding companies that do not have significant operations. See "Risk Factors – Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees – Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees." Any future Restricted Subsidiary, as defined under "Description of the Notes – Certain Definitions" (other than subsidiaries organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), will guarantee the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor as soon as practicable after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary, provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets. A Subsidiary Guarantee may be released or replaced in certain circumstances. See "Description of the Notes – The Subsidiary Guarantees – Release of the Subsidiary Guarantees and JV Subsidiary Guarantees." In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, provided that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the Subsidiary Guarantors whose Subsidiary Guarantees were released) (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets.
Ranking of Subsidiary Guarantees	The Subsidiary Guarantee of each Subsidiary Guarantor: • is a general obligation of such Subsidiary Guarantor;

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

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;

- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and

- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Ranking of JV Subsidiary Guarantees . . . .

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

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor will:

- be a general obligation of such JV Subsidiary Guarantor;

- be enforceable only up to the JV Entitlement Amount;

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

- be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment of such JV Subsidiary Guarantee;

- be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and

- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Use of Proceeds . . . .

We plan to use the proceeds from this offering to refinance our existing indebtedness and in accordance with our Green Finance Framework.

Green Bonds.	The Notes are being issued as "Green Bonds" under our Green Finance Framework. See the section entitled "Notes Being Issued as Green Bonds."
Optional Redemption	At any time prior to March 20, 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined under "Description of the Notes") as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to March 20, 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107.8% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.
Repurchase of Notes Upon a Change of Control Triggering Event	Not later than 30 days following a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.
Additional Amounts.	All payments of principal of, and premium (if any) and interest on the Notes or under any Subsidiary Guarantee or any JV Subsidiary Guarantee 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 "Description of the Notes – Consolidation, Merger and Sale of Assets") or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, the PRC (each, as applicable, a "Relevant Jurisdiction"), or any jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. Subject to certain exceptions, in the event that any such withholding or deduction is so required, Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such 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
Redemption for Taxation Reason	Subject to certain exceptions, the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See "Description of the Notes – Redemption for Taxation Reasons."

Covenants	The Notes and the Indenture limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things: • incur or guarantee additional indebtedness and issue disqualified or preferred stock; • make investments or other specified restricted payments; • issue or sell capital stock of Restricted Subsidiaries; • guarantee indebtedness of Restricted Subsidiaries; • sell assets; • create liens; • enter into sale and leaseback transactions; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; • enter into transactions with shareholders or affiliates; and • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes – Certain Covenants."
Transfer Restrictions	The Notes will not be registered under the U.S. Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Transfer Restrictions."
Form, Denomination and Registration.	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of a common depositary for Euroclear and Clearstream.
Clearance and Settlement .	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "Description of the Notes – Book-Entry; Delivery and Form."
Delivery of the Notes. . . .	The Company expects to make delivery of the Notes, against payment in same-day funds on or about September 20, 2021 which the Company expects will be the fifth business day following the date of this offering memorandum referred to as "T+5". You should note that initial trading of the Notes may be affected by the T+5 settlement.
Listing.	Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.

Ratings	The Notes are expected to be rated "B2" by Moody's Investors Service and "B" by Standard & Poor's Ratings Services. A rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Trustee	China Construction Bank (Asia) Corporation Limited.
Paying and Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited.
Governing Law	The Notes and the Indenture are governed by and construed in accordance with the laws of the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."

Security Codes . . . .

ISIN	**Common Code**
XS2384610577	238461057

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated income statement data for the years ended December 31, 2018, 2019 and 2020 and the summary consolidated statements of financial position as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our audited consolidated financial statements for such years and as of such dates, as audited by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. The summary financial data as of and for the six months ended June 30, 2020 and 2021 (except for EBITDA data) are derived from our unaudited condensed consolidated interim financial information for the six months ended and as of June 30, 2021, which have been reviewed by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. Consequently such unaudited condensed consolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit and should not be taken as an indication of the expected financial condition, results of operations and results of the Company for the full financial year ended December 31, 2021. Our financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period.

SUMMARY CONSOLIDATED INCOME STATEMENT AND OTHER FINANCIAL DATA

	Year Ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
	(in thousands, except for percentages)						
				(unaudited)			(unaudited)
Revenue	**15,971,183**	**25,963,108**	**34,875,174**	**5,401,477**	**11,153,011**	**16,066,445**	**2,488,375**
Cost of sales	(11,145,666)	(20,300,888)	(27,162,266)	(4,206,899)	(8,605,131)	(12,673,144)	(1,962,820)
Gross profit	**4,825,517**	**5,662,220**	**7,712,908**	**1,194,577**	**2,547,880**	**3,393,301**	**525,555**
Finance income	213,893	100,431	95,302	14,760	33,541	96,961	15,017
Other income and gains	68,577	187,641	436,406	67,591	16,471	87,664	13,577
Selling and distribution expenses	(519,332)	(771,495)	(1,152,834)	(178,551)	(330,067)	(509,407)	(78,897)
Administrative expenses	(795,006)	(988,052)	(1,196,128)	(185,257)	(451,698)	(481,001)	(74,498)
Finance costs	(571,509)	(494,863)	(525,246)	(81,350)	(166,255)	(96,544)	(14,953)
Other expenses	(101,646)	(49,065)	(80,592)	(12,482)	(128,218)	(24,338)	(3,769)
Fair value gains on investment properties	616,536	480,869	437,006	67,684	175,406	501,186	77,624
Fair value (losses)/gains from financial assets at fair value through profit or loss	3,102	(266)	(77)	(12)	238	(5,993)	(928)
Share of profits and losses of:							
Joint ventures	(24,121)	510,165	992,533	153,724	126,779	30,309	4,694
Associates	(65,674)	(68,769)	(182,519)	(28,269)	(36,377)	191,277	29,625
Profit before tax	**3,650,337**	**4,568,816**	**6,536,759**	**1,012,415**	**1,787,700**	**3,183,415**	**493,048**
Income tax expense	(1,350,460)	(1,878,828)	(2,717,686)	(420,916)	(742,012)	(1,171,050)	(181,373)
Profit for the year	**2,299,877**	**2,689,988**	**3,819,073**	**591,499**	**1,045,688**	**2,012,365**	**311,676**
Attributable to:							
Owners of the parent	2,007,939	2,508,068	3,127,526	484,392	607,812	1,825,266	282,698
Non-controlling interests	291,938	181,920	691,547	107,107	437,876	187,099	28,978
	2,299,877	2,689,988	3,819,073	591,499	1,045,688	2,012,365	311,676
Other Financial Data (Unaudited)							
EBITDA[1]	5,541,848	7,345,426	9,453,745	1,464,199	3,077,272	4,285,534	663,745
EBITDA margin[2]	35%	28%	27%	27%	28%	27%	27%

Notes:

(1) EBITDA for any period consists of profit before tax plus finance costs and depreciation, amortization expenses and interest capitalized in cost of sales. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

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

SUMMARY CONSOLIDATED FINANCIAL POSITION DATA

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
			(in thousands)			
				(unaudited)		(unaudited)
NON-CURRENT ASSETS						
Property, plant and equipment	392,712	375,297	354,532	54,910	340,312	52,708
Right-of-use assets	141,891	133,728	121,185	18,769	121,381	18,800
Investment properties	9,735,264	10,506,200	10,952,600	1,696,342	13,784,000	2,134,870
Intangible assets	20,478	18,276	17,609	2,727	20,653	3,199
Investments in joint ventures	1,205,068	1,736,684	2,461,115	381,178	3,052,998	472,849
Investments in associates	1,892,847	2,341,967	4,911,875	760,753	5,461,685	845,907
Financial assets at fair value through profit or loss	108,481	309,951	110,300	17,083	105,896	16,401
Deferred tax assets	2,268,267	2,873,970	2,884,290	446,720	3,346,258	518,269
Other non-current assets	2,616,156	1,402,644	1,402,644	217,242	1,692,644	262,157
Total non-current assets	18,381,164	19,698,717	23,216,150	3,595,724	27,925,827	4,325,160
CURRENT ASSETS						
Properties under development	66,993,973	86,103,704	103,990,664	16,106,103	109,261,672	16,922,478
Completed properties held for sale	5,504,494	8,884,710	12,450,866	1,928,394	10,597,817	1,641,393
Trade receivables	144,710	25,360	24,191	3,747	42,262	6,546
Contract cost assets	330,480	481,756	771,064	119,423	1,030,230	159,562
Due from related parties	6,892,735	7,815,085	7,314,208	1,132,827	8,732,877	1,352,550
Prepayments, other receivables and other assets	6,364,089	12,243,759	10,455,096	1,619,288	13,435,290	2,080,861
Tax recoverable	583,799	685,978	814,489	126,148	837,949	129,782
Financial assets at fair value through profit or loss	1,217,190	5,739	33,808	5,236	79,219	12,269
Cash and bank balances	14,199,749	13,399,755	26,590,952	4,118,414	25,478,996	3,946,194
Total current assets	102,231,219	129,645,846	162,445,338	25,159,579	169,469,312	26,247,454
CURRENT LIABILITIES						
Trade and bills payables	6,083,752	8,401,573	12,922,569	2,001,451	11,940,237	1,849,307
Other payables and accruals	3,739,786	3,300,649	2,890,303	447,651	3,642,783	564,195
Contract liabilities	41,935,011	56,685,129	69,086,961	10,700,208	77,358,402	11,981,291
Due to related parties	2,883,813	4,911,899	4,604,199	713,100	5,392,316	835,163
Tax payable	2,466,616	2,763,367	3,783,703	586,021	3,869,916	599,374
Interest-bearing bank and other borrowings	15,117,163	13,979,311	9,734,431	1,507,671	7,424,182	1,149,859
Proceeds from asset-backed securities within one year	193,077	1,156,041	770,798	119,381	185,735	28,767
Senior notes	–	34,154	1,745,743	270,381	5,092,046	788,657
Corporate bonds	8,042,163	4,035,868	7,056,468	1,092,908	4,725,502	731,887
Lease liabilities within one year	17,953	20,380	15,637	2,422	16,378	2,537
Total current liabilities	80,479,334	95,288,371	112,610,812	17,441,194	119,647,497	18,531,038
NET CURRENT ASSETS	**21,751,885**	**34,357,475**	**49,834,526**	**7,718,385**	**49,848,815**	**7,720,598**
TOTAL ASSETS LESS CURRENT LIABILITIES	**40,133,049**	**54,056,192**	**73,050,676**	**11,314,109**	**77,774,642**	**12,045,758**
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	14,167,847	19,466,254	25,868,005	4,006,444	31,256,162	4,840,963
Proceeds from asset-backed securities	4,250,876	3,426,599	2,690,573	416,717	2,653,434	410,964.5
Senior notes	–	1,706,044	3,549,874	549,805	–	–
Corporate bonds	1,396,675	5,266,794	2,358,100	365,223	3,060,173	473,960
Lease liabilities	18,696	12,231	7,402	1,146	7,864	1,218
Deferred tax liabilities	2,766,765	2,799,068	2,464,316	381,674	2,696,931	417,701
Total non-current liabilities	22,600,859	32,676,990	36,938,270	5,721,010	39,674,564	6,144,807
NET ASSETS	**17,532,190**	**21,379,202**	**36,112,406**	**5,593,099**	**38,100,078**	**5,900,951**
EQUITY						
Equity attributable to owners of the parent						
Share capital	–	–	35,095	5,436	35,095	5,436
Reserves	14,322,174	16,830,242	21,527,316	3,334,157	22,247,350	3,445,676
	14,322,174	16,830,242	21,562,411	3,339,592	22,282,445	3,451,111
Non-controlling interests	**3,210,016**	**4,548,960**	**14,549,995**	**2,253,507**	**15,817,633**	**2,449,839**
TOTAL EQUITY	**17,532,190**	**21,379,202**	**36,112,406**	**5,593,099**	**38,100,078**	**5,900,951**

FORWARD-LOOKING STATEMENTS

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

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

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this offering memorandum are qualified by reference to the cautionary statements in this section.

In this offering memorandum, statements of or references to our intentions or those of the Directors are made as of the date of this offering memorandum. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we 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

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

Our business and prospects depend on the performance of the PRC real estate market, particularly in provinces and cities where we have property development projects. As of June 30, 2021, we had a total of 216 property development projects at various stages of development in the PRC, covering 33 cities across China, comprising 35 projects in the Yangtze River Delta, 23 projects in the Bohai Economic Rim, 18 projects in Central China, 24 projects in Southwestern China, 29 projects in Northwestern China, 44 projects in Eastern China, 29 projects in Southeastern China, and 14 projects in Pearl River Delta. Our profitability is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and is closely monitored by the PRC Government. Any adverse movements in the prices of supply of or demand for properties in the PRC, particularly in the cities where we have or plan to have property development projects, may adversely affect our results of operations, financial condition and business prospects.

In 2018, 2019 and 2020 and the six months ended June 30, 2021, approximately 35.7%, 29.4%, 14.1% and 17.4%, respectively, of our revenue from sales of properties were derived from the Yangtze River Delta. As of June 30, 2021, we had a total land bank of 33,070,760 sq.m., of which, 3,379,639 sq.m., or 10.3%, were located in the Yangtze River Delta. As we expect that our property projects located in the Yangtze River Delta will continue to contribute to a substantial proportion of our revenue in the near future, our business, financial condition and results of operations may be particularly subject to the market uncertainties, volatility and significant adverse change in the real estate market of the Yangtze River Delta.

The real estate market possesses the characteristic of cyclicity as a result of the fluctuation in national economy and global economy. For example, the real estate market in the PRC historically displayed cyclicity in terms of GFA of residential properties completed. There were drops in GFA of residential properties completed in 2015 and 2017 which coincided with the global economic recession and the macro-control policies adopted by the PRC Government with the aim of regulating overheated speculative real estate investment and increasing the supply of affordable residential properties. The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial condition, government policies, natural disasters, epidemics and hostilities, among others. Although demand for residential and commercial properties in China grew rapidly in recent years, we cannot assure you that the real estate market in provinces and cities where we have undertaken, or will undertake, property development projects will continue to grow or that market downturns will not occur. The PRC Government has sought to stabilize the real estate market by promulgating various control measures. Such measures may affect property price level, market demand and supply and our business performance. Recently, the real estate 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 desirable locations or acquire land use rights for future property development on favorable terms, or at all.

We believe our ability to identify desirable locations and acquire suitable land use rights is key to the sustainable growth of our business. We need to replenish our land reserves periodically in order to sustain our business growth. However, our success in carrying out these business operations may be subject to factors beyond our control. The PRC Government may promulgate laws and regulations that effectively reduce the availability of new land suitable for development and hinder our ability to obtain land use rights, thereby intensifying competition between us and other property developers, and, as a result, increase our land acquisition costs.

Moreover, there is no assurance that we will be able to consistently leverage our knowledge of and experience in the PRC real estate market to identify desirable locations for property development. We may incur significant costs in identifying, evaluating and acquiring suitable land for development. To the extent that we are unable to obtain land use rights on favorable terms, or at all, we may fail to achieve expected returns on the sale and lease of our properties.

We may not be successful in managing our growth and expansion into new regions and cities.

In order to continue to achieve sustainable growth, we need to continue to seek development opportunities in selected regions and cities in the PRC with the potential for growth. As of June 30, 2021, we had established presence in 33 cities in China with a total land bank of 33,070,760 sq.m. We have expanded our business into the Yangtze River Delta, the Bohai Economic Rim, Central China, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta.

Expanding into new geographical locations involves uncertainties and challenges, as we may not be familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labor, expertise and knowledge than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no assurance that we will be able to pass any additional costs on to our customers. Furthermore, the construction, market and tax-related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedural requirements and adapting to new environments. We may also be subject to higher land acquisition costs and longer acquisition time in certain cities.

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

In addition, expanding into new regions and cities requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and we, accordingly, experience issues such as capital constraints, construction delays, and lack of skillful and qualified personnel. Moreover, expanding our geographical reach will divert management attention from our existing operations. There is no assurance that we will be able to hire, train or retain sufficient talent to successfully implement our expansion plans. Our expansion plan may also be adversely impacted as a result of the outbreak of COVID-19 which may continue to expand within the PRC and globally.

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

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

- prohibit PRC commercial banks from extending loans to property developers to finance land premiums;

- prohibit PRC commercial banks from granting or extending revolving credit facilities to property developers that hold idle land;

- restrict PRC commercial banks from granting new property development loans to property developers that hold a large amount of vacant commodity properties;

- prohibit PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;

- prohibit PRC commercial banks and trust financing companies from granting loans to develop projects that fail to meet capital ratio requirements or lack the required government permits or certificates;

- tighten the grant of trust financing to property developers to control the scale and growth of real estate financing; and

- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

The PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing that we may obtain from them. We cannot assure you that the PRC Government will not introduce additional measures that may restrict our access to capital resources and external financing. Failure to secure sufficient external financing on favorable terms, or at all, may hinder our ability to implement and complete our property development projects.

In addition, the PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC. On May 23, 2007, the MOFCOM and the SAFE jointly promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), amended by MOFCOM on 28 October 2015, which provides that foreign-invested real estate enterprises approved to be incorporated by the competent local authority shall promptly complete required filings with the MOFCOM. This regulation effectively prohibit our ability to fund our PRC subsidiaries by way of shareholder loans. Pursuant to the Guidelines for Administration over Foreign Debt Registration (外債登記管理操作指引) promulgated by SAFE on April 28, 2013 and effective from May 13, 2013 and amended on May 4, 2015, real estate enterprises with foreign investment approved by local MOFCOM branches and filed with the MOFCOM after (and including) June 1, 2007 are not allowed to register foreign debt contracts with the SAFE or its local branches. Under the guidance, if the foreign-invested real estate enterprise does not pay up the registered capital, or obtain the land use right certificate, or the project capital for project development does not reach 35% of total amount of project investment, such enterprise shall not incur foreign debt and the SAFE or its local branches shall not register foreign debt contracts for such enterprise. According to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises《國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知》(發改辦外資[2019]778號) promulgated by the NDRC and came into effect on July 9, 2019, foreign debts issued by real estate enterprises could only be used for repaying medium- and long-term offshore debts that will be due in the upcoming year.

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

We generated substantially all of our revenue from the sales of properties, and our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery.

We generated substantially all of our revenue from the sales of properties. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, revenue from the sales of properties accounted for approximately 94.9%, 96.4%, 98.6% and 98.3%, respectively, of our total revenue during the same periods. Our results of operations may fluctuate due to factors such as the timing of our property sales and property delivery. We generally recognize revenue from the sales of our properties when or as the control of the asset is transferred to the customer. Until the completion certificate is issued, we would not be able to deliver the property to the customer or to recognize the related pre-sold proceeds as revenue. There is a time difference between pre-sales of projects under development and the completion of property construction. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales, construction completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be the same periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

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

We may be unsuccessful in implementing our business strategies.

We formulate our business strategies based on, our judgment of market conditions and regulatory environment. For example, we intend to focus on the five regions where we have successfully established a presence and solidify our market positions by increasing our market shares in second-tier cities and core third-tier cities. See "Business – Our Strategies." However, we are subject to uncertainties in relation to implementing our business strategies and achieving the expected economic results. We may be hindered by factors beyond our control, such as competitive pressures from peer companies, lack of qualified and experienced personnel, natural disasters, epidemics, pandemics, difficulties in obtaining the required permits, licenses and certificates, delays in construction and logistical difficulties. Failure to successfully implement our business strategies may weaken our competitiveness in the long term and materially and adversely affect our business, financial condition and results of operations.

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

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

In addition, there is no assurance that our selling prices or recognized ASP, as a whole, will always be consistent with the industry trends in the cities we operate. Although historically the fluctuations of the selling prices or recognized ASP for our residential and commercial properties were generally in line with the industry trend in the cities we operate, our selling prices or recognized ASP, as a whole, might deviate from the industry trends as a result of the changes in mix of property series and product types we launch sale and pre-sale in a particular period and the timing of the completion of properties, making it difficult to evaluate our historical performance and to predict future trends.

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

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

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

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

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

For example, we experienced certain delays in delivering properties to our customers and as a result incurred compensation and default payments. These delays were primarily caused by measures implemented by local governments to tackle air pollution and reduce smog. Starting from January 2017, various local governments formulated measures to tackle air pollution and reduce smog, including measures with respect to construction activities. To comply with such measures, construction activities related to earth works and main works may be suspended from time to time, and as a result, we may experience delays in commencement and completion of construction and property delivery. For example, Xi'an government promulgated Rules on Prevention and Control of Dust Pollution (西安市揚塵污染防治條例) which took effect on October 1, 2015, amended on November 2, 2018 and January 1, 2021, providing that, the relevant authorities shall, according to the air pollution alert level issued by the local government, take emergency measures including ordering the relevant enterprises to suspend the construction work or demolishment work. In addition, pursuant to the Interim Administrative Measures of Yangzhou for Prevention and Control of Dust Pollution (揚州市揚塵污染防治管理暫行辦法) promulgated by the relevant Yangzhou authority and came into effect on January 1, 2018, and the Work Plan of Zhenjiang for Special Treatment of Dust Prevention on Construction Site (鎮江市建築工地施工揚塵專項治理工作方案) promulgated by the relevant Zhenjiang authority and came into effect on April 2, 2018, a property developer is required to adopt dust prevention measures such as covering and hoarding construction site, spraying water on the surface of dusty material before, during and after excavation and washing vehicles during construction work to reduce air pollution. To comply with these measures, we may be required to suspend or slow down our construction from time to time, which may cause delays in our property construction, acceptance as well as delivery. In addition, before we are affected by one or more of the above factors, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for business operations to do with land acquisition and construction. Construction itself may take a long time before we generate positive net cash flow through pre-sales, sales and leases. Our customers may be entitled to claim compensation for late delivery or terminate pre-sale contracts. We may suffer material and adverse effects on our reputation and access to future business opportunities in the long term. We are also unable to guarantee that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favorable outcome. See " – We may be involved in legal and other proceedings arising out of our operations from time to time" below.

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

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and the relevant PRC laws and regulations provide remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property on time, we may be liable to the relevant purchasers for late delivery. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. See "– We may fail to deliver our projects on time, on budget, or at all." In addition, purchasers may also refuse to accept the delivery or even terminate the pre-sale contracts if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in the pre-sale contract. We cannot assure you that we will not experience any breach of undertakings, such as delays in the completion and delivery of our properties, or that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant pre-sale contract. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

Under the current PRC laws, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and the use and deposit of pre-sales proceeds are also restricted. If we fail to deposit certain of the pre-sales proceeds into the designated custodial accounts in accordance with the relevant PRC laws and any relevant local requirements, we may be subject to certain disciplinary measures, including suspending the allocation of supervisory funds, suspending the qualification of commercial housing online contracting for the project and recording it in the credit files of real estate development enterprises. According to the Notice of the MOHURD on Further Strengthening the Supervision of the Real Estate Market to Improve the Pre-sale System of Commodity Housing (住房和城鄉建設部關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), the pre-sale proceeds of commercial housing shall be included in the supervision account, and the supervisory authority shall be responsible for the supervision and control to ensure that the pre-sale funds are used for the construction of commercial housing projects; the pre-sale funds may be appropriated according to the construction progress, but sufficient funds must be retained to ensure the completion and delivery of the construction projects. As of the date of the offering memorandum, we had not been subject to any significant penalty by the PRC governmental authorities in relation to the use and deposit of our pre-sales proceeds. If we fail to comply with the relevant regulations and requirements, we may face fines which could have a material adverse effect on our financial condition and results of operations.

On September 21, 2018, Guangdong Real Estate Association issued an "Emergency Notice on the Relevant Opinions on Providing the Pre-sale Permit for Commodity Houses"(《關於請提供商品房預售許可有關意見的緊急通知》), asking for opinions on the cancelation of the pre-sale system of commodity residential properties. We cannot guarantee that the PRC Government will not adopt this recommendation or impose additional restrictions on pre-sales going forward. Under current PRC laws and regulations, we are required to fulfill certain conditions prior to commencing pre-sales. Additionally, we are also only able to use our proceeds to finance construction of properties to which individual pre-sales relate. In the event that the PRC Government imposes bans or further restrictions on the conduct of pre-sales, we may be forced to seek alternative sources of funding to finance our property development projects. Alternative sources of funding may not be available to us on favorable terms or at all, which could have a material adverse effect on our financial condition and results of operations.

We have indebtedness and may incur additional indebtedness in the future.

We maintain a substantial level of borrowings to finance our operations. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our total borrowings, comprising interest-bearing bank loans and other borrowings, senior notes, corporate bonds and ABS, amounted to RMB43,167.8 million, RMB49,071.1 million, RMB53,774.0 million and RMB54,397.2 million (US$8,425.1 million), respectively. Our indebtedness and gearing level could have an adverse effect on us, for example, by (i) increasing our vulnerability to downturns of general economic or industry conditions; (ii) limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; (iii) placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness; (iv) limiting our ability to borrow additional funds; and (v) increasing our cost of additional financing. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development and we may also utilize proceeds from additional debt financing to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

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

We had negative operating cash flow in 2019 and the six months ended June 30, 2020.

Property development usually requires substantial capital investment during the construction period. Our property development projects have been generally funded through cash generated from operations, including proceeds from the pre-sale of our properties, bank loans, trust financing and other financing arrangements. We expect to continue to fund our projects through these sources and will look for additional financing opportunities, such as debt offerings. However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all.

We had negative cash flow from operating activities of RMB5,697.1 million in 2019 and RMB1,798.8 million in the six months ended June 30, 2020. Our negative operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. We cannot assure you that we will not experience negative cash flow from our operating activities in the future again. A negative operating cash flow could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity, should external financing be scarce. For example, if we do not generate sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

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

We are subject to certain restrictive covenants under the terms of our bank borrowings, senior notes, trust financing and other borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among others, our ability to incur additional debt or provide guarantees, create encumbrances, pay dividends or make distributions on our or our subsidiaries' capital stock, prepay certain indebtedness, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, alter the nature or scope of business operations in material respect, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of our borrowings may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio during the term of the loans. Moreover, many of our bank and other borrowings are secured by equity interests in the relevant project subsidiaries, land use rights of the relevant land parcels or other assets. From time to time, we may enter into trust financing arrangements, where a trust company may have veto right over some of our above-mentioned corporate actions, which may further limit our flexibility in operation and ability to raise additional funding. See "Description of Other Material Indebtedness – Trust and Other Financing." If we incur default and cannot repay all of such indebtedness, we may lose part or all of our equity interests in these project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. The occurrence of any of the above events may materially and adversely affect our business, financial condition and results of operations.

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

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

As we generally rely on credit assessments conducted by banks on our customers in making our guarantees, we cannot assure you that such assessments are sufficient. There can also be no assurance that we will be able to estimate and make appropriate provision for defaults. Furthermore, any significant decline of the economic condition of the PRC or local markets in which we operate may lead to lowered income of our customers and, subsequently, an increased risk of default on loans. As of June 30, 2021, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB36,779.9 million. In the event that significant amounts of guarantee payment obligations arise at a time, our business, financial condition and results of operations may be materially and adversely affected, especially if the market value of our properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favorable terms.

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

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the PRC Government. If we fail to commence development after one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land penalty equivalent to or less than 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, except where the delay in the development is attributable to a force majeure event or the action of the relevant government department or delay in the requisite preliminary work preceding commencement of such development. Moreover, had a property developer commenced development of the property in accordance with the timeframe stipulated in the land grant contract, however, if such development was suspended for more than one year without government approval and falls under either of the following two situations: (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one-fourth of the total planned investment in the project, then the land may be treated as idle land and will be subject to the risk of forfeiture. We incurred delays in commencement and/or completion of our property development projects from time to time mainly because of (i) adjustments of city planning, change of land use nature or other administrative procedures out of our control; (ii) for residential projects, adjustments of construction schedules to optimize the construction plans; and (iii) for commercial projects, adjustments of construction schedules taking into consideration the market condition. See "Business – Our Property Development Management – Project Construction and Quality Control" for further details.

In September 2007, the Ministry of Land and Resources issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. In January 2008, the State Council issued a Notice of the State Council on Promoting Land Saving and Efficient Use (國務院關於促進節約集約用地的通知) to escalate the enforcement of existing rules on idle land management. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which went into effect on July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

We 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.

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

Changes in interest rates generally affect our customers' mortgage rates and our financing costs. Subsequent to the financial crisis, the PBOC had adjusted the benchmark one-year bank lending rate several times since 2008. The PBOC lowered its benchmark one-year loan prime rate, or the LPR, from 4.31% in January 2019 to 3.85% in April 2020. The PBOC may adjust benchmark interest rates upward. Any hike in benchmark interest rates is likely to increase our customers' mortgage rates and our financing costs. Increases in mortgage rates may negatively affect growth in the real estate market, while increases in our financing costs may materially and adversely affect our results of operations.

Our results of operations have been affected, and will continue to be affected, by the performance of our joint ventures and associates. We may not be able to realize the anticipated economic and other benefits from our joint ventures and associates.

We have formed joint ventures and established associates with other property developers to develop property projects and may continue to do so in the future. As of June 30, 2021, we had 72 projects developed by our joint ventures and associates. The performance of such joint ventures and associates has affected, and will continue to affect, our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associates until they start to generate revenue by delivering properties they develop. Our share of profits of joint ventures in 2019, 2020 and the six months ended June 30 2021 was RMB510.2 million, RMB992.5 million and RMB30.3 million, respectively, and our share of losses of joint ventures in 2018 was RMB24.1 million. Our share of losses of associates in 2018, 2019 and 2020 was RMB65.7 million, RMB68.8 million and RMB182.5 million, respectively, and our share of profit associates in the six months ended June 30, 2021 was RMB191.3 million.

The success of a joint venture or an associate depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associates. In addition, in accordance with PRC law, the agreements and the articles of association of our joint ventures and associates, certain matters relating to joint ventures and associates require the consent of all parties to the joint ventures and associates. Joint ventures and associates may involve risks associated with the possibility that our business partners may:

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

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

Our investments in joint ventures and associates are subject to liquidity risk.

Our investments in joint ventures and associates are subject to liquidity risk. Our investments in joint ventures and associates are not as liquid as other investments as there is no cash flow until such joint ventures and associates generate revenue from pre-sales or obtain financing arrangements. Furthermore, our ability to promptly sell our interests in the joint ventures or associates in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the joint ventures or associates for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investments in joint ventures or associates may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates.

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

Our suppliers are mainly construction contractors and equipment suppliers. We are dependent on a limited number of major suppliers to operate our businesses. In 2018, 2019, 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers accounted for approximately 52.3%, 62.7%, 41.4% and 51.25% of our total purchases, respectively. Purchases from our single largest supplier in 2018, 2019, 2020 and the six months ended June 30, 2021 accounted for approximately 20.8%, 25.9%, 16.3% and 20.23% of our total purchases, respectively. If our current major suppliers decide to terminate business relationships with us or if the services, equipment or materials supplied by our current suppliers fail to meet our standards, or if our current services, equipment or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion or at all. In such events, our business, financial condition and results of operations may be materially and adversely affected.

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

We engage third-party contractors to carry out various services relating to our property development projects. We may select third-party contractors through a tender process or a direct engagement, and we endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. Our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently apply our quality standards in carrying out quality control, or be able to detect all defects in the services rendered by third-party service providers or contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property development projects.

Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

The cost of construction materials such as steel and cement, as well as contractors' labor costs, are subject to a high degree of volatility. The risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent, as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts pursuant to the relevant contracts. However, our contracts with construction companies contain price adjustment mechanisms, under which contract prices will adjust accordingly if market prices of related materials fluctuate beyond a pre-determined range. In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require us to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be adversely affected. Any increase in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Any increase in the cost of any significant construction materials will adversely affect our overall construction costs, which is generally one of the largest components of our cost of sales. If we cannot pass any or all of the increased costs on to our customers, our profitability will be adversely affected.

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

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

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

The fair value of our investment properties is likely to fluctuate from time to time and such fluctuations make it difficult to predict our future performance.

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external appraisers. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods when they arise and the impact may be significant. In 2018, 2019 and 2020, our fair value gains on investment properties were RMB616.5 million, RMB480.9 million and RMB437.0 million, respectively.

Fair value gains would not change our cash position as long as the relevant investment properties are held by us and thus would not increase our liquidity in spite of the increase in profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. Such investment properties are measured at fair value with material unobservable inputs used in the valuation techniques. Accordingly, the valuation techniques adopted by the valuer involve uncertainties relating to the use of unobservable inputs. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely affect our results of operations.

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

Historically, we derived a small portion of revenue from property leasing. As we seek to selectively increase our portfolio of investment properties by adding investment properties with appreciation potential, revenue from property leasing may become an increasingly important contributor to our revenue in the future. However, we are subject to risks incidental to the ownership and leasing of investment properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from ongoing maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. We may not be able to identify new tenants or retain existing tenants for our commercial properties. In addition, an increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants and force us to reduce rent or incur additional costs in order to market our properties. If there is a significant downturn in the commercial property markets or in the cities where we have investment properties, we may not be able to maintain our current levels of revenue from the investment in and operations of commercial properties. Our inability to expand our portfolio of investment properties, to secure suitable tenants or otherwise to enhance the profitability of our investment properties or to maintain our current levels of rental income may have an adverse effect on our profitability and results of operations. All these factors could negatively affect the demand for our investment properties, and, as a result, reduce our rental income, which may have an adverse effect on our business, financial condition and results of operations.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial assets at fair value through profit or loss.

Our financial assets at fair value through profit or loss were primarily wealth management products issued by financial institutions in the PRC. We purchase certain wealth management products with low risk for the purposes of achieving reasonably higher return on our excess cash than regular bank deposits in the short term. As of December 31, 2018, 2019 and 2020 and June 30, 2021, financial assets at fair value through profit or loss was RMB1,325.7 million, RMB315.7 million, RMB144.1 million and RMB185.1 million (US$28.7 million), respectively. We recorded fair value gains from financial assets at fair value through profit or loss of RMB3.1 million in 2018. We recorded fair value losses from financial assets at fair value through profit or loss of RMB0.3 million, RMB0.1 million, and RMB5.9 million in 2019, 2020 and six months ended June 30, 2021. We may continue to incur fair value losses in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

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

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the date of this offering memorandum, we leased properties from third-party landlords mainly for our office premises and failed to register certain lease agreements under which we are tenant. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement, if we fail to complete the filing procedure within specified time limit. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could adversely affect our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative or that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. See "Business – Leased Properties."

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

We are subject to a variety of laws, rules and regulations with respect to various aspects of our operations. We may be subject to fines or penalties if we fail to comply with applicable laws, rules and regulations. For example, in 2017, our subsidiary Xi'an Qujiang Yuanshan failed to complete the filing with the relevant government authority with respect to the requisite tender procedure for general contractor selection and was fined RMB100,000 by a local authority. In addition, in 2018, 2019 and 2020, certain of our project companies were penalized for failing to pay the EIT and individual withholding tax or stamp tax in full amount or make the tax filing in a timely manner, for failing to conduct construction pursuant to the approved construction drawings or plans and for commencing construction before obtaining approval for fire safety design. We also experienced other non-compliance incidents during the same period. See "Business – Legal Proceedings and Compliance – Compliance with Laws and Regulations." We were subject to penalties or ordered to rectify such non-compliances, as the case may be. As of the date of this offering memorandum, we had paid all the penalties. There is no assurance that our internal control measures adopted to prevent the occurrence of any non-compliance incidents in the future will be effective or that will be no non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

We are subject to housing price control measures, which may restrict the selling prices of the properties developed by us and lead to lower profit margins for the respective projects.

We are subject to housing price control measures that may be promulgated and implemented by government authorities from time to time. For example, in February 26, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local governments to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgage loans where a purchaser has more than one mortgage loan for properties. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sales of second-hand properties is strictly implemented. These policies aim to restrain the rapid increase in housing prices. During recent years, policies aiming at promoting affordable housing and discouraging speculative investments in residential properties were announced in a number of cities in China, such as Shanghai, Hangzhou, Xi'an, Fuzhou and Chongqing.

Such price control measures may restrict the selling prices of the properties developed by us, leading to lower profits and profit margins for the respective projects. As such price control measures may be implemented after we acquire the land parcels and before the commencement of pre-sales, we may have incurred relatively high land acquisition costs and construction costs, but are unable to sell these properties at favorable prices due to the price control measures. As a result, we may not be able to realize the profits as we expected and our results of operations, financial condition and prospectus may be adversely affected.

We made provision of impairment for properties under development and completed properties held for sale.

The real estate market volatility may subject us to risks in connection with possible provision of impairment for properties under development and completed properties held for sale, if we fail to complete the construction or sell the properties in time at our desired prices. Provision of impairment may arise when the carrying value of a property exceeds its recoverable amount in the market. In 2018, 2019, 2020 and June 30, 2021, we recorded impairment losses for properties under development in an amount of RMB289.7 million, RMB183.9 million and RMB156.0 million, respectively, and we recorded impairment losses for properties held for sale in an amount of RMB19.0 million, RMB265.3 million, RMB147.2 million and RMB93.8 million (US$14.5 million), respectively. Certain of such impairment losses was made because the relevant local governments imposed housing price control measures, which caused relatively lower selling prices of our properties. We cannot assure you that we will not make any provision of impairment in the future or incur any impairment losses, if any or at similar level, during adverse market conditions in the future or as a result of relevant local government's housing price control measures. If we make additional provision of impairment and incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

There are uncertainties about the recoverability of our deferred tax assets, which could adversely affect our results of operations.

We recorded deferred tax assets of RMB2,268.3 million, RMB2,874.0 million, RMB2,884.3 million and RMB3,346.3 million (US$518.3 million), respectively, as of December 31, 2018, 2019 and 2020 and June 30, 2021. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings will be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets, which thereby could have an adverse effect on our results of operations.

There are uncertainties about the recoverability of our amounts due from related parties and amounts due from non-controlling shareholders of the subsidiaries.

We had amounts due from related parties of RMB6,892.7 million, RMB7,815.1 million, RMB7,314.2 million and RMB8,732.9 million (US$1,352.6 million) as of December 31, 2018, 2019 and 2020 and June 30, 2021, respectively. We also had amounts due from non-controlling shareholders of the subsidiaries of RMB1,224.3 million, RMB1,926.0 million, RMB2,318.8 million and RMB6,021.7

million (US$932.6 million) as of the same dates, respectively. Amounts due from related parties primarily represent cash advances to joint ventures and associates for the development of the relevant projects which are unsecured and will be settled upon completion of the relevant projects. Amounts due from non-controlling shareholders of the subsidiaries are mainly cash advances made from our non-wholly owned subsidiaries to non-controlling shareholders from time to time before the final settlement and completion of our projects developed by such non-wholly owned subsidiaries. See "Related Party Transactions" for details of our major related party transactions. We conduct assessments on the recoverability of amounts due from related parties and non-controlling shareholders of the subsidiaries based on, among others, our historical settlement records, past experiences, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment in which our related parties or the non-controlling shareholders of the subsidiaries operate, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting the amounts due from related parties or amounts due from non-controlling shareholders of the subsidiaries. Accordingly, there are uncertainties about the recoverability of our amounts due from related parties and amounts due from non-controlling shareholders of the subsidiaries. Therefore, if we are not able to recover the amounts due from related parties and amounts due from non-controlling shareholders of the subsidiaries, our financial position and results of operations may be adversely affected.

There are uncertainties about the recoverability of our prepayments for acquisition of land use rights, prepaid taxes and other tax recoverables and prepayments for equity investments.

There are uncertainties about the recoverability of our prepayments for acquisition of land use rights, prepaid taxes and other tax recoverables and prepayments for equity investments. Prepayments for acquisition of land use rights represent the land premium deposits we paid for land parcels acquired through public tenders, auctions and listing-for-sale. We recorded such land premium deposits as prepayments before we obtained land use right certificates for the respective land parcels. Prepaid taxes and other tax recoverables primarily represent prepaid turnover tax and other surcharges. Prepayments for equity investments represent the prepayments in relation to our acquisitions of equity in third parties to expand our business or acquire land parcels. We may not complete such equity acquisitions if the counterparties breach the equity acquisition agreements or we have other disputes with the counterparties. For such disputes with the counterparties, see "Business – Legal Proceedings and Compliance – Land Acquisitions and Related Disputes." There is no guarantee that we will be able to proceed with our planned acquisitions, or that we would be able to recoup the prepayments under relevant equity acquisition agreements.

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

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

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. In 2018, 2019 and 2020 and the six months ended June 30, 2021, we recorded LAT expenses of RMB726.7 million, RMB1,107.1 million, RMB1,609.6 million and RMB554.7 million (US$85.9 million), respectively, in our consolidated statements of income. In accordance with a circular issued by the SAT, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project. We make provision for the estimated full amount of applicable LAT in accordance with relevant PRC tax laws and regulations. Our estimates are based on our own apportionment of deductible expenses, which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT.

As of the date of this offering 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 the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially affected if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations in future. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection 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 our ability to execute our business plans.

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

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

We may fail to obtain or experience delays in obtaining the relevant PRC governmental approvals for our property development projects.

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

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

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

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

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

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

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

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

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements are considered to be untruthful or any of the sales and marketing efforts by us or our agents are considered to be unlawful, we may be penalized and required to cease publishing the advertisements and eliminate adverse effects. In addition, any false advertising may cast doubt on our other disclosure, advertisements, filings and publications; may deteriorate our brand name and reputation and consequently may materially and adversely affect our business, financial condition and results of operations.

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

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

Although we believe that 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, either individually or in aggregate. 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 adverse impact on our business, financial condition and results of operations.

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

Our continuing and future success depends on the efforts of our senior management team. As they possess industry expertise, know-how or experience in key areas such as property development, construction and sales and marketing, losing their services may have a material and adverse effect on our ability to grow and sustain our business. Should any or all members of our senior management team join or form a competing business with their expertise, business relationships and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for such damage. Unexpected resignations may also leave key operations without supervisors and materially and adversely affect the implementation of our business strategies. In addition, we rely on our key experienced employees, which include qualified design, construction management, quality control, marketing and on-site supervisory for our daily operation and business expansion. There can be no assurance that we will be able to recruit personnel with equivalent qualifications in a timely manner or at all, as competition for experienced management is intense in our industry.

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

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

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

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

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

Certain portions of our property development projects and investment properties are designated as civil air defense properties. According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (中華人民共和國人民防空法) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the House Civil Air Defense Office on November 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other time and generate profits from such use. In 2018, 2019 and 2020 and the six months ended June 30, 2021, we had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the PRC Government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost.

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

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

RISKS RELATING TO OUR INDUSTRY

The real estate industry is closely monitored by the PRC Government and we may fail to adapt to new laws and regulations in ways that are profitable to our business.

The PRC Government closely monitors the real estate industry and promulgates new laws and regulations that are relevant to our business from time to time. The PRC Government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as reducing the land available for property development, setting interest rate, setting pre-sale unit price, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign exchange restrictions on foreign investment and financing. Such policies, which may be introduced to curb overheating in the real estate industry, may reduce market demand for our properties. Laws and regulations promulgated to regulate other sectors of the economy may also indirectly affect our industry. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including:

- strictly enforcing the idle land-related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio lower than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- controlling the supply of residential property sales by adopting lots drawing policy in certain cities such as Shanghai, Nanjing, Changsha and Chengdu;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second and more residential properties and imposing property purchase restrictions on non-local residents who cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the

PRC Government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate.

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

The PRC Government has eased certain restrictive measures starting in the third quarter of 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventories. However, such measures have resulted signs of overheating in the property markets in first-tier cities and certain second-tier cities. As a response, in first-tier cities and certain second-tier cities including Shanghai, Shenzhen, and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second and more residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by property developers during a year. In 2015, the PRC Government raised percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sales of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies have been further refined.

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

In recent years, governments in Shanghai, Shenzhen and certain other cities have introduced further policies to restrain property purchases for specialization purposes and prevent property prices from rising too quickly. Such policies include raising the minimum percentage of down payment of the purchase price, setting the minimum interest rate for personal mortgage loans, adopting lots drawing policy for the sales of residential properties, On April 1, 2017, the Ministry of Land and Resources and the MOHURD issued the Circular of the MOHURD and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build inspection systems to monitor the source of funds for land acquisition to ensure that the property developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

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

We face intense competition from other real estate developers.

In recent years, many property developers have undertaken property development and investment projects in 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 an 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.

We are exposed to risks associated with operating in an industry yet in the adjustment and optimization stage.

As the real estate industry in China is yet in the adjustment and optimization stage, investors may be discouraged from acquiring properties, as there is a limited amount of accurate financial and regulatory information publicly available. Other factors that discourage investment in real estate may include the limited number of mortgage financing options available, legal uncertainties to do with enforcement of title and the lack of a liquid secondary market for residential properties. Though demand for private residential property has grown in recent years, the real estate market has experienced volatility and price fluctuations. The risk of over-supply has also surfaced as investments in real estate are increasingly made for speculative reasons. We are exposed to risks associated with operating in such a business environment. Any of the factors relating to the real estate industry may reduce demand for our properties. We may be forced to lower our prices, and the resulting decrease in our profit margins may materially and adversely affect our business and results of operations.

RISKS RELATING TO THE PRC

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

We manage and operate all of our business operations within the PRC. 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 PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. Before its adoption of reform and open-door policies beginning in 1978, China was primarily a planned economy. Since then, the PRC economy has been transitioning to become a market economy with socialist characteristics. For approximately four decades, the PRC Government has implemented economic reform measures to utilize market forces in the PRC economy. Many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined from time to time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining process and any changes in laws and regulations or the interpretation or implementation thereof in China may have a material impact on our operations or may adversely affect our financial condition and results of operations.

While the PRC economy has grown significantly in recent years, this growth has been geographically uneven among various sectors of the economy and during different periods. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may materially and adversely affect our business. In the past, the PRC Government has periodically implemented a number of measures intended to slow down certain segments of the economy that the PRC Government believed was overheating. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government to guide economic growth and allocate resources will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may reduce demand for our properties and therefore materially and adversely affect our business, financial condition and results of operations.

China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US$550 billion worth of Chinese products. In retaliation, the PRC Government responded with tariffs on cumulatively US$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC Government lodged a complaint in the World Trade Organization against the United States over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement, or the Phase I Agreement. Under the Phase I Agreement, the United States agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the real estate industry remains uncertain.

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

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn affected the PRC real estate industry and many other industries. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union ("Brexit"). The UK ceased to be a member of the European Union (the "EU") on January 31, 2020 ("Brexit"). During the period from that date to December 31, 2020, certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the "TCA"). On December 30, 2020, the Council of the European Union adopted a decision authorizing the signature of the TCA and its provisional application in the EU for a limited period (the "Provisional Period"), pending ratification of the TCA by the European Parliament. The Provisional Period commenced on January 1, 2021, and is expected to end no later than April 30, 2021. Legislation to implement the TCA in the UK came into effect beginning on December 31, 2020. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK's future economic, trading and legal relationships with the EU and with other countries. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets. The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting to increase inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. The effect of such potential events on us or the Notes is impossible to predict; but they could significantly impact volatility, liquidity and/or the market value of securities, including the Notes, and could have a material adverse effect on our ability to make payments on the Notes.

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

Our investment properties are held by us under land use rights granted by the PRC Government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial, tourism or recreational purposes and 50 years for industrial or other purposes. Upon expiration, the land use rights will be returned to the PRC Government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

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

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

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

The legal system in China has inherent uncertainties that could limit the legal protection available to our shareholders. Our business is conducted in China and our principal operating subsidiaries are located in China. Consequently, we are subject to PRC laws and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance as precedent. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Moreover, these laws and regulations are relatively new and there is a limited volume of published decisions. Thus, there are uncertainties involved in their implementation and interpretation, which might not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until sometime after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of process or enforcing foreign judgments against us, our Directors or senior management residing in China.

Our Company is incorporated in the Cayman Islands. Substantially all of our assets are located in China, and substantially all of our Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the UK, the United States and many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on July 14, 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), or the Arrangement. Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for such dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商案件判決的安排), or the New Arrangement. The New Arrangement will broaden the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction need to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court in which the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement will replace the Arrangement when the former becomes effective. However, as of the date of this offering memorandum, the New Arrangement has not become effective and no specific date has been determined as its effective date. The Arrangement continues to apply and, as such, it may be difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

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

Pursuant to the EIT Law, which came into effect on January 1, 2008, and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside China whose "de facto management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organizational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

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

The national and regional economies in China and our business may be adversely affected by factors beyond our control such as natural disasters, acts of war or terrorism, epidemics and pandemics.

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

Past occurrences of pandemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Another public health crisis in China triggered by a recurrence of SARS or an outbreak of any other epidemics or pandemics, for example, the ongoing COVID-19 pandemic, especially in the cities where we have operations, may result in material disruptions to our property development and sales and the operation of commercial properties. In addition, the outbreak of communicable diseases, such as the coronavirus outbreak, on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect China and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic may adversely affect the PRC economy, the PRC real estate industry and our business operations.

Toward the end of 2019, a highly infectious novel coronavirus, was identified. The World Health Organization, or the WHO, later named it COVID-19. WHO is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. As of the date of this offering memorandum, COVID-19 pandemic has spread to over 200 countries and territories globally with death toll and number of infected cases continued to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans. Several cities in China where we have land bank and operations had been under a lockdown, and have imposed travel restrictions in an effort to curb the spread of COVID-19 pandemic.

According to the data released on July 17, 2020 by the National Bureau of Statistics of China, or the National Statistics Bureau, China's second quarter GDP of 2020 increased by 3.2% in 2020 compared with the second quarter of 2019. According to the data released by the National Statistics Bureau on July 17, 2020, China's real estate investment in the first half of 2020 amounted to RMB6,278.0 billion, representing an increase of approximately 1.9% compared with the first half of 2019.

As a result of the COVID-19 pandemic, since late January 2020 and up to mid-April 2020, we had suspended the construction activities for our property development projects in compliance with the governmental requirements. As a result, we experienced delays in construction completion and property delivery. The supply chains in all industries had been disrupted to a certain extent by the COVID-19 pandemic due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements. If our contractors or suppliers encounter any disruption in their business operations, our construction schedule may also be disrupted. In addition, our employees and site workers may be infected or subject to quarantine as a result of contact with infected persons. Our construction sites, sale offices and other workplaces may be forced to close as a result of such infections or contacts.

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

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

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

In connection with the issue of the Notes, the Issuer has requested the Hong Kong Quality Assurance Agency (the "HKQAA") to issue independent certification (a "HKQAA Pre-issuance Stage Certificate") confirming that the Notes are in compliance with the requirements of the Green Finance Certification Scheme operated by the HKQAA (the "HKQAA Green Finance Certification Scheme"). The HKQAA Green Finance Certification Scheme is a set of voluntary guidelines that aims to facilitate the development of green finance and the green industry. The HKQAA Pre-issuance Stage Certificate has been obtained for the Notes. See the section headed "The HKQAA Green Finance Certification Scheme" of this Offering Circular for more details.

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

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

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

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. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. The Notes will not be guaranteed by any current or future PRC subsidiaries and certain of our offshore 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 of June 30, 2021, our Non-Guarantor Subsidiaries had total debt in the amount of RMB155,201.4 million (US$24,037.6 million) and capital commitments in the amount of RMB36,779.9 million (US$5,696.5 million). There is no contingent liabilities arising from guarantees. 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 its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

In addition, creditors of all our subsidiaries and any holders of preferred shares in our subsidiaries, 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 have, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. As of June 30, 2021, our total borrowings and lease liabilities included in non-current borrowings and current borrowings were RMB17,443.8 million (US$2,701.7 million) and RMB36,977.6 million (US$5,727.1 million), respectively. Subsequent to June 30, 2021, we have incurred additional indebtedness. See "Description of Other Material Indebtedness."

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. If our onshore subsidiaries incur additional debt, the ratings assigned to the Notes by any rating agency may be adversely affected which could adversely affect the market price of the Notes. See "– The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future."

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 for funding and limitations on the ability of our PRC subsidiaries 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, 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 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. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends 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. See "Description of Other Material Indebtedness." 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 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 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. or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be.

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

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

The 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 and 2020 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 Triggering Event.

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus 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 Triggering Event 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 Triggering Event 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 Triggering

Event 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 or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on 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 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 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. For example, we may make investments in any Unrestricted Subsidiaries and minority-owned joint ventures up to an aggregate amount equal to 20.0% of our total assets. See paragraph (19) of 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 Issuer 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.

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 will be made to the SEHK for the listing and quotation of the Notes on the SEHK, we cannot assure you that we will obtain or be able to maintain a listing on the SEHK, or that, if listed, a liquid trading market will develop. 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 Group's 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.

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

The Notes are expected to be rated B2 by Moody's Investors Service and B by Standard & Poor's Ratings Services. We have been assigned a long-term corporate credit rating of B1 with a stable outlook by Moody's Investors Service and a long-term corporate credit rating of B+ with a stable outlook by Standard and Poor's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that our corporate credit rating will remain for any given period of time or that a rating will not be lowered, put on negative outlook or CreditWatch negative or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant, including as a result of the incurrence of further debt. We have no obligation to inform holders of the Notes of any such revision, downgrade, negative outlook, CreditWatch negative or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

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

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

The "Limitation on Transactions with Shareholders and Affiliates" covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 10% or more of the shares of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any

Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they 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.

The insolvency laws of the Cayman Islands, the BVI 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 BVI, an insolvency proceeding relating to us or any such Subsidiary Guarantor or JV Subsidiary Guarantor, even if brought in the Unites States or other jurisdictions, would likely involve Cayman Islands insolvency laws and/or BVI 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 Unites 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 and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in price for comparable companies 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 and/or steps and/or institute proceedings 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 and/or steps and/or institute proceedings, 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 and/or steps and/or institute proceedings 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 offering memorandum has been prepared in accordance with IFRS, 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 offering memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between IFRS and U.S. GAAP or between IFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between IFRS and U.S. GAAP or between IFRS and other GAAPs and how those differences might affect the financial information contained in this offering memorandum.

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, 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 SEHK and the rules of the SEHK so require, we will be subject to continuing listing obligations in respect of the Notes. The disclosure standards imposed by the SEHK 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 our Company. 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 depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, 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.

If the Issuer fails to complete the post-issuance report to the NDRC in connection with the Notes, NDRC may impose penalties or other administrative procedures on the Issuer.

On September 14, 2015, the NDRC promulgated the NDRC Circular pursuant to which if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue notes outside of the PRC with a maturity of more than one year, such PRC enterprise must in advance of issuing such notes, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the notes to the NDRC within 10 business days upon the completion of the note issue.

The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes. Similarly, there is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. Additional guidance has been issued by the NDRC (《企業境外發行債券指引》)(the "NDRC Circular Guidelines") on December 18, 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC, or any impact on the Noteholders, in the event of a noncompliance by the Issuer with the NDRC Circular. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Notes within the prescribed period under the NDRC Circular.

Since the NDRC Circular is new and without any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure of such registration with, or post issuance report to, the NDRC. The Issuer has completed the registration with the NDRC and obtained the registration certificate on December 14, 2020. If the Issuer does not report the post issuance information with respect to the Notes within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Issuer which may have a material adverse impact on its business, financial condition or results of operations.

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. Moreover, the Notes will not be guaranteed by certain of our offshore subsidiaries upon issuance. In addition, certain of our future offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the Notes (other than Exempted Subsidiaries and Listed Subsidiaries) do not exceed 15.0% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries, including the U.S. dollar-denominated 2019 Notes, January 2022 Notes and June 2022 Notes. 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 20.0% 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 15.0% 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 of 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 commended 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

We estimate that the gross proceeds from this offering, before deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US$298.6 million, which we plan to use to refinance our existing indebtedness and in accordance with our Green Finance Framework.

We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the proceeds of this offering, we may invest the proceeds in Temporary Cash Investments.

NOTES BEING ISSUED AS GREEN BONDS

ASSERTIONS FROM MANAGEMENT

For each Green Bond issued, we assert that we will adopt: (1) use of proceeds; (2) project evaluation and selection; (3) management of proceeds, and (4) reporting, as set out in this Green Finance Framework.

1. Use of Proceeds

With reference to the *Green Bond Principles (GBP), 2018*, the proceeds of each Green Bond will be used to fund or refinance, in whole in part, new or existing "Eligible Green Projects." Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance.

"**Eligible Green Projects**" refer to projects that meet one or more of the following categories of eligibility as recognized in the *Green Bond Principles (GBP), 2018*:

a. Green Buildings: Acquisition, construction or refurbishment of buildings which (i) meet one or more recognized standards, such as but not limited to:

- U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or

- Building Environmental Assessment Method (BEAM Plus) – minimum certification level of Gold; or

- Building Research Establishment Environmental Assessment Method (BREEAM) – minimum certification level of Excellent; or

- BCA Green Mark – minimum certification level of Gold; or

- Chinese Green Building Evaluation Label (GBL) – minimum certification level of 2 stars; or

- any other appropriate green building label, that is an equivalent standard of the above; or (ii) are in the top 15% of buildings within the region based on absolute emissions performance or primary energy demand

b. Energy Efficiency: Investments and expenditures in projects that improve energy efficiency and reduce energy consumption in buildings and facilities by a minimum of 15%, such as but not limited to:

- Renovations or refurbishment of existing buildings; or

- Installation/replacement of equipment in buildings such as LED lighting, smart metering, heating ventilation and air conditioning systems

c. Pollution Prevention and Control: Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to:

- Equipment and technologies for reducing resource consumption and pollution emission;

- Implementing waste sorting and recycling facilities

- Sustainable water and wastewater management by installation of rainwater collection systems, water conservation systems, water recycling and treatment systems

- Enforcement of dust control and noise reduction, during construction and/or operation of buildings

d. Climate Change Adaption: Investments to develop "sponge cities" that aim to reduce flood risk and replenish groundwater

e. Renewable Energy: Installation of renewable energy systems and associated infrastructure, including but not limited to:

- Solar photovoltaic

- Solar hot water

- Wind

- Expenditures from sourcing of renewable energy through long-term (5 years or longer) project-tied power purchase agreements.

f. Clean Transportation: Installation of electric vehicle charging stations and construction of dedicated parking spaces for electric vehicles

2. Evaluation and Selection

The Eligible Green Projects are identified and selected by ESG Working Group ("EWG") with senior representatives from finance, design and architecture, building engineering and internal audit and risk management departments.

EWG will meet at least every 12 months to discuss and select eligible green projects according to the Eligible Green Projects defined in this Framework. The shortlisted projects will be presented to the board for approval.

EWG will ensure that the selected Eligible Green Project to comply not only with the section Use of Proceeds section of this Framework but also the environmental guidelines which are applicable to us.

In addition, EWG will be responsible for managing any future updates of the Framework, including any expansion of requirements of use of proceeds. In case of divestments or if an Eligible Green Project no longer meets the eligibility criteria, the funds will be reallocated to other Eligible Green Projects.

3. Management of Proceeds

The net proceeds from each Green financing will be managed by our finance team and the proceeds from each Green financing will be deposited in general funding accounts and be earmarked to Eligible Green Projects. We will maintain a register to keep track of the use of proceeds for each Green financing.

The register will contain the following information:

a. Type of Funding Transaction, including key information such as issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number).

b. Allocation of Use of Proceeds, including:

- Name, description and green certification of Eligible Green Projects to which the proceeds of the Green financing have been allocated in accordance with this Framework;

- Amount and date of Green financing proceeds allocated to each project;

- The remaining balance of unallocated proceeds yet to be earmarked; and

- Other relevant information such as information of temporary investment for unallocated proceeds

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

During the life of the Green financing issued, if the designated Eligible Green Projects cease to fulfil the eligibility criteria, the net proceeds will be re-allocated to replacement Eligible Green Projects that comply with the eligibility criteria, as soon as reasonably practicable. We strive to maintain an amount of Eligible Green Projects at least equal of the total net proceeds of all Green financing outstanding.

Additionally, if any material and critical controversies emerge in relation to a specific project, We are committed to substitute that project with an alternative Eligible Green Project.

4. Reporting

We will provide information on the allocation of the net proceeds from each Green financing in our Annual Report, Environmental Report or website. Such information will be provided on an annual basis until substantially all the net proceeds have been allocated and in the event of any material changes until the relevant maturity date.

THE HKQAA GREEN FINANCE CERTIFICATION SCHEME

Certain information relating to the HKQAA in this Offering Circular have been obtained from public sources, including the Green Finance Certification Scheme Handbook (as defined below) and other publicly available information. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Joint Lead Managers or their respective directors and advisers, and none of the Issuer, the Joint Lead Managers and their respective directors and advisers makes any representation as to the accuracy or completeness of that information.

THE HKQAA

The HKQAA is a non-profit distributing organisation by the Hong Kong Government and has been the only Hong Kong organisation accredited as a Designated Operational Entity by the Executive Board of the Clean Development Mechanism ("CDM") under the United Nations Framework Convention on Climate Change to deliver CDM validation and verification services since 2011.

THE HKQAA GREEN FINANCE CERTIFICATION SCHEME

The HKQAA Green Finance Certification Scheme was developed with reference to, among others, the CDM, the ICMA Green Bond Principles and the PBOC Green Bond Categories. The benefits of the HKQAA Green Finance Certification Scheme include (i) enhancing the credibility of, and stakeholder confidence in, green financial instruments via independent, impartial third-party conformity assessments, (ii) reaching out to potential green finance investors with the aid of the HKQAA green finance certificate and certification mark, (iii) demonstrating issuers' efforts to promote environmentally friendly investment; and, (iv) promoting a common understanding of green finance.

Under the HKQAA Green Finance Certification Scheme, an applicant may apply for either (i) a pre-issuance stage certificate or (ii) a post-issuance stage certificate.

An applicant may apply for a pre-issuance stage certificate ahead of Green Finance issuance. "**Green Finance**" is defined in the handbook of the HKQAA Green Finance Certification Scheme published on 24 August 2018 (the "**Green Finance Certification Scheme Handbook**") as financing of investments that provide environmental benefits in the broader context of environmentally sustainable development. A pre-issuance stage certificate is an "as-at" certificate and provides assurance that the Green Finance with its projects activity or activities financed with proceeds from the issuance of Green Finance to make a positive impact on the environment ("**Green Projects**") (up to the assessment completion date which is also the issue date on such certificate) comply with the HKQAA Green Finance Certification Scheme.

As part of the application for a pre-issuance stage certificate, an applicant is required to complete the relevant application forms (including a self-declaration form) and provide an Environmental Method Statement to the HKQAA which will assess and validate its adequacy in producing a positive environmental effect. An Environmental Method Statement shall include:

(i) use of proceeds;

(ii) Green Projects evaluation and selection;

(iii) management of proceeds;

(iv) information disclosure and reporting;

(v) Green Project monitoring;

(vi) Impact Assessment (which is the determination of the likely environmental consequences, or impacts, of proposed projects or activities conducted by the applicant); and

(vii) Stakeholder Engagement (which is the engagement with public, including individuals, groups or communities, affected, or likely to be affected, by the proposed project activity, or actions leading to the implementation of such an activity).

An annual surveillance assessment by the HKQAA to verify the continuous implementation and effectiveness of the Environmental Method Statement is not required.

When the HKQAA has completed its assessment and validation of the Environmental Method Statement and no non-conforming issues are outstanding, it will make a recommendation of certification to the Certification Review Board which reviews and approves the recommendation. Upon such approval, a pre-issuance stage certificate and a Certification Mark (a trademark designed by the HKQAA indicating that the applicant's Green Finance is duly certified under the HKQAA Green Finance Certification Scheme) are issued to the applicant.

HKQAA will disclose the Environmental Method Statement via the HKQAA website after the issuance of a pre-issuance stage certificate or the issuance of the relevant debt instrument (whichever is later). The HKQAA also gives flexibility for the applicant to request disclosure of its Environmental Method Statement on the HKQAA website before the issuance of green bond in order to cope with its announcement of certification of green bond in the public domain. The applicant shall inform the HKQAA about the disclosure arrangement at least two working days before the announcement. Such pre-issuance stage certificate will only be valid if the applicant's Environmental Method Statement for the time being corresponds to the version of the applicant's Environmental Method Statement accessible via the HKQAA website.

If an applicant makes any change to its Environmental Method Statement after the issuance of a pre-issuance stage certificate, the corresponding pre-issuance stage certificate will be regarded as invalid. An applicant shall inform the HKQAA in writing for any change in its Environmental Method Statement within one month after the occurrence of any foreseeable or actual changes. An applicant has to make a new application to the HKQAA for the certification of the revised Environmental Method Statement.

If an applicant makes any change to its Environmental Method Statement after the issuance of a pre-issuance stage certificate, the corresponding pre-issuance stage certificate will be regarded as invalid. An applicant shall inform the HKQAA in writing for any change in its Environmental Method Statement within one month after the occurrence of any foreseeable or actual changes. An applicant has to make a new application to the HKQAA for the certification of the revised Environmental Method Statement.

HKQAA CERTIFICATION DISCLAIMER

The issuance of the HKQAA Pre-issuance Stage Certificate relating to the Notes by the HKQAA is based solely on the Green Finance Certification Scheme Handbook and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Notes or any eligible green projects, including but not limited to this Offering Circular or the Issuer.

The issuance of the HKQAA Pre-issuance Stage Certificate relating to the Notes by the HKQAA will be addressed solely to the Issuer and is not a recommendation to any person to purchase, hold or sell the Notes and such certification does not address the market price or suitability of the Notes for a particular investor. The certification also does not address the merits of the decision by the Issuer or any third party to participate in any eligible green projects and does not express and should not be deemed to be an expression of an opinion as to the Issuer or any aspect of any eligible green projects (including but not limited to the financial viability of any eligible green projects) other than with respect to conformance with the Green Finance Certification Scheme Handbook. In issuing the HKQAA Pre-issuance Stage Certificate, HKQAA shall not be liable for any loss or damage suffered by any person whatsoever or howsoever caused by, arising from and/or in connection with, whether directly or indirectly, the certification of the Notes.

The HKQAA Pre-issuance Stage Certificate does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Notes and/or the payment of principal at maturity or any other date.

The HKQAA Pre-issuance Stage Certificate may be withdrawn at any time in HKQAA's sole and absolute discretion and there can be no assurance that the HKQAA Pre-issuance Stage Certificate will not be withdrawn.

EXCHANGE RATE INFORMATION

China

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system.

On May 18, 2007, PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. The floating band was further widened to 1.0% on April 16, 2012 and 2.0% on March 17, 2014. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. Effective since August 11, 2015, market makers are required to quote their central parity rates for Renminbi against U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. PBOC has further authorized the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The PRC government may adopt further reforms of its exchange rate system, including but not limited to making the Renminbi freely convertible in the future.

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

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
	(RMB per US$1.00)			
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.9430
2017	6.5063	6.7530	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021				
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4932
April	6.4749	6.5186	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August (through August 27, 2021)	6.4711	6.4782	6.5012	6.4608

Source: Federal Reserve H.10 Statistical Release

Note:

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

Hong Kong

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

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

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

Period	Noon buying rate			
	Period end	**Average[1]**	**High**	**Low**
	(HK per US$1.00)			
2015	7.7507	7.7519	7.7686	7.7495
2016	7.7534	7.7618	7.8270	7.7505
2017	7.8128	7.7950	7.8267	7.7540
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8335	7.8499	7.7850
2020	7.7534	7.7562	7.7951	7.7498
2021				
February	7.7567	7.7529	7.7567	7.7515
March	7.7746	7.7651	7.7746	7.7562
April	7.7664	7.7691	7.7849	7.7596
May	7.7610	7.7654	7.7697	7.7608
June	7.7658	7.7617	7.7666	7.7566
July	7.7723	7.7705	7.7837	7.7651
August (through August 27, 2021)	7.7875	7.7835	7.7925	7.7735

Source: Federal Reserve H.10 Statistical Release

Note:

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

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated cash and cash equivalents, total current borrowings and capitalization as of June 30, 2021 on an actual basis and on an as adjusted basis after giving effect to the gross proceeds from the Notes in this offering before deducting the underwriting discounts and commissions and other estimated expenses of this offering payable by us. The following table should be read in conjunction with the selected consolidated condensed financial information and related notes included in this offering memorandum.

	As of June 30, 2021			
	Actual		As adjusted	
	RMB (unaudited)	US$ (unaudited)	RMB (unaudited)	US$ (unaudited)
	(in millions)			
Cash and cash equivalent	25,479	3,946	27,410	4,245
Current borrowings				
Bank loans-secured	142	22	142	22
Other loans-unsecured	219	34	219	34
Current portion of long term bank loans-secured	6,519	1,010	6,519	1,010
Current portion of other loans-secured	544	84	544	84
Corporate bonds	4,726	732	4,726	732
Senior notes	5,092	789	5,092	789
Proceeds from asset-backed securities	186	29	186	29
Total current borrowings	17,428	2,699	17,428	2,699
Non-current borrowings				
Bank loans-secured	29,434	4,559	29,434	4,559
Other loans-secured	1,822	282	1,822	282
Corporate bonds	3,060	474	3,060	474
Senior notes	–	–	–	–
Proceeds from asset-backed securities	2,653	411	2,653	411
Notes to be issued	–	–	1,931	299
Total non-current borrowings	36,969	5,726	38,900	6,025
Total equity	38,100	5,901	38,100	5,901
Total capitalization	75,069	11,627	77,000	11,926

Note:

(1) Total capitalization includes total non-current borrowings plus total equity.

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 our existing indebtedness and funding our operations in the ordinary course of business. Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalization since June 30, 2021.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated income statement data for the years ended December 31, 2018, 2019 and 2020 and the summary consolidated statements of financial position as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our audited consolidated financial statements for such years and as of such dates, as audited by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. The summary financial data as of and for the six months ended June 30, 2020 and 2021 (except for EBITDA data) are derived from our unaudited condensed consolidated interim financial information for the six months ended and as of June 30, 2021, which have been reviewed by Ernst & Young, our independent certified public accountants, and included elsewhere in this offering memorandum. Consequently such unaudited condensed consolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit and should not be taken as an indication of the expected financial condition, results of operations and results of the Company for the full financial year ended December 31, 2021. Our financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period.

SUMMARY CONSOLIDATED INCOME STATEMENT AND OTHER FINANCIAL DATA

	Year Ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
	(in thousands, except for percentages)						
				(unaudited)			(unaudited)
Revenue	**15,971,183**	**25,963,108**	**34,875,174**	**5,401,477**	**11,153,011**	**16,066,445**	**2,488,375**
Cost of sales	(11,145,666)	(20,300,888)	(27,162,266)	(4,206,899)	(8,605,131)	(12,673,144)	(1,962,820)
Gross profit	**4,825,517**	**5,662,220**	**7,712,908**	**1,194,577**	**2,547,880**	**3,393,301**	**525,555**
Finance income	213,893	100,431	95,302	14,760	33,541	96,961	15,017
Other income and gains	68,577	187,641	436,406	67,591	16,471	87,664	13,577
Selling and distribution expenses	(519,332)	(771,495)	(1,152,834)	(178,551)	(330,067)	(509,407)	(78,897)
Administrative expenses	(795,006)	(988,052)	(1,196,128)	(185,257)	(451,698)	(481,001)	(74,498)
Finance costs	(571,509)	(494,863)	(525,246)	(81,350)	(166,255)	(96,544)	(14,953)
Other expenses	(101,646)	(49,065)	(80,592)	(12,482)	(128,218)	(24,338)	(3,769)
Fair value gains on investment properties	616,536	480,869	437,006	67,684	175,406	501,186	77,624
Fair value (losses)/gains from financial assets at fair value through profit or loss	3,102	(266)	(77)	(12)	238	(5,993)	(928)
Share of profits and losses of:							
Joint ventures	(24,121)	510,165	992,533	153,724	126,779	30,309	4,694
Associates	(65,674)	(68,769)	(182,519)	(28,269)	(36,377)	191,277	29,625
Profit before tax	**3,650,337**	**4,568,816**	**6,536,759**	**1,012,415**	**1,787,700**	**3,183,415**	**493,048**
Income tax expense	(1,350,460)	(1,878,828)	(2,717,686)	(420,916)	(742,012)	(1,171,050)	(181,373)
Profit for the year	**2,299,877**	**2,689,988**	**3,819,073**	**591,499**	**1,045,688**	**2,012,365**	**311,676**
Attributable to:							
Owners of the parent	2,007,939	2,508,068	3,127,526	484,392	607,812	1,825,266	282,698
Non-controlling interests	291,938	181,920	691,547	107,107	437,876	187,099	28,978
	2,299,877	2,689,988	3,819,073	591,499	1,045,688	2,012,365	311,676
Other Financial Data (Unaudited)							
EBITDA(1)	5,541,848	7,345,426	9,453,745	1,464,199	3,077,272	4,285,534	663,745
EBITDA margin(2)	35%	28%	27%	27%	28%	27%	27%

Notes:

(1) EBITDA for any period consists of profit before tax plus finance costs and depreciation, amortization expenses and interest capitalized in cost of sales. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

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

SUMMARY CONSOLIDATED FINANCIAL POSITION DATA

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
			(in thousands)			
				(unaudited)		(unaudited)
NON-CURRENT ASSETS						
Property, plant and equipment	392,712	375,297	354,532	54,910	340,312	52,708
Right-of-use assets	141,891	133,728	121,185	18,769	121,381	18,800
Investment properties	9,735,264	10,506,200	10,952,600	1,696,342	13,784,000	2,134,870
Intangible assets	20,478	18,276	17,609	2,727	20,653	3,199
Investments in joint ventures	1,205,068	1,736,684	2,461,115	381,178	3,052,998	472,849
Investments in associates	1,892,847	2,341,967	4,911,875	760,753	5,461,685	845,907
Financial assets at fair value through profit or loss	108,481	309,951	110,300	17,083	105,896	16,401
Deferred tax assets	2,268,267	2,873,970	2,884,290	446,720	3,346,258	518,269
Other non-current assets	2,616,156	1,402,644	1,402,644	217,242	1,692,644	262,157
Total non-current assets	18,381,164	19,698,717	23,216,150	3,595,724	27,925,827	4,325,160
CURRENT ASSETS						
Properties under development	66,993,973	86,103,704	103,990,664	16,106,103	109,261,672	16,922,478
Completed properties held for sale	5,504,494	8,884,710	12,450,866	1,928,394	10,597,817	1,641,393
Trade receivables	144,710	25,360	24,191	3,747	42,262	6,546
Contract cost assets	330,480	481,756	771,064	119,423	1,030,230	159,562
Due from related parties	6,892,735	7,815,085	7,314,208	1,132,827	8,732,877	1,352,550
Prepayments, other receivables and other assets	6,364,089	12,243,759	10,455,096	1,619,288	13,435,290	2,080,861
Tax recoverable	583,799	685,978	814,489	126,148	837,949	129,782
Financial assets at fair value through profit or loss	1,217,190	5,739	33,808	5,236	79,219	12,269
Cash and bank balances	14,199,749	13,399,755	26,590,952	4,118,414	25,478,996	3,946,194
Total current assets	102,231,219	129,645,846	162,445,338	25,159,579	169,469,312	26,247,454
CURRENT LIABILITIES						
Trade and bills payables	6,083,752	8,401,573	12,922,569	2,001,451	11,940,237	1,849,307
Other payables and accruals	3,739,786	3,300,649	2,890,303	447,651	3,642,783	564,195
Contract liabilities	41,935,011	56,685,129	69,086,961	10,700,208	77,358,402	11,981,291
Due to related parties	2,883,813	4,911,899	4,604,199	713,100	5,392,316	835,163
Tax payable	2,466,616	2,763,367	3,783,703	586,021	3,869,916	599,374
Interest-bearing bank and other borrowings	15,117,163	13,979,311	9,734,431	1,507,671	7,424,182	1,149,859
Proceeds from asset-backed securities within one year	193,077	1,156,041	770,798	119,381	185,735	28,767
Senior notes	–	34,154	1,745,743	270,381	5,092,046	788,657
Corporate bonds	8,042,163	4,035,868	7,056,468	1,092,908	4,725,502	731,887
Lease liabilities within one year	17,953	20,380	15,637	2,422	16,378	2,537
Total current liabilities	80,479,334	95,288,371	112,610,812	17,441,194	119,647,497	18,531,038
NET CURRENT ASSETS	**21,751,885**	**34,357,475**	**49,834,526**	**7,718,385**	**49,848,815**	**7,720,598**
TOTAL ASSETS LESS CURRENT LIABILITIES	**40,133,049**	**54,056,192**	**73,050,676**	**11,314,109**	**77,774,642**	**12,045,758**
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	14,167,847	19,466,254	25,868,005	4,006,444	31,256,162	4,840,963
Proceeds from asset-backed securities	4,250,876	3,426,599	2,690,573	416,717	2,653,434	410,964.5
Senior notes	–	1,706,044	3,549,874	549,805	–	–
Corporate bonds	1,396,675	5,266,794	2,358,100	365,223	3,060,173	473,960
Lease liabilities	18,696	12,231	7,402	1,146	7,864	1,218
Deferred tax liabilities	2,766,765	2,799,068	2,464,316	381,674	2,696,931	417,701
Total non-current liabilities	22,600,859	32,676,990	36,938,270	5,721,010	39,674,564	6,144,807
NET ASSETS	**17,532,190**	**21,379,202**	**36,112,406**	**5,593,099**	**38,100,078**	**5,900,951**
EQUITY						
Equity attributable to owners of the parent						
Share capital	–	–	35,095	5,436	35,095	5,436
Reserves	14,322,174	16,830,242	21,527,316	3,334,157	22,247,350	3,445,676
	14,322,174	16,830,242	21,562,411	3,339,592	22,282,445	3,451,111
Non-controlling interests	**3,210,016**	**4,548,960**	**14,549,995**	**2,253,507**	**15,817,633**	**2,449,839**
TOTAL EQUITY	**17,532,190**	**21,379,202**	**36,112,406**	**5,593,099**	**38,100,078**	**5,900,951**

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

The following discussion should be read in conjunction with the section entitled "Summary Consolidated Financial and Other Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. All significant intra-group transactions, balances and unrealized gains on intra-group transactions have been eliminated. Our consolidated financial statements were prepared in accordance with IFRS, which may differ in certain material respects from generally accepted accounting principles in other jurisdictions.

OVERVIEW

We are a reputable large property developer with national presence, regional focus and leading positions in select cities, and we focus on providing quality residential properties to first-time homebuyers and first-time upgraders. With over 20 years' experience, we have expanded our operations into eight regions with strong economic growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta. We were ranked 36th in terms of comprehensive strengths among "2020 China's Top 50 Real Estate Developers" and were ranked as one of "China's Top 10 Real Estate Developers of Comprehensive Strength" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2020. We were ranked 37th in terms of comprehensive strengths among "China's Top 100 Real Estate Developers" by the Enterprise Research Institute of Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2020, representing an improvement from the 38th place in 2019. We were also awarded "China's Top 30 Real Estate Developers of Brand Value" and "China's Top 10 Real Estate Developers of Brand Value's Growth Potential" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2018 and 2019, respectively. We were ranked as one of "China's Top 50 Real Estate Developers" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute for seven consecutive years since 2014.

In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our revenue amounted to RMB15,971.2 million, RMB25,963.1 million, RMB34,875.2 million, RMB11,153.0 million and RMB16,066.4 million (US$2,488.4 million), respectively. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our profit for the year/period amounted to RMB2,299.9 million, RMB2,690.0 million, RMB3,819.1 million, RMB1,045.7 million and RMB2,012.4 million (US$311.7 million), respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Economic Conditions and Regulatory Environment in the PRC

The overall economic growth and urbanization in the cities and regions that we operate and intend to operate are expected to continue to impact our business and operating results. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC Government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply of and demand for properties and property pricing trends in the cities and regions where we operate and intend to operate. In addition, our results of operations may also be affected by other social conditions in China, such as pandemics and other acts of God which are beyond our control. See "Risk Factors – The National and regional economics in China and our business may be adversely affected by factors beyond our control such as natural disasters, acts of war or terrorism, epidemics and pandemics.

In addition, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to property market. In the past few years, the PRC Government implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. We currently focus on developing properties that target customers who are first-time purchasers and first-time upgraders, which represent property development activities that are encouraged under the current regulatory environment in the PRC. As a result, we believe we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization, as well as the government policies to foster the continued growth of the property market in the PRC.

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 or even years before the commencement of pre-sales, depending on the size and difficulty of the project, and no revenue with respect to such project may be 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 and/or 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 not only subject to our internal schedules but also the relevant PRC laws and regulations. The relevant pre-sales 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 cost 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. See "Risk Factors – Risks Relating to Our Business – We face risks related to the pre-sales of properties from any potential limitations or restrictions imposed by the PRC Government."

Ability to Acquire Suitable Land at a Reasonable Cost

Land acquisition costs are one of the major components of our cost of sales for property development and sales. Our continuing growth and profitability depend, to a large extent, on our ability to acquire suitable land at a reasonable cost that can yield favorable returns, which in turn, depending on various factors, including the method and timing of land acquisition, location of the land parcel, as well as the competition we may face in a specific region. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, we acquired land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquired land by cooperating with third-party business partners through joint ventures or associates, or from third parties by acquiring equity interests in companies that possess land use rights. As the PRC economy continues to grow and demand for residential properties remains relatively strong, we expect competition among property developers for acquiring suitable land to intensify.

In addition, land supply policies and implementation measures set by the PRC Government are likely to further intensify competition, and consequently, increase the land acquisition costs. In order to participate in public tender, auction and listing-for-sale processes, we are required to pay a deposit up front, which typically represents a significant portion of the actual cost of the relevant land, and we are typically required to settle the land premium within one year after signing the land grant contract, which has accelerated the timing of our payment for land acquisition costs and has had a significant impact on our cash flows. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow and the real estate market remains one of the most invested markets in the country, which may materially and adversely affect our business and operating results.

Construction Materials and Labor Cost

Construction costs constitute a substantial portion of our cost of sales, of which, construction materials and labor cost are the two major components. Construction costs fluctuate as a result of changes in the price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labor are generally included in the contractor fees agreed between us and our general contractors. However, for certain major construction materials such as steel and cement, where the prices may fluctuate significantly, we and our contractors usually specify the price range within which the total construction contract price will remain relatively stable. If the price fluctuates outside such initial specified price range, we will be solely responsible for the price increase beyond the agreed scope. If we are unable to successfully pass on such increase in construction costs to our customers, we cannot sell our properties at a price level sufficient to cover all the increased costs, and we will not be able to achieve our target margin, and our profitability will be adversely impacted as well.

Availability and Cost of Financing

Financing is an important source of funding for property development. In 2018, 2019 and 2020 and the six months ended June 30, 2021, we financed our operations primarily through internally generated cash flow from the pre-sales of our properties, as well as external financings, such as borrowings from banks, corporate bonds, ABS, trust financing and senior notes. The monetary regulations imposed by the PRC Government from time to time may affect our access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs.

In addition, as of June 30, 2021, the total outstanding principal of our trust financing arrangements amounted to approximately RMB2,362.0 million (US$365.8 million). While trust financing providers generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC Government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers are required to adopt when considering applications for trust financing and remedial actions that they are required to take. Any such further measures that the PRC Government may implement could limit the amount of trust financing available to the PRC property development industry as a whole and to us.

As of December 31, 2018, 2019 and 2020 and June 30, 2021, our total borrowings, which consist of interest-bearing bank and other borrowings, senior notes, corporate bonds and ABS, amounted to RMB43,167.8 million, RMB49,071.1 million, RMB53,774.0 million and RMB54,397.2 million (US$8,425.1 million), respectively. The weighted average interest rate for our bank and other borrowings, senior notes, corporate bonds and ABS as of December 31, 2018, 2019 and 2020 and June 30, 2021 was 7.65%, 7.76%, 7.47% and 6.95%, respectively. We may continue to access both the international and domestic capital markets to diversify our financing sources, secure sufficient working capital and to support our business expansion. An increase in our finance costs will negatively affect our profitability and results of operations and the lack of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

LAT

All income from the sales or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property, which is calculated by deducting from the gross sales proceeds the costs associated with property development and sales and certain other deductibles. See "Regulatory – Taxes – Land Appreciation Tax (LAT)." In 2018, 2019 and 2020 and the six months ended June 30, 2021, we had accrued all LAT payable on our – property sales and transfers in compliance with the relevant LAT laws and regulations. In 2018, 2019 and 2020 and the six months ended June 30, 2021, we recorded LAT into income tax expenses in the amount of RMB726.7 million, RMB1,107.1 million, RMB1,609.6 million and RMB554.7 million (US$85.9 million), respectively in our consolidated statements of profit or loss and other comprehensive income. 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.

Fair Value of Our Investment Properties

Investment property values are affected by, including rental income, supply and demand for comparable investment properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of development of investment properties.

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As of December 31, 2018, 2019 and 2020 and June 30, 2021, the fair value of our investment properties amounted to RMB9,735.3 million, RMB10,506.2 million, RMB10,952.6 million and RMB13,784.0 million (US$2,134.9 million), respectively. The fair value gains on our investment properties in 2018, 2019 and 2020 and the six months ended June 30, 2021 were RMB616.5 million, RMB480.9 million, RMB437.0 million and RMB501.2 million (US$77.6 million), respectively. The fair value of some of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealized and do not generate any cash inflow as long as we continue to hold such properties. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognized in 2018, 2019 and 2020 and the six months ended June 30, 2021 can be sustained in the future.

SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items.

The estimates and assumptions are based on our historical experience and other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of our judgments about matters not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) our judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

Sale of Properties

We recognize revenues from sale of properties when or as the control of the asset is transferred to the customer. In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant. For property development and sales contract for which the control of the property is transferred at a point in time, we recognize revenue when the customer obtains the physical possession, or the legal title of the completed property and we have present right to payment and the collection of the consideration is probable.

Property Management Services

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

Management Consulting Services

We recognize management consulting services income when the relevant services are rendered and the customer simultaneously receives and consumes the benefits of such management consulting services.

Rental Income

We recognize rental income on a time proportion basis over the lease terms. We recognize variable lease payments that do not depend on an index or a rate as income in the year in which they are incurred.

Properties under Development

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

We state properties under development at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Based on our historical experience and the nature of the relevant properties, we make estimates of the selling prices, the costs to completion, and future costs to be incurred in sales of the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease, and this may result in a provision for properties under development. Where the expectation is different from our original estimate, we will adjust the carrying value and provision for properties in the respective years accordingly.

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

Completed Properties Held for Sale

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

Cost comprises development costs attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized less the costs we estimate will be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease, and this may result in a provision for completed properties held for sale. Where the expectation is different from our original estimate, we will adjust the carrying value and provision for properties in the respective years accordingly.

Investment Properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or held for sale in the ordinary course of business. We measure such properties initially at cost, including transaction costs. Subsequent to initial recognition, we state investment properties at fair value, which reflects market conditions at the end of each year or period.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimates, we consider information from current prices in an active market for similar properties and use assumptions that are mainly based on market conditions existing at the end of each year or period.

We recognize gains or losses arising from changes in the fair value of investment properties in our consolidated statement of profit or loss in the year in which they arise. We recognize any gains or losses on the retirement or disposal of an investment property in our consolidated statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the cost of a property is its fair value at the date of change in use. If a property occupied by us as an owner-occupied property becomes an investment property, we account for any difference at the date of change in use between the carrying amount and the fair value of the property as a revaluation and carry the difference in the asset revaluation reserve in equity.

LAT

We recognize LAT as an income tax expense to the extent that it is probable that we will have the obligation to pay the tax to the PRC tax authorities. When we pre-sell properties under development and receive advances from the pre-sales of properties, we make provisions of LAT on the basis of our pre-sales proceeds in accordance with the requirements of the PRC tax authorities. The provision for LAT is based on our best estimates according to the interpretation of the relevant PRC tax laws and regulations. The actual LAT liabilities are, however, subject to determination by the tax authorities upon completion of the property development projects and recognition of the related revenue. We have not finalized our LAT calculation and payments with the tax authorities for certain of our property development projects. The final outcome could be different from the amounts that we initially recorded, and any differences will affect the LAT expenses and the related provision in the respective year.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

The table below sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)			
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	15,971,183	25,963,108	34,875,174	5,401,477	11,153,011	16,066,445	2,488,375
Cost of sales	(11,145,666)	(20,300,888)	(27,162,266)	(4,206,899)	(8,605,131)	(12,673,144)	(1,962,820)
Gross profit	4,825,517	5,662,220	7,712,908	1,194,577	2,547,880	3,393,301	525,555
Finance income	213,893	100,431	95,302	14,760	33,541	96,961	15,017
Other income and gains	68,577	187,641	436,406	67,591	16,471	87,664	13,577
Selling and distribution expenses	(519,332)	(771,495)	(1,152,834)	(178,551)	(330,067)	(509,407)	(78,897)
Administrative expenses	(795,006)	(988,052)	(1,196,128)	(185,257)	(451,698)	(481,001)	(74,498)
Finance costs	(571,509)	(494,863)	(525,246)	(81,350)	(166,255)	(96,544)	(14,953)
Other expenses	(101,646)	(49,065)	(80,592)	(12,482)	(128,218)	(24,338)	(3,769)
Fair value gains on investment properties	616,536	480,869	437,006	67,684	175,406	501,186	77,624
Fair value gains or loss from financial assets at fair value through profit or loss	3,102	(266)	(77)	(12)	238	(5,993)	(928)
Share of profits and losses of:							
Joint ventures	(24,121)	510,165	992,533	153,724	126,779	30,309	4,694
Associates	(65,674)	(68,769)	(182,519)	(28,269)	(36,377)	191,277	29,625
Profit before tax	3,650,337	4,568,816	6,536,759	1,012,415	1,787,700	3,183,415	493,048
Income tax expense	(1,350,460)	(1,878,828)	(2,717,686)	(420,916)	(742,012)	(1,171,050)	(181,373)
Profit for the year/period	2,299,877	2,689,988	3,819,073	591,499	1,045,688	2,012,365	311,676
Attributable to							
Owners of the parent	2,007,939	2,508,068	3,127,526	484,392	607,812	1,825,266	282,698
Non-controlling interests	291,938	181,920	691,547	107,107	437,876	187,099	28,978
	2,299,877	2,689,988	3,819,073	591,499	1,045,688	2,012,365	311,676

Revenue

In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, we mainly derived our revenue from development and sales of residential properties and commercial properties. We also derived revenue from providing property management services, leasing commercial properties, and providing management consulting services to our joint ventures and associates for the overall operation of property projects. The table below sets forth each of the components described above and the percentage of our revenue represented for the periods indicated:

	Year ended December 31,							Six months ended June 30,				
	2018		2019		2020			2020		2021		
	RMB	%	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)											
						(unaudited)		(unaudited)			(unaudited)	
Property development and sales	15,149,795	94.9	25,037,479	96.4	34,380,524	5,324,865	98.5	10,916,144	97.9	15,794,783	2,446,300	98.3
Property management services	480,542	3.0	517,219	2.0	–	–	–	–	–	–	–	–
Property leasing	279,029	1.7	352,782	1.4	336,613	52,135	1.0	175,564	1.6	189,180	29,300	1.2
Management consulting services	61,817	0.4	55,628	0.2	158,037	24,477	0.5	61,303	0.5	82,482	12,775	0.5
Total	**15,971,183**	**100.0**	**25,963,108**	**100.0**	**34,875,174**	**5,401,477**	**100.0**	**11,153,011**	**100.0**	**16,066,445**	**2,488,375**	**100.0**

Property Development and Sales

Revenue from property development and sales has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we delivered during such period. Conditions in the property markets in which we operate change from period to period and are affected by general economic, political and regulatory developments in the PRC as well as in the cities and regions in which we operate.

Consistent with industry practice, we typically enter into pre-sales contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and delivered to the customers. Since the revenue is only recognized upon the delivery of properties, the timing of such delivery may affect the amount of our revenue from property development and sales in respective periods, and may also cause contract liabilities to fluctuate from period to period.

The increases in our revenue from property development and sales in 2018, 2019 and 2020 were primarily attributable to an increase in the number of property projects we completed and delivered, which resulted in an increase in our total GFA delivered. The increase in our revenue from property development and sales from June 30, 2020 to June 30, 2021 were primarily attributable to an increase in the number of completed and delivered property projects, which resulted in an increase in our total GFA delivered, especially in Eastern China and Southeastern China regions. Particularly, our revenue derived from the Yangtze River Delta and Bohai Economic Rim increased gradually in 2018, 2019 and 2020 and we plan to continue to strengthen our market position in the Yangtze River Delta.

Property Management Services

We provided property management services mainly to residential and commercial properties developed by us in 2018 and 2019. To focus our resources primarily on property development and sales, we disposed of the property management service business as part of the reorganization which had been completed as of December 31, 2020. As a result, we did not record any revenue from property management services as of December 31, 2020.

The increases in our revenue from property management services from 2018 to 2019 were primarily attributable to an overall increase in the total GFA of properties for which we provided property management services.

Property Leasing

Revenue from property leasing consists of recurring revenue from leasing our commercial properties, such as office buildings, shopping malls and shopping streets, which are usually open-air streets with commercial shops located along side. Our revenue derived from property leasing was RMB279.0 million, RMB352.8 million, RMB336.6 million and RMB189.2 million (US$29.3 million) in 2018, 2019 and 2020 and the six months ended June 30, 2021, respectively. Our revenue derived from property leasing increased in 2018, 2019 and 2020 and the six months ended June 30, 2021, primarily attributable to (i) an increase in the number of investment properties that commenced operation; and (ii) an increase in the occupancy rates of our investment properties.

Management Consulting Services

We provide management consulting services to our joint ventures and associates, mainly including management consultation services provided to these entities in connection with the construction, sales and marketing of properties, and overall project management during the development and sales of properties.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly relating to the property development and sales and, to a less extent, the costs we incur for our property management services and management consulting services. In 2018, 2019 and 2020 and the six months ended June 30, 2021, our cost of sales accounted for 69.8%, 78.2%, 77.9% and 78.9%, respectively, of our revenue for the same periods.

Cost of Sales for Property Development and Sales

Cost of property development and sales mainly consists of construction costs, land acquisition costs and capitalized interest.

Construction Costs

Construction costs consist of costs for the design and construction of a project, including payments to our contractors, which are responsible for engineering, construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors, including the type and geographic conditions of the properties being constructed, the contractors we engaged or the type and amount of construction materials to be used by such contractors, which may vary from city to city or project to project.

Land Acquisition Costs

Land acquisition costs include costs relating to acquisition of the rights to occupy, use and develop land which mainly represent land premium incurred in connection with a land grant from the government or land obtained by transfers, cooperative arrangements or other methods. A project's land acquisition costs are affected by a number of factors, such as the location of the land parcel, local property market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in the relevant laws and regulations. Our average land acquisition cost per sq.m. delivered, which is calculated by dividing the land acquisition costs included in our cost of sales for property development and sales for a period by the total GFA delivered in that period, was RMB2,692, RMB5,120, RMB5,126 and RMB6,266 (US$971), respectively, in 2018, 2019 and 2020 and the six months ended June 30, 2021.

Capitalized Interest

Capitalized interest includes a portion of our finance costs that is directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our consolidated statements of profit or loss in the period during which they are incurred.

Our cost of sales for property development and sales increased in 2018, 2019 and 2020 and from June 30, 2020 to June 30, 2021, primarily due to increases in the scale of our operations as evidenced by increases in the number of our property projects completed and delivered, and accordingly an increase in our total GFA delivered.

Cost of Sales for Property Management Services

Our cost of sales for property management services primarily includes labor costs, maintenance fees, utility costs and other miscellaneous fees.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB4,825.5 million in 2018 to RMB5,662.2 million in 2019 and further to RMB7,712.9 million in 2020 and from RMB2,547.9 million in the six months ended June 30, 2020 to RMB3,393.3 million (US$525.6 million) for the same period in 2021. Our gross profit margin decreased from 22.8% for the six months ended June 30, 2020 to 21.1% for the six months ended June 30, 2021. Our gross profit margin increased from 21.8% in 2019 to 22.1% in 2020, primarily due to decreases in our gross profit margin for property development and sales. Decreases in gross profit margin for property development and sales were primarily because increases in average cost per sq.m. delivered outpaced the increases in our recognized ASP per sq.m. in the relevant period. The profit margin for properties delivered in Suzhou and Fuzhou were relatively higher compared to those in Shijiazhuang, Tianjin and Xi'an because of relatively high recognized ASP. The recognized ASP in Suzhou and Fuzhou were relatively high because the selling prices of properties in these cities were generally higher than those of Shijiazhuang, Tianjin and Xi'an. In addition, the properties we delivered of Fuzhou Huai'an（福州淮安）in Fuzhou were villas, which had higher recognized ASP than other types of properties.

Our gross profit margin for property management services increased in 2018, 2019 and 2020, primarily because we consolidated resources from our property management subsidiaries in different regions and therefore enhanced our centralized management capability and strengthened our cost control efforts.

Our gross profit margin for our property leasing business and management consulting services remained stable in 2018, 2019 and 2020.

Finance Income

Our finance income amounted to RMB213.9 million, RMB100.4 million, RMB95.3 million and RMB97.0 million (US$15.0 million) in 2018, 2019 and 2020 and June 30, 2021, respectively. Our finance income primarily consists of interest income from bank deposits, interest income from funds we advanced to our joint ventures and associates and interest received from third parties. Our finance income decreased in 2018, 2019 and 2020 primarily due to decreases in interest income derived from advances we made to certain joint ventures and associates. According to the General Lending Provisions, only financial institutions may engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. We had ceased to charge interest on advances to our joint ventures and associates and third parties as of June 30, 2021 to reduce the possibility being penalized by the PBOC.

Other Income and Gains

Our other income and gains mainly consist of (i) gain on bargain purchase; (ii) deposit forfeiture; (iii) gain on disposal of subsidiaries; and (iv) others. Gain on bargain purchase recognized in 2018 primarily represents our gains in acquiring 49% equity interests of Suzhou Jinhui Xinyuan Real Estate Co., Ltd. and 30% equity interest of Suzhou Jinhui Huayuan Real Estate Co., Ltd. from an Independent Third Party at a price below the net fair value of such equity interests. After the acquisition, we hold 100% equity interests in Suzhou Jinhui Xinyuan Real Estate Co., Ltd. Deposit forfeiture primarily represents the forfeited deposits we received from certain potential customers who are in default on the pre-sales/sales contracts with us. Gain on disposal of subsidiaries primarily represent gains from disposing of certain of our subsidiaries.

Selling and Distribution Expenses

Our selling and distribution expenses mainly consist of (i) promotion and advertising expenses, which primarily represent costs incurred in connection with advertisement in media and promotional events; (ii) employee benefit expenses, which primarily represent salaries paid to our selling and marketing personnel; (iii) office and property management expenses, which primarily represent the expenses incurred in daily operation and management of our sales offices; (iv) sales expenses, which primarily represent commissions paid to third-party sales agencies; (v) depreciation and amortization, which primarily represent the depreciation and amortization of equipment and devices used by our selling and marketing personnel; (vi) travelling and entertainment expenses; and (vii) after-sales service expenses, which primarily represent expenses incurred during the provision of our after-sales services to our customers.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expenses, which primarily represent salaries paid to our administrative personnel; (ii) tax and surcharges, which primarily represent stamp duties in relation to sales contracts we entered into and property tax in relation to properties we leased; (iii) depreciation and amortization, which primarily represent the depreciation and amortization of our offices and office equipment; (iv) office expenses, which primarily represent the expenses incurred by our administrative personnel in the daily operations of our offices; (v) professional consulting expenses, which primarily represent the expenses for the consulting services we engaged in order to increase our operational efficiency; (vi) bank service charges, which primarily represent the expenses for miscellaneous bank services; (vii) travelling and entertainment expenses; and (viii) service expenditures.

Finance Cost

Our finance costs mainly consist of (i) interest on loans and borrowings, corporate bonds, ABS, senior notes and lease liabilities; and (ii) interest expense arising from revenue contracts, which represents interest expenses recognized for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of the underlying properties, less capitalized interest directly relating to properties under development. The table below sets forth the components of our finance expenses for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)			
				(unaudited)	(unaudited)	(unaudited)	
Interest on bank and other borrowings.	3,070,800	3,644,387	3,869,507	599,310	1,945,622	1,807,420	279,934
Interest on lease liabilities	–	3,018	2,170	336	1,289	1,137	176
Interest expense arising from revenue contracts	538,953	553,127	600,536	93,011	257,323	312,134	48,343
Total interest expense on financial liabilities not at fair value through profit or loss . .	3,609,753	4,200,532	4,472,213	692,658	2,204,234	2,120,691	328,453
Less: Interest capitalized	(3,038,244)	(3,705,669)	(3,946,967)	(611,307)	(2,037,979)	(2,024,147)	(313,500)
Total	571,509	494,863	525,246	81,350	166,255	96,544	14,953

Other Expenses

Our other expenses mainly consist of (i) fines and surcharges for overdue payments, which were mainly incurred for certain non-compliance incidents. See "Business – Legal Proceedings and Compliance – Compliance with Laws and Regulations"; (ii) compensation and default payments incurred primarily due to delayed delivery of properties. During the three years ended December 31, 2020, we experienced delays in delivering three properties to our customers and as a result incurred compensation and default payments. The delays of these properties were primarily caused by measures implemented by local governments to tackle air pollution and reduce smog. For details of such measures by local governments which contributed to the delays, see "Risk Factors – Risks Relating to Our Business – We may fail to deliver our projects on time, on budget, or at all."

Fair Value Gains on Investment Properties

Fair value gains on investment properties represent the changes in the fair value of our investment properties which are accounted for in our consolidated statements of profit and loss. The valuation of investment property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties has changed, and may continue to change based on property market conditions in the PRC. The fair value gains on our investment properties in 2018, 2019 and 2020 and the six months ended June 30, 2021 were RMB616.5 million, RMB480.9 million and RMB437.0 million and RMB501.2 million (US$77.6 million), respectively.

Fair Value Gains or Losses from Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss were primarily wealth management products issued by financial institutions in the PRC. In 2018, 2019 and 2020 and the six months ended June 30, 2021, we purchased certain wealth management products with low risk for the purposes of achieving reasonably higher return on our excess cash than regular bank deposits in the short term. Our fair value gains from financial assets at fair value through profit or loss decreased from RMB3.1 million in 2018 to RMB0.2 million in 2019 as we purchased less short-term wealth management products. We recorded RMB0.07 million fair value loss from financial assets at fair value through profit or loss in 2020, due to slight fair value fluctuations.

Share of Profits and Losses of Joint Ventures

We co-develop property development projects by establishing joint ventures with third-party property developers. Our joint ventures are entities over which we have joint control. We generally expect to record share of losses in our joint ventures as these joint ventures typically record losses as a result of administrative expenses and other expenses incurred before a project reaches its completion and delivery stage. We generally start to record share of profit when the respective property development project is completed and starts its delivery and generate return. Our share of such profits or losses is accounted for as "share of profits and losses of joint ventures" in our consolidated statements of profit or loss. Our share of losses of joint venture in 2018 was RMB24.1 million and, our share of profits of joint ventures in 2019 and 2020 and the six months ended June 30, 2021 was RMB510.2 million, RMB992.5 million and RMB30.3 million (US$4.7 million), respectively. We recorded share of profits of joint ventures in 2018, 2019 and 2020 primarily because we derived a substantial revenue from joint ventures in Suzhou, Nanjing, Chongqing and Yangzhou when the relevant projects were completed and delivered. We recorded share of losses of joint ventures in 2018 because most of our joint ventures did not complete construction of properties and as a result did not deliver any properties and recognize revenue in 2018, and as a result, we recognized share of losses.

Share of Profits and Losses of Associates

We co-develop property development projects by establishing associates with third-party property developers. We generally expect to incur our share of the losses of our associates as these associates typically record losses as a result of administrative expenses and other expenses incurred before a project reaches its completion and delivery stage. We generally start to record share of profit when the respective property development project is completed and starts to generate return. Our share of such profits or losses is accounted for as "share of profits and losses of associates" in our consolidated statements of profit or loss. Our share of losses of associates in 2018, 2019 and 2020 was RMB65.7 million, RMB68.8 million and RMB182.5 million (US$28.3 million), respectively. We recorded share of profits of associates in 2018 because we derived profit from a project developed by an associate in Xi'an which was completed and delivered in 2018. Our projects developed by associates were not completed and delivered in 2019 and 2020, and therefore no revenue has been recognized by such associates in 2019 and 2020. As a result, we recorded losses for such projects developed by associates. Our share of losses of associates increased from 2019 and 2020 due to an increase in the number of projects that developed by associates from 2019 and 2020.

Income Tax Expenses

Income tax expenses represent corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. In 2018, 2019 and 2020, our effective corporate income tax rate was 21.3%, 22.3% and 22.5%, respectively. The table below sets forth the components of our income tax expenses for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)			
				(unaudited)	(unaudited)	(unaudited)	
Current tax:							
PRC corporate income tax	1,314,035	1,375,919	1,528,152	236,681	529,804	942,431	145,964
PRC LAT	726,731	1,107,069	1,609,553	249,288	392,679	554,748	85,920
Deferred tax	(690,306)	(604,160)	(420,019)	(65,053)	(180,471)	(326,129)	(50,511)
Total	**1,350,460**	**1,878,828**	**2,717,686**	**420,916**	**742,012**	**1,171,050**	**181,373**

In 2018, 2019 and 2020, there were no material penalties imposed by the relevant tax authorities relating to tax deficiency, and there was no material matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year/Period

As a result of the foregoing, we recorded profit of RMB2,299.9 million, RMB2,690.0 million, RMB3,819.1 million and RMB2,012.4 million (US$311.7 million) in 2018, 2019 and 2020, respectively.

TAXATION

Cayman Islands

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

Hong Kong

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

PRC

PRC Corporate Income tax

Pursuant to the relevant PRC laws and regulations, a uniform 25% corporate income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Substantially all of our subsidiaries are subject to the 25% corporate income tax rate. Two of our subsidiaries, namely, Chongqing Jinhui Changjiang and Chongqing Jinhui Changjiang Asset Management Co., Ltd., are eligible to enjoy a preferential tax rate of 15% from 2011 to 2030 pursuant to tax policies for western China. Moreover, our funds are expected to be retained in the PRC for our operations and we do not expect our PRC subsidiaries to distribute such earnings in the foreseeable future. Therefore, no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

LAT

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

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2021 Compared to Six months ended June 30, 2020

Revenue

Our revenue increased by 44.1% from RMB11,153.0 million in the six months ended June 30, 2020 to RMB16,066.4 million (US$2,488.4 million) in the six months ended June 30, 2021.

Cost of Sales

Our cost of sales increased by 47.3% from RMB8,605.1 million in the six months ended June 30, 2020 to RMB12,673.1 million (US$1,962.8 million) in the six months ended June 30, 2021, primarily due to an expansion in the scale of our operations and accordingly an increase in our corresponding total GFA delivered.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased slightly from RMB2,547.9 million in the six months ended June 30, 2020 to RMB3,393.3 million (US$525.6 million) in the six months ended June 30, 2021. Our gross profit margin decreased from 22.8% in the six months ended June 30, 2020 to 21.1% in the six months ended June 30, 2021.

Finance Income

Our finance income increased by 189.6% from RMB33.5 million in the six months ended June 30, 2020 to RMB97.0 million (US$15.0 million) in the six months ended June 30, 2021, primarily due to the increase in the Group's bank balances which led to the increase in interest income generated by deposits during the six months ended 30 June 2021.

Other Income and Gains

Our other income and gains increased significantly from RMB16.4 million in the six months ended June 30, 2020 to RMB87.7 million (US$13.6 million) in the six months ended June 30, 2021, primarily due to the gain from disposal of subsidiaries.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 54.3% from RMB330.1 million in the six months ended June 30, 2020 to RMB509.4 million (US$78.9 million) in the six months ended June 30, 2021, which was primarily attributable to the expansion of operating scope, resulting in an increase of marketing expenses.

Administrative Expenses

Our administrative expenses increased by approximately 6.5% from RMB451.7 million in the six months ended June 30, 2020 to RMB481.0 million (US$74.5 million) in the six months ended June 30, 2021, which was primarily attributable to the increase in tax and office expenses as we expand our operation scale.

Finance Cost

Our finance cost decreased by 42.0% from RMB166.3 million in the six months ended June 30, 2020 to RMB96.5 million (US$15.0 million) in the six months ended June 30, 2021, primarily due to the decrease in the weighted average cost of indebtedness of interest-bearing debts and the decrease in the balance of weighted average debts.

Other Expenses

Our other expenses decreased by 81.0% from RMB128.2 million in the six months ended June 30, 2020 to RMB24.3 million (US$3.8 million) in the six months ended June 30, 2021, primarily due to the donation made for fighting against Covid-19 pandemic and other community charity.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by 185.7% from RMB175.4 million in the six months ended June 30, 2020 to RMB501.2 million (US$77.6 million) in the six months ended June 30, 2021, primarily due to the addition of Radiance Park 18（金輝時八區）in Beijing to our investment properties portfolio in 2021, and accordingly we recorded a relatively high level of appreciation in value as compared to the corresponding period of 2020.

Share of Profits of Joint Ventures

We recorded share of profits of joint ventures of RMB126.8 million in the six months ended June 30, 2020 and share of profits of joint ventures of RMB30.3 million (US$4.7 million) in the six months ended June 30, 2021.

Share of Profits and Losses of Associate

We recorded share of loss of associates of RMB36.4 million in the six months ended June 30, 2020 and share of profits of associates of RMB191.3 million (US$29.6 million) in the six months ended June 30, 2021.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased by 78.1% from RMB1,787.7 million in the six months ended June 30, 2020 to RMB3,183.4 million (US$493.0 million) in the six months ended June 30, 2021.

Income Tax Expenses

Our income tax expenses increased by 57.8% from RMB742.0 million in the six months ended June 30, 2020 to RMB1,175.0 million (US$181.4 million) in the six months ended June 30, 2021.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 92.5% from RMB1,045.7 million in the six months ended June 30, 2020 to RMB2,012.4 million (US$311.7 million) in the six months ended June 30, 2021.

2020 Compared to 2019

Revenue

Our revenue increased by 34.3% from RMB25,963.1 million in 2019 to RMB34,875.2 million (US$5,401.5 million) in 2020, primarily reflecting the following:

- *An increase in revenue from property development and sales.* Revenue from property development and sales increased by 37.3% from RMB25,037.5 million in 2019 to RMB34,380.5 million (US$5,324.9 million) in 2020, primarily due to an increase in the total GFA delivered.

  We provided property management services mainly to residential and commercial properties developed by the Group in 2019. In order to focus our resources primarily on property development and sales, the Group disposed of the property management service business which had been completed as of December 31 2019. As a result, the Group did not record any revenue from property management services as of December 31 2020.

- *An increase in revenue from property leasing.* Revenue from property leasing decreased by 4.6% from RMB352.8 million for 2019 to RMB336.6 million (US$52.1 million) in 2020, primarily because (i) our portfolio of investment properties further expanded after June 30, 2019, with new investment properties added; and (ii) the average rental rates of some investment properties and the overall occupancy rates, increased as a result of the prevailing market condition in the respective cities.

- *An increase in revenue from management consulting services.* Revenue from management consulting services increased by 184.2% from RMB55.6 million in 2019 to RMB158.0 million (US$24.5 million) in 2020, primarily attributable to an increase in the number of projects developed by our joint ventures and associates for which we provided management consulting services.

Cost of Sales

Our cost of sales increased by 33.8% from RMB20,300.9 million in 2019 to RMB27,162.3 million (US$4,206.9 million) in 2020, primarily due to the increase in the total GFA delivered during the relevant periods. As a percentage of our revenue, our cost of sales remained stable at 78.2% in 2019 and 77.9% in 2020.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased slightly from RMB5,662.2 million in 2019 to RMB7,712.9 million (US$1,194.6 million) in 2020. Our gross profit margin increased from 21.8% in 2019 to 22.1% in 2020. This decrease was primarily because of change in gross profit margin of the portfolio of properties we delivered in 2020.

Finance Income

Our finance income decreased by 5.1% from RMB100.4 million in 2019 to RMB95.3 million (US$14.8 million) in 2020 primarily due to a decrease in interest income derived from advances we made to certain of our joint ventures and associates and third parties. We had ceased to charge interest on advances to our joint ventures and associates and third parties as of December 31, 2019.

Other Income and Gains

Our other income and gains decreased significantly from RMB187.6 million in 2019 to RMB436.4 million (US$67.6 million) in 2020, primarily due to a decrease in gains recorded from disposal of certain wealth management products. We disposed a substantial portion of our wealth management products in 2019, and did not purchase additional wealth management products in 2020. Therefore, the gains we recorded from the disposal of wealth management products decreased for 2020 as compared to the same period of 2019.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB771.5 million in 2019 and RMB1,152.8 million (US$178.5 million) in 2020.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB988.1 million in 2019 and RMB1,196.1 million (US$185.3 million) in 2020.

Finance Cost

Our finance cost increased by 6.1% from RMB494.9 million in 2019 to RMB525.2 million (US$81.3 million) in 2020, primarily due to an increase in interest expenses on bank and other borrowings, senior notes, corporate bonds and lease liabilities, which was in line with our increased borrowings in 2020 to meet increased need to finance our property development projects, as partially offset by a corresponding increase in interest expenses capitalized.

Other Expenses

Our other expenses increased significantly from RMB49.1 million in 2019 to RMB80.6 million (US$12.5 million) in 2020, primarily due to (i) an increase in donations for fight against the COVID-19 pandemic in 2020; (ii) foreign exchange loss incurred in relation to our U.S. dollar-denominated senior notes during 2020 due to the appreciation of U.S. dollars against Renminbi; and (iii) a provision of RMB15.0 million made for a pending litigation.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 9.1% from RMB480.9 million in 2019 to RMB437.0 million (US$67.68 million) in 2020, primarily because Suzhou Qianwan Commercial Center (蘇州淺灣商業中心) was added to our investment properties portfolio during 2019, and accordingly we recorded a relatively high level of appreciation in value in 2019 compared to the same period in 2020.

Share of Profits of Joint Ventures

We recorded share of losses of joint ventures of RMB510.2 million in 2019 and share of profits of joint ventures of RMB992.5 million (US$153.7 million) in 2020.

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB68.8 million in 2019 and share of losses of associated of RMB182.5 million (US$28.3 million) in 2020.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased by 43.1% from RMB4,568.8 million in 2019 to RMB6,536.8 million (US$1,012.4 million) in 2020.

Income Tax Expenses

Our income tax expenses increased by 44.7% from RMB1,878.8 million in 2019 to RMB2,717.7 million (US$420.9 million) in 2020, primarily due to a decrease in taxable income.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 42% from RMB2,690.0 million in 2019 to RMB3,819.1 million (US$591.5 million) in 2020.

2019 Compared to 2018

Revenue

Our revenue increased by 62.6% from RMB15,971.2 million in 2018 to RMB25,963.1 million in 2019, primarily reflecting the following:

- *An increase in revenue from property development and sales.* Revenue from property development and sales increased by 65.3% from RMB15,149.8 million in 2018 to RMB25,037.5 million in 2019, primarily attributable to an increase in the total GFA delivered from 2018 to 2019 as well as an increase in our recognized ASP from 2018 to 2019.

- *An increase in revenue from property management services.* Revenue from property management services increased by 7.6% from RMB480.5 million in 2018 to RMB517.2 million in 2019, primarily attributable to an increase in the total GFA of properties for which we provided property management services from 2018 to 2019. To focus our resources primarily on property development and sales, we disposed of our property management service business as part of the Reorganization and the disposal was completed in December 2019.

- *An increase in revenue from property leasing.* Revenue from property leasing increased by 26.5% from RMB279.0 million in 2018 to RMB352.8 million in 2019, primarily due to an increase in rental income from certain investment properties, such as Beijing Radiance Plaza

(北京金輝大廈) as its occupancy rate has significantly increased since 2018, and Xi'an Jinhui Global Plaza (Block B)(西安金輝環球廣場(B棟)) as it commenced operation in April 2018.

- *A decrease in revenue from management consulting services*. Revenue from management consulting services decreased slightly by 10.0% from RMB61.8 million in 2018 to RMB55.6 million in 2019, as certain projects developed by our joint ventures or associates for which we provided management consulting services were completed and delivered in 2019, leading to a decrease in the number of projects for which we provided such services in 2019.

Cost of Sales

Our cost of sales increased by 82.1% from RMB11,145.7 million in 2018 to RMB20,300.9 million in 2019, which was primarily due to a significant increase in the scale of our operation as evidenced by the increase in total GFA delivered from 2018 to 2019. As a percentage of our revenue, our cost of sales increased from 69.8% in 2018 to 78.2% in 2019, which was primarily attributable to an increase in land acquisition costs as reflected by an increase in average land acquisition cost per sq.m. delivered from RMB2,692 in 2018 to RMB5,120 in 2019.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 17.4% from RMB4,825.5 million in 2018 to RMB5,662.2 million in 2019. Our gross profit margin decreased from 30.2% in 2018 to 21.8% in 2019. This decrease was primarily due to a decrease in our gross profit margin for property development and sales from 29.2% in 2018 to 20.7% in 2019 as the increase in average cost per sq.m. delivered outpaced the increase in our ASP per sq.m. The increase in the average cost per sq.m. delivered was primarily due to an increase in land acquisition costs recognized for projects delivered in cities where the land acquisition costs were relatively higher, such as Nanjing and Shanghai.

Finance Income

Our finance income decreased by 53.1% from RMB213.9 million in 2018 to RMB100.4 million in 2019 primarily due to a decrease in interest income derived from advances we made to certain of our joint ventures and associates and third parties. We had ceased to charge interest on advances to our joint ventures and associates and third parties as of December 31, 2019.

Other Income and Gains

Our other income and gains increased by 173.5% from RMB68.6 million in 2018 to RMB187.6 million in 2019, primarily due to gains recorded from disposal of certain of our subsidiaries in 2019.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 48.6% from RMB519.3 million in 2018 to RMB771.5 million in 2019, primarily due to (i) an increase in promotion and advertising expenses in line with the increase in our newly-launched property projects; (ii) an increase in sales expenses recognized as a result of an increase in property sold and delivered; and (iii) the increases in employee benefit expenses and office and property management expenses in line with our business expansion.

Administrative Expenses

Our administrative expenses increased by 24.3% from RMB795.0 million in 2018 to RMB988.1 million in 2019, primarily due to our business expansion, resulting in the increase in our employee benefit expenses as the management and administrative headcounts increased, the overall increases in surcharges, office expenses, service expenditures, traveling and entertainment expenses, and other miscellaneous expenses. In addition, we incurred listing expenses of RMB9.5 million in 2019.

Finance Cost

Our finance cost decreased by 13.4% from RMB571.5 million in 2018 to RMB494.9 million in 2019, primarily due to an increase in capitalized interest associated with increased funding used to finance project construction, as partially offset by an increase in interest on loans and borrowings.

Other Expenses

Our other expenses decreased by 51.7% from RMB101.6 million in 2018 to RMB49.1 million in 2019, primarily due to (i) a decrease in donations in 2019; (ii) a decrease in the number of incidents which led to fines and surcharges in 2019 as a result of our enhanced internal control efforts; and (iii) a decrease in the compensation and default payments we paid for late delivery of a project in 2018, which was mainly caused by suspension of construction required by the local government to reduce smog.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 22.0% from RMB616.5 million in 2018 to RMB480.9 million in 2019, primarily because the construction of Xi'an Jinhui Global Plaza (Block B) was completed in 2018, and accordingly we recorded a relatively high level of appreciation in value in 2018 compared to 2019.

Share of Profits and Losses of Joint Ventures

We recorded share of losses of joint ventures of RMB24.1 million in 2018 as our joint ventures did not complete and deliver any properties in 2018. We recorded share of profits of joint ventures of RMB510.2 million in 2019 as our joint ventures in Nanjing and Chongqing completed and delivered certain properties in 2019.

Share of Losses of Associates

Our share of losses of associates increased by 4.7% from RMB65.7 million in 2018 to RMB68.8 million in 2019. Our projects developed by associates were not completed and delivered in 2018 and 2019, and therefore we recorded losses for such projects. Our share of losses of associates increased from 2018 to 2019 due to an increase in the number of unfinished projects that were developed by associates from 2018 to 2019.

Profit before Income Tax

As a result of the foregoing, our profit before income tax increased by 25.2% from RMB3,650.3 million in 2018 to RMB4,568.8 million in 2019.

Income Tax Expenses

Our income tax expenses increased by 39.1% from RMB1,350.5 million in 2018 to RMB1,878.8 million in 2019, primarily due to an increase in taxable income and LAT as a result of an increase in revenue derived from property development and sales.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 17.0% from RMB2,299.9 million in 2018 to RMB2,690.0 million in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity

We operate in a capital-intensive industry and property development requires substantial capital investments for land acquisition and construction. To date, we have funded our operations, working capital, capital expenditure and other capital requirements primarily from cash generated from our operations, mainly including proceeds from the pre-sales and sales of properties, receipt of rental income, income generated from our investment properties, as well as bank loans and other borrowings, such as corporate bonds, trust financing, ABS and senior notes. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

Cash Flow Analysis

The table below sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US$	RMB	RMB	US$
			(in thousands)				
				(unaudited)	(unaudited)	(unaudited)	
Net cash flows (used in)/from operating activities	1,434,388	(5,697,053)	2,649,914	410,419	(1,798,761)	1,183,961	183,372
Net cash flows used in investing activities	(1,545,150)	(537,264)	(2,431,022)	(376,517)	783,922	(2,265,105)	(350,820)
Net cash flows from/(used in) financing activities	6,487,485	5,520,808	11,397,905	1,765,311	4,616,295	(939,434)	(145,500)
Net (decrease)/increase in cash and cash equivalents	6,376,723	(713,509)	11,616,797	1,799,213	3,601,456	(2,020,578)	(312,948)
Cash and cash equivalents at the beginning of the year/period	3,555,333	9,932,056	9,218,547	1,427,771	9,218,547	20,732,123	3,210,997
Cash and cash equivalents at the end of the year/period	9,932,056	9,218,547	20,732,123	3,210,997	12,836,005	18,690,811	2,894,838

Net Cash (Used in)/from Operating Activities

Our cash used in operating activities principally comprises payments made in relation to our property development and sales and land acquisitions. Our cash from operating activities principally comprises proceeds received from sales of properties, including pre-sales of our properties under development.

In the six months ended June 30, 2021, our net cash generated from operating activities was RMB1,184.0 million (US$183.4 million), which was the result of cash generated from operations of RMB3,347.3 million (US$518.4 million), interest received of RMB97.0 million (US$15.0 million). Our cashed generated from operations of RMB3,347.3 million (US$518.4 million) primarily reflected (i) profit before income tax of RMB3,183.4 million (US$493.0 million); (ii) negative total adjustment before movements in working capital of RMB651.8 million (US$101.0 million), which primarily reflected RMB501.2 million (US$77.6 million) negative adjustment for fair value gains on investment properties, RMB30.3 million (US$4.7 million) negative adjustment for share of profits and losses of joint ventures and a RMB191.3 million (US$29.6 million) negative adjustment for share of profits and losses of associates, as partially offset by RMB96.5 million (US$15.0 million) positive adjustment for finance costs; and (iii) positive total adjustment in working capital of RMB815.7 million (US$126.3 million), primarily reflected by RMB9,957.8 million (US$1,542.2 million) increase in contract liability and RMB1,947.6 million (US$301.6 million) increase in other payables and accruals, as partially offset RMB6,037.2 million (US$935.0 million) increase in properties under development and completed properties held for sale, RMB3,089.1 million (US$478.4 million) increase in prepayments and other receivables and RMB676.6 million (US$104.8 million) increase in restrict cash.

In 2020, our net cash used in operating activities was RMB2,650.0 million (US$410.4 million), which was the result of cash used in operations of RMB4,811.2 million (US$745.2 million), interest received of RMB95.3 million (US$14.8 million) and tax paid of RMB2,257.1 million (US$349.6 million). Our cash used in operations of RMB4,811.2 million (US$745.2 million) primarily reflected (i) profit before income tax of RMB6,536.8 million (US$1,012.4 million); (ii) negative total adjustment before movements in working capital of RMB1,263.2 million (US$195.6 million), which primarily reflected RMB437.0 million (US$67.7 million) negative adjustment for fair value gains on investment properties and RMB992.5 million (US$153.7 million) negative adjustment for share of profits and losses of joint ventures, as partially offset by RMB525.2 million (US$81.3 million) positive adjustment for finance costs and a RMB182.5 million (US$28.3 million) positive adjustment for share of profits and losses of associates; and (iii) negative total adjustment in working capital of RMB918.9 million (US$142.3 million), primarily reflected RMB19,128.9 million (US$2,962.7 million) increase in properties under development and completed properties held for sale and RMB1,657.8 million (US$256.8 million) increase in restrict cash, as partially offset by RMB11,921.9 million (US$1,846.5 million) increase in contract liabilities and RMB1,909.4 million (US$295.7 million) decrease in prepayments and other receivables.

In 2019, our net cash used in operating activities was RMB5,697.1 million, which was the result of cash used in operations of RMB3,509.1 million, interest received of RMB100.4 million and tax paid of RMB2,288.4 million. Our cash used in operations of RMB3,509.1 million primarily reflected (i) profit before income tax of RMB4,568.8 million; (ii) negative total adjustment before movements in working capital of RMB90.7 million, which primarily reflected RMB510.2 million negative adjustment for share of profits of joint ventures and RMB480.9 million negative adjustment for fair value gains on investment properties, as partially offset by RMB494.9 million positive adjustment for finance costs and a RMB265.3 million positive adjustment for impairment losses recognized for completed properties held for sale; and (iii) negative total adjustment in working capital of RMB7,987.2 million, primarily reflected RMB19,575.3 million increase in properties under development and completed properties held for sale and RMB9,214.9 million increase in prepayments and other receivables, as partially offset by RMB15,676.1 million increase in contract liabilities.

In 2018, our net cash used in operating activities was RMB1,434.4 million, which was the result of cash generated from operations of RMB2,961.0 million, interest received of RMB213.8 million and tax paid of RMB1,740.5 million. Our cash generated from operations of RMB2,961.0 million primarily reflected (i) profit before income tax of RMB3,650.3 million; (ii) positive total adjustment before movements in working capital of RMB157.7 million, which primarily reflected a RMB571.5 million positive adjustment for finance costs, and a RMB289.7 million positive adjustment for impairment losses recognized for properties under development, as partially offset by a RMB616.5 million negative adjustment for fair value gains on investment properties; and (iii) negative total adjustment in working capital of RMB847.0 million, primarily reflected a RMB18,816.2 million increase in properties under development and completed properties held for sale and a RMB1,800.0 million increase in restricted cash, as partially offset by a RMB16,414.1 million increase in contract liabilities, a RMB1,742.2 million decrease in prepayments and other receivables and a RMB1,397.3 million increase in trade and bills payables.

Net Cash (Used in)/from Investing Activities

Our cash used in investing activities principally comprises payments made in relation to advances to joint ventures and associates and other related parties, investment in joint ventures and associates, investment in investment properties, our payments for purchase of property, plant and equipment. Our cash from investing activities principally comprises receipt of advances to joint ventures and associates and other related parties, proceeds from disposal of investments in joint ventures and associates and proceeds from disposal of property, plant and equipment and financial assets at fair value through profit and loss.

In the six months ended June 30,2021, our net cash flows generated from investing activities were RMB2,265.1 million (US$350,8 million), primarily reflecting (i) receipt of RMB3,493.0 million (US$541.0 million) advance to related parties, partially offset by (i) advances to related parties of RMB4,991.1 million (US$773.0 million) and (ii) investments in joint ventures and associates of RMB358.1 million (US$55.5 million).

In 2020, our net cash flows generated from investing activities were RMB2,431.0 million (US$376.5 million), primarily reflecting (i) receipt of RMB6,317.7 million (US$978.5 million) advances to related parties; and (ii) dividends received from joint ventures of RMB281.3 million (US$43.6 million), partially offset by (i) advances to related parties of RMB5,790.4 million (US$896.8 million) and (ii) investments in joint ventures and associates of RMB2,965.5 million (US$459.3 million).

In 2019, our net cash flows used in investing activities were RMB537.3 million, primarily reflecting (i) RMB11,477.7 million advances to related parties; and (ii) investments in joint ventures and associates of RMB517.9 million, partially offset by (i) receipt of RMB10,548.6 million advances to related parties; and (ii) RMB1,228.6 million proceeds from disposal of financial assets at fair value through profit or loss.

In 2018, our net cash flows used in investing activities were RMB1,545.2 million, primarily reflecting (i) RMB8,141.4 million advances to related parties; (ii) investments in joint ventures and associates of RMB1,333.4 million and (iii) acquisition of financial assets at fair value through profit or loss of RMB1,200.3 million, partially offset by (i) receipt of RMB8,823.7 million advances to related parties; (ii) proceed of RMB748.0 million from disposal of investments in joint ventures and associates and (iii) RMB402.4 million dividends received from our joint ventures.

Net Cash from Financing Activities

Cash from financing activities principally comprises proceeds from interest-bearing bank and other borrowings, proceeds from corporate bonds, ABS and senior notes, and advances from related companies. Cash used in financing activities principally comprises repayment of advances from related companies, repayment of interest-bearing bank and other borrowings and repayment of corporate bonds and ABS.

In the six months ended June 30,2021, our net cash used in from financing activities were RMB939.4 million (US$145.5 million), primarily reflecting (i) proceeds from interest-bearing bank and other borrowings of RMB17,616.1 million (US$2738.4 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB14,472.8 million (US$2241.5 million); (ii) repayment of advances from related parties of RMB1,077.8 million (US$166.9 million); and (iii) interest paid of RMB1,988.9 million (US$308.0 million).

In 2020, our net cash flows from financing activities were RMB11,397.9 million (US$1,765.3 million), primarily reflecting (i) proceeds from interest-bearing bank and other borrowings of RMB28,327.5 million (US$4,387.4 million); and (ii) proceeds from issue of senior notes of RMB3,811.8 million (US$590.4 million), partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB26,044.0 million (US$4,033.7 million); (ii) repayment of advances from related parties of RMB2,691.2 million (US$416.8 million); and (iii) interest paid of RMB3,790.7 million (US$587.1 million).

In 2019, our net cash flows from financing activities were RMB5,520.8 million, primarily reflecting (i) proceeds from interest-bearing bank and other borrowings of RMB27,230.4 million; (ii) advances from related companies of RMB6,061.7 million; and (iii) proceeds from issue of corporate bonds of RMB3,959.5 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB23,111.6 million; (ii) repayment of proceeds from issue of corporate bonds of RMB4,728.1 million; (iii) repayment of advances from related parties of RMB4,033.6 million; and (iv) interest paid of RMB2,624.4 million.

In 2018, our net cash flows from financing activities were RMB6,487.5 million, primarily reflecting (i) proceeds from interest-bearing bank and other borrowings of RMB21,778.9 million; (ii) advances from related companies of RMB7,590.7 million; and (iii) proceeds from asset-backed securities of RMB4,000.2 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB18,456.4 million; (ii) repayment of advances from related parties of RMB7,769.8 million; and (iii) interest paid of RMB2,399.0 million.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

The table below sets forth our capital commitments as of the dates indicated:

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
	(in thousands)					
				(unaudited)	(unaudited)	
Contracted, but not provided for:						
Property development activities	15,298,075	23,806,693	25,459,665	3,943,200	28,968,374	4,486,630
Acquisition of land use rights	1,962,238	2,611,510	1,111,306	172,119	1,773,905	274,743
Capital contribution for acquisition of equity interests	2,274,644	2,274,644	2,274,644	352,297	2,844,644	440,579
Capital contribution payable to joint ventures and associates	448,853	733,554	51,171	7,925	103,571	16,041
Total	**19,983,810**	**29,426,401**	**28,896,786**	**4,475,542**	**33,690,494**	**5,217,993**

Operating Lease Commitments

We lease our investment properties under operating lease arrangements with leases negotiated from terms ranging from one to five years.

Contingent Liabilities

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and, where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. We did not incur any material losses in 2018, 2019 and 2020 and the six months ended June 30, 2021 in respect of the guarantees provided for mortgage facilities granted to purchasers of our completed properties held for sale. We considered that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial. As such, no provision has been made in connection with the guarantees.

We also provided guarantees to banks and other institutions in connection with financial facilities granted to our joint ventures and associates.

The following table set forth our total mortgage guarantees as of the dates indicated:

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
	(in thousands)					
				(unaudited)	(unaudited)	
Guarantees given to banks in connection with facilities granted to purchasers of our properties	20,188,917	29,957,604	34,134,745	5,286,799	36,779,940	5,696,487
Guarantees given to banks in connection with facilities granted to related parties and third parties	12,618,514	8,659,883(1)	5,515,450	854,234	2,149,954	332,985
Total	**32,807,431**	**38,617,487**	**39,650,195**	**6,141,033**	**38,929,894**	**6,029,473**

Note:

(1) Includes corporate guarantee for Lianyungang Tianjun's borrowings of RMB660.0 million. We expect to release RMB20 million of such guarantees in January 2021, RMB 50 million in February 2021, RMB390 million in March 2021 and RMB200 million in June 2021.

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of December 31, 2020. There had not been any material change in our indebtedness, capital commitments and contingent liabilities up to the date of this offering memorandum.

Legal Contingents

We are involved in lawsuits and other proceedings in the ordinary course of business. For example, we are involved in a pending arbitration and had made a provision of RMB50.0 million (US$7.7 million) in 2019 for this pending arbitration. We believe that no liabilities resulting from these proceedings will have a material adverse effect on our business, financial condition or operating results. See "Business – Legal Proceedings and Compliance."

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities disclosed in "– Liquidity and Capital Resources – Contingent Liabilities" above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engage in leasing or hedging or research and development services with us.

INDEBTEDNESS

The table below sets forth the components of our borrowings and lease liabilities as of the dates indicated:

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
			(in thousands)			
				(unaudited)	(unaudited)	
Current						
Bank loans – secured	100,000	8,000	12,561	1,945	142,015	21,995
Other loans – secured	2,760,420	4,219,500	–	–	–	–
Other loans – unsecured	–	818,192	–	–	218,500	33,841
Current portion of long term bank loans – secured	2,671,493	3,885,829	5,727,540	887,083	6,519,106	1,009,681
Current portion of other loans – secured	9,585,250	5,047,790	3,994,330	618,643	544,561	84,342
Corporate bonds	8,042,163	4,035,868	7,056,468	1,092,908	4,725,502	731,887
Senior notes	–	34,154	1,745,743	270,381	5,092,046	788,657
Proceeds from asset-backed securitizations within one year	193,077	1,156,041	770,798	119,381	185,735	28,767
Lease liabilities within one year	17,953	20,380	15,637	2,422	16,378	2,537
Total current	**23,370,356**	**19,225,754**	**19,323,077**	**2,992,764**	**17,443,843**	**2,701,707**
Non-current						
Bank loans – secured	8,355,547	13,307,054	22,612,905	3,502,293	29,433,772	4,558,711
Other loans – secured	5,812,300	6,159,200	3,255,100	504,151	1,822,390	282,252
Corporate bonds	1,396,675	5,266,794	2,358,100	365,223	3,060,173	473,960
Senior notes	–	1,706,044	3,549,874	549,805	–	–
Proceeds from asset-backed securities	4,250,876	3,426,599	2,690,573	416,717	2,653,434	410,965
Lease liabilities	18,696	12,231	7,402	1,146	7,864	1,218
Total non-current	**19,834,094**	**29,877,922**	**34,473,954**	**5,339,334**	**36,997,633**	**5,727,106**
Total borrowings and lease liabilities	**43,204,450**	**49,103,676**	**53,797,031**	**8,332,099**	**54,421,476**	**8,428,813**

Our total lease liabilities were RMB36.6 million, RMB32.6 million as of December 31, 2018, 2019 in accordance with the adoption of IFRS 16. Our total borrowings increased from RMB43,167.8 million as of December 31, 2018 to RMB49,071.1 million as of December 31, 2019, and further increased to RMB53,774.0 million as of December 31, 2020, primarily because of our increased financial needs in line with our business expansion.

The weighted average interest rates for our bank and other borrowings, senior notes, corporate bonds and ABS, which represent the actual borrowing costs incurred for these loans during the year or period divided by the weighted average borrowings that were outstanding as of December 31, 2018, 2019 and 2020 and June 30, 2021 were 7.65%, 7.76%, 7.96% and 6.95%, respectively.

Our borrowings may be secured by our asset portfolio which includes property, plant and equipment, investment properties, properties under development, completed properties held for sale and pledged deposits. Moreover, one of our controlling shareholders has guaranteed certain of our borrowings up to RMB307.5 million, RMB669.0 million, RMB0 million and RMB0 million (US$0 million) as of December 31, 2018, 2019 and 2020 and June 30, 2021, respectively. All of such guarantees had been fully released in April 2020.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross-default provisions. We are also subject to certain customary restrictive covenant under the corporate bonds and ABS. For example, we are prohibited from merger, spin-off, liquidation, incurring other significant indebtedness, reduction of registered capital, material change of scope of business and sale, pledge, mortgage or transfer of material assets or underlying assets without the prior consent of or notification to the relevant managers or trustees. Certain of our corporate bonds also contain cross-default provisions. See "Risk Factors – Risks Relating to Our Business – We are subject to certain restrictive covenants in and risks associated with our bank borrowings, senior notes, trust financing and other borrowings." As of the date of this offering memorandum, we did not have material default on our borrowings, and we did not experience any material difficulties in obtaining banking facilities. We have sufficient capital to meet our obligations under various bank and other loan facilities, and we do not expect to have any foreseeable difficulties in fulfilling the covenants under our bank and other loan facilities.

Bank and Other Borrowings

As of December 31, 2018, 2019 and 2020 and June 30, 2021, our bank and other borrowings were repayable as follows:

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
			(in thousands)			
				(unaudited)	(unaudited)	
Bank loans repayable:						
Within one year	2,771,493	3,893,829	5,740,101	889,028	6,661,121	1,031,676
Between one and two years	2,137,480	4,569,985	11,909,435	1,844,537	12,425,022	1,924,391
Between two and five years	6,218,067	8,737,069	10,574,470	1,637,777	16,904,350	2,618,150
More than five years	–	–	129,000	19,980	104,400	16,170
	11,127,040	17,200,883	28,353,006	4,391,321	36,094,893	5,590,387
Other borrowings repayable:						
Within one year	12,345,670	10,085,482	3,994,330	618,643	763,061	118,183
Between one and two years	5,812,300	5,192,000	3,155,100	488,663	1,822,390	282,252
Between two and five years	–	967,200	100,000	15,488	–	–
	18,157,970	16,244,682	7,249,430	1,122,794	2,585,451	400,435

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US$	RMB	US$
			(in thousands)			
				(unaudited)	(unaudited)	
Other senior notes, corporate bonds and proceeds from asset-backed securities repayable:						
Within one year.	8,235,240	5,226,063	9,573,009	1,482,670	10,003,283	1,549,311
Between one and four years	3,069,495	7,882,536	6,156,321	953,493	3,253,173	503,852
Over four years	2,578,056	2,516,901	2,442,226	378,253	2,460,434	381,073
	13,882,791	15,625,500	18,171,556	2,814,416	15,716,890	2,434,236
Total bank and other borrowings	**43,167,801**	**49,071,065**	**53,773,992**	**8,328,531**	**54,397,234**	**8,425,059**

Trust and Other Financing Arrangements

Similar to many other real estate developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles in the ordinary course of business to finance our property development and other related operations. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. For more information, see the section entitled "Description of Other Material Indebtedness – Trust Financing and Asset Management Arrangements."

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

We are, in the ordinary course of our business, exposed to various market risks, mainly including interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings, corporate bonds, ABS and senior notes. We do not use derivative financial instruments to hedge interest rate risk. We manage our interest cost using variable rate bank borrowings and other borrowings.

Credit Risk

We divide financial instruments on basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, we have policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of our counterparties. The credit term granted to our customers is generally six months and the credit quality of these customers is assessed after taking into account the customers' financial position, past experience and other factors. We also have other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, we regularly review the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. We have no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

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

Liquidity Risk

Our objective is to maintain a balance between continually of funding and flexibility through the use of interest-bearing bank and other borrowings. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the planned property development projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management measures for our liquidity management requirements to ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

NON-GAAP FINANCIAL MEASURES

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

- fair value gains on investment properties;
- fair value gains/(losses) on financial assets at fair value through profit or loss;
- share of profits and losses of joint ventures;
- share of profits and loss of associates;
- finance costs;
- depreciation; and
- amortization.

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

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

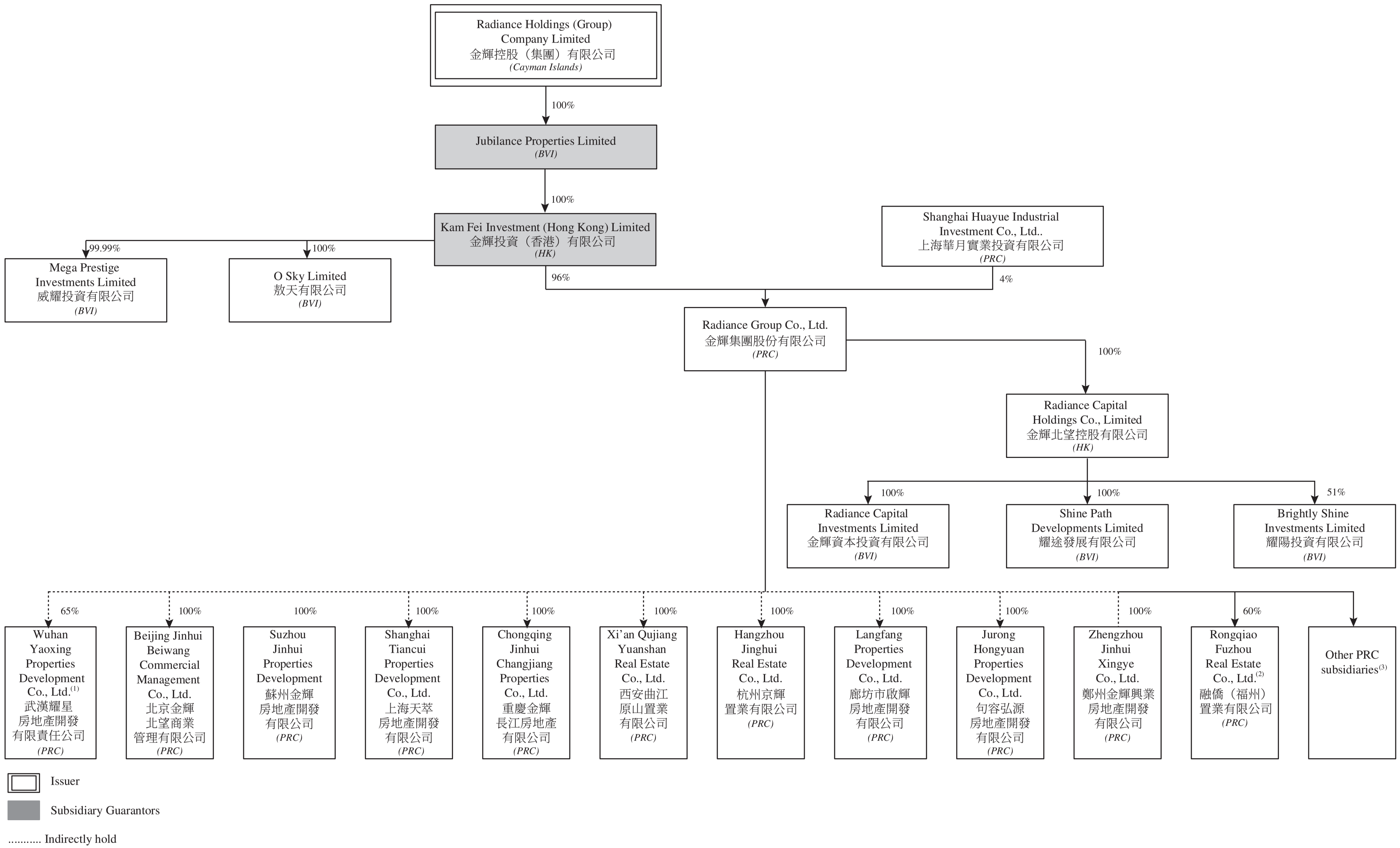
The following table reconciles our profit before tax under HKFRS to our definition of EBITDA for the years/period indicated:

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
	RMB	RMB	RMB	RMB	RMB
			(in thousands)		
				(unaudited)	
Profit before Income Tax	3,650,337	4,568,816	6,536,759	1,787,700	3,183,415
Interest Expenses	571,509	494,863	525,246	166,255	96,544
Capitalized Interest	1,254,293	2,196,707	2,317,000	1,089,065	972,291
Depreciation	58,658	77,593	68,310	31,467	31,434
Amortization	7,051	7,447	6,430	2,785	1,850
EBITDA	5,541,848	7,345,426	9,453,745	3,077,272	4,285,534

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year or as an indicator of operating performance or any other standard measure under HKFRS. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies. You should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See "Description of the Notes" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

CORPORATE STRUCTURE

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



Notes:

(1) The direct shareholder of Wuhan Yaoxing Properties Development Co., Ltd. ("Wuhan Yaoxing"), namely Wuhan Jinhui Real Estate Co., Ltd., holds 80% of the issued capital of Wuhan Yaoxing, of which 15% is held on trust on behalf of 武漢茂田置業投資有限責任公司 (Wuhan Maotian Properties Investment Co., Ltd.), an independent third party shareholder, for the purpose of ease of administration. The remaining 20% equity interest of Wuhan Yaoxing is held by another independent third party.

(2) The remaining 40% equity interest of Rongqiao Fuzhou Real Estate Co., Ltd. is held by an independent third party.

(3) The above chart shows our major subsidiaries. As of the date of this offering memorandum, we have over 240 subsidiaries.

OVERVIEW

We are a reputable large property developer with national presence, regional focus and leading positions in select cities, and we focus on providing quality residential properties to first-time homebuyers and first-time upgraders. With over 20 years' experience, we have expanded our operations into eight regions with strong economic growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta. We were ranked 36th in terms of comprehensive strengths among "2020 China's Top 50 Real Estate Developers" and were ranked as one of "China's Top 10 Real Estate Developers of Comprehensive Strength" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2020. We were ranked 37th in terms of comprehensive strengths among "China's Top 100 Real Estate Developers" by the Enterprise Research Institute of Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2020, representing an improvement from the 38th place in 2019. We were also awarded "China's Top 30 Real Estate Developers of Brand Value" and "China's Top 10 Real Estate Developers of Brand Value's Growth Potential" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2018 and 2019, respectively. We were ranked as one of "China's Top 50 Real Estate Developers" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute for seven consecutive years since 2014.

We strategically focus on providing quality and diversified residential properties to first-time homebuyers and first-time upgraders. We offer four residential property series to meet the differentiated needs and preferences of our target customers. New Block series（優步系）features creative and modern design with efficient use of interior spaces. Elite's Mansion series（雲著系）features the integration of smart-living facilities and artistic design to provide comfortable, convenient and smart-living experience to our customers. King's Garden series（銘著系）targets high-end customers, and we engage world-renowned architectural design firms to deliver an advanced design and a quality living experience. The Metropolitan series（大城系）features large-scale complexes of residential properties with commercial areas in the vicinity, aiming to build an integrated community offering a convenient and cozy living experience. We believe our proven track record is attributable to our strong execution capabilities and in-depth understanding of the markets and development trends in the regions in which we operate. We believe that over the years we have built a highly recognized brand name and accumulated a large customer base by consistently delivering quality properties to our customers.

As of June 30, 2021, we had 216 property development projects at various stages of development, among which, 167 projects developed by our subsidiaries and 49 projects developed by our joint ventures and associates. As of June 30, 2021, our property development projects had a total GFA attributable to us of 33,070,760 sq.m., comprising (i) GFA available for sale, rentable GFA and rentable GFA for property investment for completed projects of 4,266,320 sq.m.; (ii) planned GFA for properties under development of 19,069,186 sq.m.; and (iii) estimated GFA for properties held for future development of 9,735,254 sq.m. As of the same date, 97.9% of total GFA attributable to us was located in second-tier cities and core third-tier cities. We believe that our large- scale and strategically located land bank will further contribute to our business growth.

In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our revenue amounted to RMB15,971.2 million, RMB25,963.1 million, RMB34,875.2 million, RMB11,153.0 million and RMB16,066.4 million (US$2,488.4 million), respectively. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our profit for the year amounted to RMB2,299.9 million, RMB2,690.0 million, RMB3,819.1 million, RMB1,045.7 million and RMB2,012.4 million (US$311.7 million), respectively.

RECENT DEVELOPMENTS

The Recent Coronavirus Epidemic Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. The COVID-19 pandemic has adversely affected the livelihood of many people in and the economy of the PRC. The PRC central and local governments have taken various measures, including travel restrictions, to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. The PRC real estate market is under pressure in the short term as the COVID-19 pandemic has curbed demand and pre-sales. As a result of the timely and effective implementation of these measures, the PRC government has subsequently lowered emergency response levels to the COVID-19 pandemic since late March 2020, allowing businesses and factories to gradually reopen. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected.

As a result of the COVID-19 pandemic, since late January 2020 and up to mid-April 2020, we had suspended the construction activities for our property development projects in compliance with the governmental requirements. Since April 2020, China has gradually lifted the restrictive measures and began to resume work and school at varying levels and scopes. Our construction and pre-sale activities have gradually resumed to normal operation. The outbreak is however far from over, and in different countries, is showing signs of resurgence and further waves of infections are recorded from time to time. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. See "Risk Factors – Risks Relating to Doing Business in the PRC – The COVID-19 pandemic may adversely affect the PRC economy, the PRC real estate industry and our business operations."

Second Tranche 2021 Public Corporate Bonds

On July 29, 2021, Radiance Group issued the second tranche of the 2021 Public Corporate Bonds in an aggregate principal amount of RMB850 million (the "Second Tranche 2021 Public Corporate Bonds"). On August 3, 2021, the Second Tranche 2021 Public Corporate Bonds were listed on the Shanghai Stock Exchange. See "Description of Other Material Indebtedness – Onshore Corporate Bonds – 2021 Public Corporate Bonds" for details.

SWS MU – Radiance Commercial Properties Asset-backed Securities Program

On July 30, 2021, Radiance Group established the SWS MU – Radiance Commercial Properties Asset-backed Securities Program (the "ABS program"), of which SWS MU (Shanghai) Asset Management Co., Ltd. is the manager of the ABS Program. The senior A tranche is issued in the principal amount of RMB720 million with a coupon rate of 6% per annum and a tenure of 18 years. The senior B tranche is issued in the principal amount of RMB980 million with a coupon rate of 6.5% per annum and a tenure of 18 years. The subordinated tranche is issued in the principal amount of RMB50 million with no fixed coupon rate and a tenure of 18 years. The total size of the ABS Program is RMB1.75 billion and it was listed on the Shanghai Stock Exchange on September 3, 2021.

Land Acquisition:

Subsequent to June 30, 2021, we have acquired the following major projects. The following table sets forth certain information regarding these projects:

City	Location	The Group's equity interest	Site Area	Floor Area Ratio
		(%)	*(sq.m.)*	
Shaoxing	Northeastern Plot on the intersection of Biya Road and Biyu Road, High-tech Zone, Xinchang County 新昌縣高新園區碧芽路與碧玉路交叉口東北側地塊	100%	29,365.00	2
Huai'an	Northern Plot of Huai'an City Plaza 淮安城市廣場北地塊	60%	46,677.00	2.5
Huai'an	Southern Plot of Huai'an City Plaza 淮安城市廣場南地塊	60%	47,869.00	2.5
Hefei	Plot FX202109, Feixi 肥西FX202109地塊	100%	60,000.00	1.9
Quanzhou. . . .	Plot 2021S-13 of Northern Shishi City, Quanzhou 泉州石獅城北2021S-13地塊	85%	21,879.00	2.8
Quanzhou. . . .	Plot 2021S-14 of Northern Shishi City, Quanzhou 泉州石獅城北2021S-14地塊	85%	19,646.00	2.8
Fuzhou	Jingxi Block of Minhou, Fuzhou 福州閩侯荊溪地塊	100%	22,088.00	1.8

OUR STRENGTHS

We believe the following strengths have contributed to our success and will continue to distinguish us from our competitors:

A Reputable Large Property Developer with National Presence, Regional Focus and Leading Positions in Select Cities

As a reputable large property developer with national presence, regional focus and leading positions in select cities, we focus on providing quality residential properties to first-time homebuyers and first-time upgraders. Since our establishment in Fuzhou, Fujian Province in 1996, we have become a large property developer with national presence after 20 years of continuous growth, covering eight regions with strong economic growth potential in China. As of June 30, 2021, our property portfolio consisted of 216 projects, among which, 167 property projects developed by our subsidiaries and 49 property projects developed by our joint ventures and associates, covering 16 provinces and municipalities in China. We were awarded "China's Top 50 Real Estate Developers" by the China Real Estate Association for seven consecutive years since 2014. We were ranked 37th among "China's Top 100 Real Estate Developers" by the Enterprise Research Institute of Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in terms of comprehensive strengths in 2020, representing an improvement from the 38th in 2019, and ranked 36th in terms of comprehensive strengths among "2020 China's Top 50 Real Estate Developers" by the China Real Estate Association in 2020. Leveraging our strong product development capability and quality residential projects, we have built the brand image of "Radiance" nationwide. We were awarded "China's Top 30 Real Estate Developers of Brand Value" and "China's Top 10 Real Estate Developers of Brand Value's Growth Potential" by the China Real Estate Association in 2018 and 2019 consecutively, and were awarded "China's Top 30 Real Estate Brand Value" and "China's Top 10 Brands in Residential Property Development" by the China Index Academy in 2018 and 2019 consecutively.

We focus on eight regions with strong economic growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta. Our land bank is widely located in these five regions, centering on the core city clusters of these regions. As of June 30, 2021, our total land bank was 33,070,760 sq.m., covering 33 cities in these regions. We strategically selected the cities in which we had presence as our regional headquarters in each such region and further expanded our presence in the region. We actively participate in the real estate investment and development in first-tier cities, and give priority to and focus on the second-tier cities with strong economic growth potential and population inflow. Currently, we have entered into cities such as Beijing, Shanghai, Suzhou, Nanjing, Hefei, Chongqing, Chengdu, Xi'an, Fuzhou and Hangzhou. In addition, we have expanded our presence to core third-tier cities with high economic growth potential and growing market demands, such as Foshan, Huizhou and Langfang. We believe that such second-tier cities and core third-tier cities are less susceptible to changes in relevant PRC laws and regulations and have growing market demands that will support our further development and growth. We aim to obtain leading market positions in cities that we believe to have strong growth potential.

We believe that with our national presence, regional focus and leading positions in select cities, we are well positioned to capture the growth opportunities in China's real estate industry.

Quality Land Bank Attributable to Prudent Land Acquisition Strategy and Flexible and Efficient Land Acquisition Methods

We aim for steady and sustainable development and have established a prudent land acquisition strategy. We have strict screening criteria for target land parcels. For example, we typically require a target land parcel to be in line with our overall development strategies, the city where the target land is located to have a healthy land reserve, the land price in such city to be stable, and the expected investment return to meet our financial indicators. We have also established a rigorous investment decision-making process for land acquisition. Our investment development departments at city, regional and group levels lead the investment decision-making process, and other departments also actively participate in the process and provide their inputs. In addition, to effectively control our land acquisition costs, we determine suitable ways to acquire land according to conditions of each land parcel.

In addition to acquiring land through public tender, auction or listing-for-sale, we also obtained land by acquiring equity interest in companies that own land use rights to certain land parcels. For instance, Xi'an, as the capital of Shaanxi Province and a key city of the Belt and Road Initiative, has a solid economy and is expected to experience significant population inflow. However, the land appreciation rate of Xi'an before 2017 lagged behind those comparable capital cities in China during the same period. Therefore, we kept monitoring the availability of land in Xi'an, aiming to capture opportunities to acquire suitable land parcels. In 2017, we increased the total land bank by approximately 0.6 million sq.m. by acquiring a local property development company in Xi'an. The newly acquired land parcel is located in a new urban area of Xi'an, where the land price is relatively low but has strong appreciation potential since the area has convenient transportation, a comfortable living environment, and ancillary facilities under construction. Subsequently in 2018 and 2019, we further acquired several additional land parcels in Xi'an, increasing the land bank by approximately 0.3 million sq.m. These acquired land parcels have helped us establish our leading position in Xi'an. In addition, we cooperate with other leading property developers in land acquisition and development in order to leverage our respective strengths and consolidate our respective resources.

With our prudent land acquisition strategy and flexible and efficient land acquisition methods, we have accumulated a quality land bank at relatively low land acquisition costs in strategic locations with strong growth potential. Our land bank is widely located in eight regions, namely, the Yangtze River Delta, the Bohai Economic Rim, Southeastern China, Southwestern China, Central China, Northwestern China, Eastern China, and Pearl River Delta centering on the core city clusters in these regions. As of June 30, 2021, our land bank in the eight regions was 3,379,693 sq.m., 2,791,386 sq.m., 3,877,616 sq.m., 2,865,465 sq.m., 4,690,196 sq.m., 7,137,633 sq.m., 6,436,943 sq.m. and 1,891,882 sq.m., respectively, accounting for 10.2%, 8.4%, 11.7%, 8.7%, 14.2%, 21.6%, 19.5% and 5.7% of the total land bank, respectively. Besides, our land bank is mainly located in the second-tier cities and core third-tier cities which have steady market demands but are less susceptible to relevant PRC laws and regulations. We believe that our land bank with strategic geographical advantages will provide strong support for our long-term growth.

Focus on Providing Quality and Diversified Residential Properties to First-time Homebuyers and First-time Upgraders

We focus on providing quality and diversified residential properties to first-time homebuyers and first-time upgraders. As our target customers are first-time homebuyers and first-time upgraders, the largest customer group in the market, and we focus on second-tier cities and core third-tier cities, our property development and sales are less susceptible to the relevant PRC laws and regulations.

Our flagship product series, New Block series and Elite's Mansion series, are designed to meet the demands of first-time homebuyers and first-time upgraders. New Block series is designed to provide first-time homebuyers with properties of high cost efficiency. While enabling our customers to have their own properties, New Block series also creates a convenient multi-functional space for our customers. Our New Block series was awarded "China's Top 10 Brand of Real Estate Project Series" by the China Index Academy in 2019. Our Elite's Mansion series is designed to provide comfortable properties for customers in need of home upgrading. In addition, Elite's Mansion series features the integration of smart-living facilities and artistic design to provide comfort, convenient and smart-living experience to our customers. For instance, if requested by our customers, we will install water and air purification system, smart lighting system and smart security system in properties of Elite's Mansion series. Our Elite's Mansion series was awarded "China's Top 10 Brand of Real Estate Prime Project" by the China Index Academy in 2018.

In addition, we have also developed King's Garden series and Metropolitan series to meet the demands of different customer groups. King's Garden series is designed to provide high-end customers with quality properties to meet their luxury housing needs. We engage world-renowned architectural design firms to deliver advanced design and quality living experiences. We also developed Metropolitan series which is designed to build an integrated community to provide convenient and comfortable living experience for customers with different needs.

We believe that our product design strategy and diversified product portfolio enable us to attract various sub-groups of first-time homebuyers and first-time upgraders, thus strongly supporting our sustainable growth.

Rapid Asset Turnover Underpinned by Standardized Development Processes and Strong Execution Capabilities

We have established a standardized property development process, covering site selection and land acquisition, financing, project design, contracting and procurement, construction and quality control, marketing, pre-sales and delivery. We develop a detailed development plan for each project, setting forth the main work streams in the project development process as well as the target completion time and the responsible departments, personnel and other relevant parties. Meanwhile, we conduct standardized control on the development process, unify the operational process of each project company, and strengthen the standardization and modularization of the development process. The standardized development process enables us to efficiently complete project development while ensuring project quality.

We have strong execution capabilities. We have established a flat organizational structure composed of three levels: group, region and city. Such flat organizational structure ensures the effectiveness of the headquarters' decision-making and facilitates our headquarters to monitor market trend and business development in a timely manner, while at the same time providing sufficient autonomy to regional and city companies. We develop internal guidelines that are updated from time to time, and monitor the implementation of the internal guidelines. In addition, we work closely with external design firms, contractors and suppliers to effectively control the cost, quality and progress of our projects.

Leveraging our standardized development process and strong execution capabilities, we aim to improve our profitability and maintain stable cash flow through rapid asset turnover and rapid destocking. We have classified over a hundred check points involved in project development into milestone check points, group-level check points and regional-level check points, and have established an operation system to control all the check points and track project progress. We typically require the approval of a development plan to be completed within 110 days, pre-sales to commence within 8 months, and delivery to be completed within 24 to 30 months, respectively, after entering into the relevant land grant contracts. In addition, within the given limit of price adjustment in compliance with relevant PRC laws and regulations, a dedicated team of our sales and marketing personnel adjust the price of a project in a timely manner according to the market conditions to help us achieve rapid destocking while maintaining profitability of such project. We also emphasize the balance between rapid asset turnover and project quality. We believe that the standardized development process enables us to effectively control project quality, maintain operational efficiency, efficiently expand into new markets and improve shareholder returns.

Stable and Diversified Financing Channels

We use a variety of financing channels to meet the capital needs of our operation and property development. We mainly obtain financing through bank loans, trust financing and other financing arrangements with financial institutions. We have maintained a long-term relationship with China's four major state-owned banks as a direct client of their headquarters. We believe sufficient facilities provide strong support for our business operation and expansion. In addition, we have also gained access to capital markets for debt financing. We have issued several corporate bonds and ABS in China. We also actively explore overseas financing channels. Radiance Capital Investments Limited（金輝資本投資有限公司）("Radiance Capital Investments"), an indirect wholly-owned subsidiary of Radiance Group, issued senior notes in an aggregate amount of US$250.0 million in October 2019, US$300.0 million in January 2020 and US$250.0 million in June 2020, respectively. Leveraging our strong credit profile and long-term relationships with financial institutions, we are able to obtain financing at competitive costs. Our weighted average effective interest rate is relatively low, which helps us to maintain the profitability of each project. The weighted-average interest rates for our bank and other borrowings, senior notes, corporate bonds and ABS, which represent the actual borrowing costs incurred for these borrowings during the year or period divided by the weighted average borrowings that were outstanding as of December 31, 2018, 2019 and 2020 and June 30, 2021 were 7.65%, 7.76%, 7.47% and 6.95%, respectively. We believe that our access to stable and diversified financing channels will continue to contribute to our sustainable growth.

Experienced Senior Management Team and Highly Qualified Talents

Our success depends on our professional and experienced management team. Our Chairman, executive Director and president, Mr. Lam, has over 25 years of experience in real estate industry. As the founder of the Group, Mr. Lam possesses forward-looking strategic vision, which helps us to make timely and appropriate decisions on business development and product positioning. Under the leadership of Mr. Lam, we have developed the corporate values of "customer first, accountability, openness and inclusiveness, innovation, integrity and pragmatism"（客戶第一、勇於擔當、開放包容、創新、誠信和務實）to guide our daily operations. Our executive Director, Mr. Lam Yu, has extensive experience in real estate industry. After joining the Group in 2011, Mr. Lam Yu has held different management positions in several of our subsidiaries. Since 2015, Mr. Lam Yu has been responsible for the management of several departments of our headquarters, and has accumulated extensive experience in execution and management. Mr. Lam Yu was awarded the Top 100 Real Estate Enterprises Contribution Award（中國房地產百強企業貢獻人物）by China Index Academy in 2020. Our management team remains stable with an average of over ten years with the Group. We believe that our senior management team's extensive work experience, outstanding leadership and market forecasting capabilities enable us to better understand the development and change of China's real estate market and to accurately capture market opportunities.

In addition, we have a team of capable employees. They have extensive experience in property development, planning, design, construction, financing and other related fields. By providing various training programs, we strive to facilitate our employees' career development, further enhance their professional skills and sense of belonging to the Group. Our training programs consist of "Radiance Kickstart Program (輝動力計劃)" for outstanding entry-level graduates, "Radiance Wing Program (金翼計劃)" for junior managers, "Radiance Leader Program 1.0 (千里馬計劃1.0)" and "Radiance Eagle Program (金鷹計劃)" for mid-level managers, "Radiance Leader Program 2.0 (千里馬計劃2.0)" for mid-level to senior managers and "Radiance Captain Program (艦長計劃)" for senior managers. In the meantime, we provide employees with specialized external training, such as a training system for city-level managers and project managers, to further improve our employees' specialized skills.

We believe that under the leadership of our experienced management team and supported by our quality talents, we will be able to achieve long-term sustainable growth.

OUR STRATEGIES

Our mission is to "build properties with craftsmanship and make better homes (用心建好房，讓家更美好)" and we are devoted to improving the quality of our products and services through continuous innovation. We aim to become a trustworthy leading property developer in the PRC. In light of this, we plan to implement the following strategies:

Continue to Focus on Key Regions and Further Strengthen Our Market Position

We plan to continue to focus on the eight regions, namely, the Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta, and strengthen our market position in these regions by further expanding our market shares therein. We plan to continue our focus on second-tier cities and core third-tier cities in the regions that we have entered into. We believe markets of these cities have strong growth potential to support our further development because such cities have solid economy, high population inflow and are less susceptible to relevant PRC laws and regulations.

At the same time, we plan to enter into cities out of these five regions. We have a set of screening principles for the new cities we plan to enter into, which are structured from macro, meso and micro perspectives, respectively. We focus macro analysis on the macro-economic data of a target city, including economic vitality, industrial structures, activeness of investment and per capita purchasing power, as well as demographic data including population base, age structure and capacity to retain migrant populations. For example, the integrated development of the Yangtze River Delta, a national strategy to foster regional economic growth, is expected to further boost the economic development of Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai municipality, and to further increase the value of investments in this region. Therefore, we plan to fully cover the "quality cities" in the Yangtze River Delta and enter into new cities. We also focus on core cities in Southern China and plan to expand our coverage in this region. From a meso perspective, we analyze the development of the real estate industry in a target city, including *status quo* of the city's real estate industry, regulatory policies, the investment intensity of the industry, the updating pace of land supply and the market demand for land. At the micro level, we observe indicators such as the relationship between quantity and price of projects in the city and the performance of other developers' projects. For example, we intend to give priority to cities with large populations, large market capacity and relatively low market prices such as Changsha.

We also intend to develop quality commercial properties in first- and second-tier cities, and acquire quality assets as a supplement to our development of residential properties.

Continue to Expand Quality Land Bank through Diversified Land Acquisition Methods

We will continue to expand our land acquisition methods. We plan to take advantage of our experience and land acquisition strategies to establish joint ventures with comparable property developers or other regional leading third-party business partners in possession of land parcels. We believe such cooperation will enable us to obtain more information on available land and financing resources for property development. In addition to acquiring lands through public tenders, auctions and listings-for-sale, we also plan to flexibly acquire lands by means of acquisition of equity interests, asset acquisition, capital injection or joint venture. Meanwhile, we also plan to adopt different channels and methods for land acquisition based on the characteristics of different regions. For example, we plan to expand our land bank primarily by acquisitions in areas where markets for public tenders, auctions and listings-for-sale are immature. While in areas where the real estate market is substantially developed and land parcels available through public tenders, auctions and listings-for-sale are limited, but flexible operational modes of urban redevelopment projects exist, we obtain quality land through cooperation with third-party property developers who have already been involved in such urban redevelopment projects.

Continue to Enhance the Competitiveness of Our Products in Design and Quality and Empower Our Products with Smart Technology to Improve Customer Satisfaction

We plan to continue our focus on first-time homebuyers and first-time upgraders, and continue to refine the positioning of four product lines to improve customer satisfaction. For our New Block series which targets first- time homebuyers by providing cost-effective properties, we plan to make full use of space through compact design and provide more functional areas for customers to further improve the cost performance of properties. For our Elite's Mansion series which targets first-time upgraders by providing comfortable properties, we aim to build a technologically innovated community featuring cost efficiency, modern architectural style, multi-functional extensible space, interconnected health system, smart home equipment and community sharing space. For our King's Garden series which targets high-end customers by providing quality and comfortable properties, we are committed to providing customized products catering to different residential habits and preferences in each region, and further improving the quality and comfort of such products. Our Metropolitan series are large-scale complexes of residential communities with commercial areas in the vicinity. We tailor the design of properties of this series according to local conditions, aiming to create a harmonious community for our customers. We also empower our products with smart technology and we are committed to creating "smart and healthy" living spaces. We plan to provide our customers with a smart-living experience by pre-installing four basic smart modules, namely, smart lighting control, smart curtain, smart environment control and smart security control, and by providing five control modes, namely, local panel control, mobile app control, voice control, scene control and cloud control. By further upgrading and optimizing our existing products, we endeavor to provide our customers with products of high quality and better design to further improve customer satisfaction.

Continue to Implement Prudent Financial Policies, Optimize Capital Structure and Improve Shareholder Returns

In order to maintain sustainable development and maximize returns for our shareholders, we plan to continue to apply prudent financial policies to control development costs and monitor our cash flow. Meanwhile, we intend to improve shareholder returns by optimizing capital structure and improving operational efficiency and capital utilization efficiency.

We plan to continue implementing prudent financial policies to control our land acquisition costs and construction costs. We also plan to continue our centralized procurement and take measures to monitor our administrative expenses as well as sales and marketing expenses to control our development costs. In the meantime, we regularly review and verify the costs incurred for our projects to ensure that the relevant costs do not exceed the respective budget. Moreover, we closely monitor key financial indicators such as asset liability ratio and interest coverage ratio, and prudently manage the capital structure, cash flow and liquidity position in order to control costs and monitor risks.

We also aim to continuously improve shareholder returns by optimizing capital structure, improving operational efficiency and capital utilization efficiency. We plan to further optimize our capital structure by diversifying our financing channels. In terms of financing management, we intend to balance the time value of money and costs of capital, and to efficiently allocate short- and long-term debts through multiple and flexible financing channels in an effort to reduce financing costs. We plan to further optimize the flat management structure and improve internal decision-making efficiency by streamlining the internal approval process and the decision-making process. At the same time, we intend to further optimize the standardized operational procedures to facilitate project development and sales and speed up asset turnover. We will also continue to monitor our working capital and reduce unutilized capital after meeting the operational needs and short-term debt obligations to further improve the efficiency of capital utilization.

Expand Our Talent Pool to Improve Efficiency and Performance

We are people-oriented. We believe that our success and sustainable development are dependent on our ability to attract and retain high-quality professionals. We plan to further attract and recruit professionals to expand our talent pool. We intend to continue to provide systematic internal training and specialized external training to further enhance our employees' professional skills and execution capabilities. At the same time, we plan to provide employees with competitive remuneration and benefits packages, and standardize and improve the assessment process in order to optimize our promotion channel and remuneration system. We aim to effectively utilize our employee competition mechanism and retain and motivate our talented and experienced employees.

OUR BUSINESS

We mainly derive our revenue from development and sales of residential properties and commercial properties. We also derived revenue from providing property management services, leasing commercial properties, and providing management consulting services to our joint ventures and associates for the overall operation of property projects.

In 2018, 2019, 2020 and the six months ended June 30, 2021, our revenue amounted to RMB15,971.2 million, RMB25,963.1 million, RMB34,875.2 million and RMB16,066.5 million (US$2,488.4 million), respectively. The table below sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,							Six months ended June 30,		
	2018		2019		2020			2020	2021	
	RMB	%	RMB	%	RMB	US$	%	RMB	RMB	US$
	(in thousands, except for percentages)									
						(unaudited)		(unaudited)	(unaudited)	(unaudited)
Property development and sales	15,149,795	94.9	25,037,479	96.4	34,380,524	5,269,046	98.5	10,916,144	15,794,783	2,446,300
Property management services[(1)]	480,542	3.0	517,219	2.0	–	–	–	–	–	–
Property leasing	279,029	1.7	352,782	1.4	336,613	51,588	1.0	175,564	189,180	29,300
Management consulting services	61,817	0.4	55,628	0.2	158,037	24,220	0.5	61,303	82,482	12,775
Total	**15,971,183**	**100.0**	**25,963,108**	**100.0**	**34,875,174**	**5,344,854**	**100.0**	**11,153,011**	**16,066,445**	**2,488,375**

Note:

(1) To focus our resources primarily on property development and sales, we disposed of property management business as part of the Reorganization and the disposal was completed in December 2019.

OUR PROPERTY DEVELOPMENT BUSINESS

Overview

We develop a variety of quality residential properties, mainly including mid- to high-end residential properties with first-time homebuyers and first-time upgraders as our main target customers. Our residential properties are branded into four series:

- the New Block series (優步系) (also known as "Comfort Series"): comprising residential properties mainly targeting first-time homebuyers. The New Block series features creative and modern design, and offers a "7U" community to our customers, comprising (i) U-Transportation – convenient access to various transportation facilities; (ii) U-Resources – easy access to community services and ancillary facilities; (iii) U-Growth – high-quality educational resources; (iv) U-Style – artistic design and landscaping; (v) U-Neighborhood – access to membership clubs in the community; (vi) U-Service – sophisticated technology to facilitate smart living; and (vii) U-Product – space-efficient properties offering quality living environment. The design of properties of the New Block series focuses on the efficient utilization of interior spaces and aims to provide multi-functional spaces to our customers. Properties of the New Block series generally can provide a comfortable living environment to a three-generation family.

- the Elite's Mansion series (雲著系) (also known as "Cloud Series"): comprising apartments featuring smart home design for the modern-living generation and targeting first-time upgraders. We incorporate smart living facilities into artistic architectures to provide comfort, convenient and smart-living experience to our customers. We established a smart community based on Internet of Things, big data and artificial intelligence, which consists of eight components: smart home, smart security, smart transportation, smart property management, smart logistical support, smart operation, smart health and smart sharing. Specifically, our properties are equipped with facial recognition devices and license plate recognition devices to facilitate homeowners' entrance and exit. If requested by our customers, we may install water purification system, air purification system, smart lighting system and smart security system. We aim to harmoniously integrate technology with humanity and provide a healthy and smart-living environment.

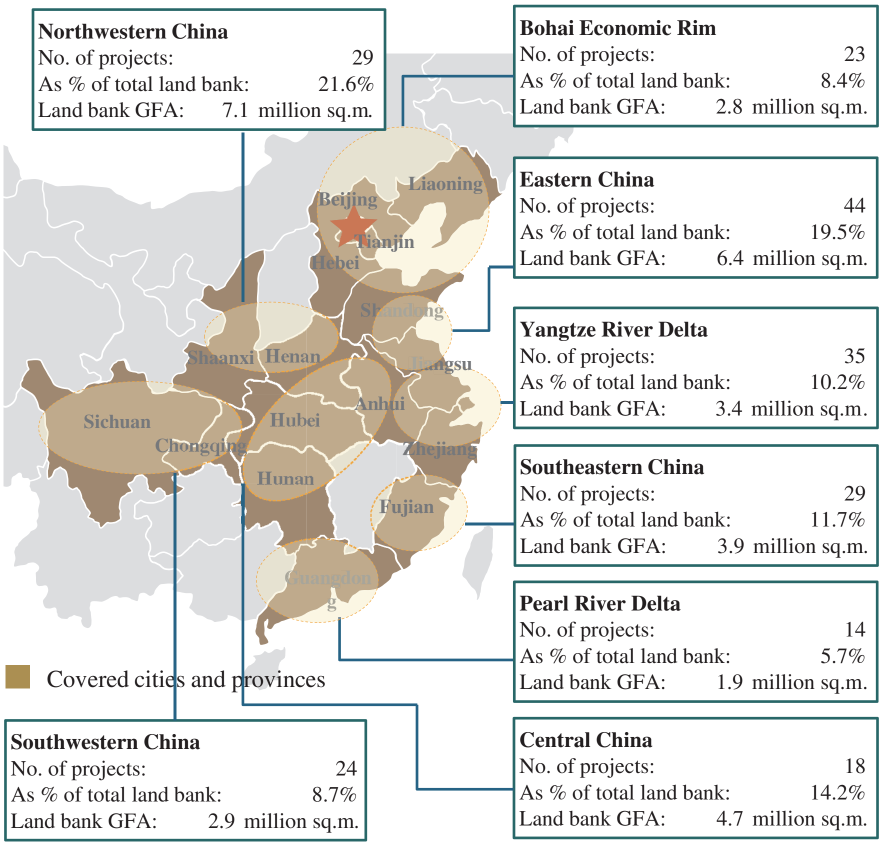
- the King's Garden series (銘著系) (also known as "Mansion Series"): comprising apartment buildings and standalone villas targeting high-end customers. We partner with world-renowned architectural design firms, such as Shanghai Lacime Architecture Design Co., Ltd. (上海日清建築設計有限公司), to deliver advanced design and quality living experiences. High-quality materials are used in interior decoration and high-end equipment is installed. Projects of the King's Garden series are located in prime locations in first- and second-tier cities with convenient access to various resources and facilities in the respective city.

- The Metropolitan series (大城系): comprising large-scale complexes of residential communities with commercial areas in the vicinity, such as shopping malls and shopping streets. Projects of this series consist of different types of residential buildings to accommodate customers with different needs. We also tailor the design of each project of this series according to characteristics of the respective land parcel and the surrounding environment.

Along with our residential property projects, we also develop commercial properties and retain ownership of a portion of our commercial properties for leasing. Our commercial properties mainly include office buildings, shopping malls and commercial blocks of shopping streets. See "– Property Leasing."

As of June 30, 2021, we had 217 property development projects at various stages of development, among which, 167 projects developed by our subsidiaries and 49 projects developed by our joint ventures and associates. As of June 30, 2021, our property development projects had a total GFA attributable to us of 33,070,760 sq.m., comprising (i) GFA available for sale, rentable GFA and rentable GFA for property investment for completed projects of 4,266,320 sq.m.; (ii) planned GFA for properties under development of 19,069,186 sq.m.; and (iii) estimated GFA for properties held for future development of 9,735,254 sq.m.

The map below shows the geographical locations and key information of our projects as of December 31, 2020:



Classification of Our Property Projects

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. The table below sets forth our classification of properties:

- **Completed properties**, comprising properties with certificates of completion (including completed properties that have been sold)

- **Properties under development**, comprising properties for which we have obtained the construction work commencement permits but not yet obtained the certificates of completion

- **Properties held for future development**, comprising properties for which we have obtained the land use right certificates and intend to hold for future development and properties for which we have not obtained the land use right certificates, but have entered into land grant contracts

Site Area and GFA

The site area information in this offering memorandum is calculated on the following basis:

- when we have received the land use right certificates, as specified in such land use right certificates; and

- before we have received the land use right certificates, as specified in the relevant land grant contracts related to the projects excluding, however, areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information in this offering memorandum is calculated on the following basis:

- for completed projects and phases, if we have obtained records of acceptance examination upon project completion, as specified in certificates of completion or, where such records are not yet available, based on our internal records and estimates;

- for projects and phases under development or held for future development,

  (a) if we have obtained the construction work planning permits or the construction work commencement permits, as specified in such permits; and

  (b) if we have not yet obtained the construction work planning permits or the construction work commencement permits, as specified in land grant contracts or based on our internal records and estimates;

- if we have obtained the pre-sale permits for the projects, the GFA available for sale information refers to the GFA available for sale in these permits.

Non-saleable GFA as used in this offering memorandum comprises rentable GFA and rentable GFA held for Property Investment as well as the GFA for certain ancillary facilities, such as greenery area and spaces designed as civil air defense properties, for which pre-sale permits will not be issued. GFA available for sale as used in this offering memorandum refers to the GFA exclusive of non-saleable GFA. GFA available for sale is further divided into GFA pre-sold but yet to be delivered and GFA unsold and available for sale. A property is pre-sold when we have executed the purchase contract but yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total GFA available for sale is calculated as follows:

- for properties and phases that are completed, refers to GFA pre-sold but yet to be delivered, GFA unsold and available for sale;

- for properties and phases under development, based on the relevant pre-sale permit, or based on the construction work planning permits or the construction work commencement permit if the pre-sale permit is not available, or based on other documentation issued by the relevant governmental authorities if such permits are not available; and

- for properties and phases that are held for future development, based on our internal records and development plans. The total GFA we intend to sell does not exceed the multiple of 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.

As some of our projects comprise multiple-phase developments on a rolling basis, these projects may comprise different phases that are at various stages of completion, under development or held for future development.

Land Bank and Property Portfolio

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

We assess the level of involvement and cooperation with third-party business partners in our project companies on a case-by-case basis. Typically, our involvement at different stages of project development and sales process in each of such project companies would commensurate with the proportion of our equity interests or investment in the project company and subject to the negotiated terms and conditions with the third-party business partners. In each of such project companies, our cooperation arrangement with the third-party business partners usually specifies the primary responsible party of the project company, our roles in the day-to-day management of the project company, which mainly comprise of the representation on shareholders' meeting and as board of directors' meetings and the assignment of staff and personnel to manage one or more aspects of the operation of the relevant project companies including but not limited to budget control, operation management, cost control, marketing, financial management, human resource management and administrative management, and our profit and loss sharing arrangement, at different levels.

Our projects companies are classified into three types, namely, subsidiaries, joint ventures and associates in accordance with the level of involvement and power on the management and operation of these project companies, including our representation on their decision-making authorities, such as shareholders' meeting and board of directors' meetings, as well as other facts and circumstances. A project company is our subsidiary if we have the control over the operation activities of the entity which determine the variable returns of the project company. A project company is our joint venture if the operation of the entity shall be resolved by all shareholders on a unanimous basis according to its shareholders agreement(s), article of association or rules of board meetings when there are side agreements among shareholders. A project company is our associate if we cannot control or jointly control the operation of the entity. Control is achieved when we are exposed, or have rights, to variable returns from our involvement with the investee and have the ability to affect those returns through our power over the investee.

In addition, we provide management consulting services to our joint ventures and associates for those projects that we develop by cooperating with third-party business partners through joint ventures and associates, mainly including supporting and consulting services provided to these entities in connection with the design, sales and marketing of properties, and overall project management during the development and sales of properties.

As of June 30, 2021, our total land bank amounted to 33,070,760 sq.m. The table below sets forth a breakdown of our land bank as of June 30, 2021 in terms of geographical location and by city tier:

			Completed	Under Development	Future Development		
	Number of Projects	Site Area	GFA Available for sale/ rentable GFA(1)(2)	Planned GFA Under Development(3)	Estimated GFA for Future Development(4)	Total Land Bank Attributable to Us(5)(6)	% of Total Land Bank
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
In terms of geographical location:							
Property Projects Developed by Our Subsidiaries							
Southwestern China							
Chongqing Municipality	15	923,356	619,737	787,657	400,001	1,807,395	5.5%
Sichuan Province	2	87,206	21,598	160,720	82,454	264,772	0.8%
Chengdu	2	87,206	21,598	160,720	82,454	264,772	0.8%
Subtotal	**17**	**1,010,562**	**641,335**	**948,377**	**482,455**	**2,072,167**	**6.3%**
Central China							
Hubei Province	4	538,927	96,061	1,028,983	1,137,069	2,262,113	6.8%
Wuhan	4	538,927	96,061	1,028,983	1,137,069	2,262,113	6.8%
Hunan Province	5	452,968	4,743	878,977	417,752	1,301,472	3.9%
Changsha	4	280,912	4,743	878,977	–	883,720	2.7%
Xiangyang	1	172,056	–	–	417,752	417,752	1.3%
Anhui Province	6	382,276	43,087	636,976	–	680,063	2.1%
Hefei	6	382,276	43,087	636,976	–	680,063	2.1%
Subtotal	**15**	**1,374,171**	**143,891**	**2,544,936**	**1,554,821**	**4,243,648**	**12.8%**
Bohai Economic Rim							
Tianjin Municipality	2	85,314	106,212	174,907	–	281,119	0.9%
Beijing Municipality	6	323,396	26,662	550,733	–	577,395	1.7%
Hebei Province	8	508,545	89,397	831,672	171,333	1,092,402	3.3%
Shijiazhuang	7	340,996	89,397	547,286	–	636,683	1.9%
Langfang	1	167,549	–	284,386	171,333	455,719	1.4%
Liaoning Province	1	127,325	55,693	–	–	55,693	0.2%
Shenyang	1	127,325	55,693	–	–	55,693	0.2%
Subtotal	**17**	**1,044,580**	**277,964**	**1,557,312**	**171,333**	**2,006,609**	**6.1%**
Eastern China							
Jiangsu Province (North)	36	2,545,579	262,507	2,950,160	2,383,533	5,596,200	16.9%
Huai'an	14	863,289	135,728	989,374	728,152	1,853,254	5.6%
Lianyungang	9	893,814	105,848	437,696	1,233,570	1,777,114	5.4%
Yancheng	4	226,693	15,791	91,843	421,811	529,445	1.6%
Xuzhou	2	82,340	–	261,802	–	261,802	0.8%
Zhenjiang	3	164,178	–	539,442	–	539,442	1.6%
Yangzhou	4	315,265	5,140	630,003	–	635,143	1.9%
Subtotal	**36**	**2,545,579**	**262,507**	**2,950,160**	**2,383,533**	**5,596,200**	**16.9%**
Northwestern China							
Shaanxi Province	24	1,967,297	830,463	2,279,320	3,275,849	6,385,632	19.3%
Xi'an	24	1,967,297	830,463	2,279,320	3,275,849	6,385,632	19.3%
Henan Province	3	127,695	–	167,249	263,519	430,768	1.3%
Zhengzhou	3	127,695	–	167,249	263,519	430,768	1.3%
Subtotal	**27**	**2,094,992**	**830,463**	**2,446,569**	**3,539,368**	**6,816,400**	**20.6%**
Southeastern China							
Fujian Province	20	1,878,380	266,265	1,766,850	718,449	2,751,564	8.3%
Quanzhou	5	338,562	–	847,471	467,557	1,315,028	4.0%
Fuzhou	7	1,126,686	222,182	263,635	51,798	537,615	1.6%
Fuqing	8	413,132	44,083	655,744	199,094	898,921	2.7%
Subtotal	**20**	**1,878,380**	**266,265**	**1,766,850**	**718,449**	**2,751,564**	**8.3%**

	Number of Projects	Site Area	Completed: GFA Available for sale/ rentable GFA(1)(2)	Under Development: Planned GFA Under Development(3)	Future Development: Estimated GFA for Future Development(4)	Total Land Bank Attributable to Us(5)(6)	% of Total Land Bank
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
Pearl River Delta							
Guangdong Province	13	498,989	108,891	1,357,411	173,755	1,640,057	5.0%
Foshan	5	194,609	90,704	506,068	–	596,772	1.8%
Huizhou	7	304,380	18,187	851,343	173,755	1,043,285	3.2%
Subtotal	**12**	**498,989**	**108,891**	**1,357,411**	**173,755**	**1,640,057**	**5.0%**
Yangtze River Delta							
Zhejiang Province	11	592,257	62,793	1,131,796	136,385	1,330,974	4.0%
Hangzhou	2	75,854	62,793	–	–	62,793	0.2%
Shaoxing	4	240,055	–	658,380	–	658,380	2.0%
Ningbo	5	276,348	–	473,416	136,385	609,801	1.8%
Jiangsu Province (South)	10	485,119	109,926	930,101	9,923	1,049,950	3.2%
Suzhou	8	318,691	109,926	487,723	9,923	607,572	1.8%
Nantong	1	38,049	–	96,319	–	96,319	0.3%
Wuxi	1	128,379	–	346,059	–	346,059	1.0%
Shanghai Municipality	2	63,580	55,963	–	–	55,963	0.2%
Subtotal	**23**	**1,140,956**	**228,682**	**2,061,897**	**146,308**	**2,436,887**	**7.4%**
Total	**167**	**11,588,209**	**2,759,998**	**15,633,512**	**9,170,022**	**27,563,532**	**83.3%**
In terms of geographical location: Property Projects Developed by Our associates and Joint Ventures							
Southwestern China							
Chongqing Municipality	4	585,004	485,295	85,444	15,043	585,782	1.8%
Sichuan Province	3	152,450	120,097	87,419	–	207,516	0.6%
Chengdu	3	152,450	120,097	87,419	–	207,516	0.6%
Subtotal	**7**	**737,454**	**605,392**	**172,863**	**15,043**	**793,298**	**2.4%**
Central China							
Anhui Province	1	109,852	515	183,702	–	184,217	0.6%
Hefei	1	109,852	515	183,702	–	184,217	0.6%
Hunan Province	1	60,331	1,850	119,028	–	120,878	0.4%
Changsha	1	60,331	1,850	119,028	–	120,878	0.4%
Hubei Province	1	51,187	22,259	119,194	–	141,453	0.4%
Jingzhou	1	51,187	22,259	119,194	–	141,453	0.4%
Subtotal	**3**	**221,370**	**24,624**	**421,924**	**–**	**446,548**	**1.4%**
Bohai Economic Rim							
Tianjin Municipality	2	107,461	–	197,652	–	197,652	0.6%
Beijing Municipality	1	108,244	–	–	358,843	358,843	1.1%
Hebei Province	2	93,950	22,635	161,604	–	184,239	0.6%
Shijiazhuang	2	93,950	22,635	161,604	–	184,239	0.6%
Liaoning Province	1	78,517	44,043	–	–	44,043	0.1%
Shenyang	1	78,517	44,043	–	–	44,043	0.1%
Subtotal	**6**	**388,172**	**66,678**	**359,256**	**358,843**	**784,777**	**2.4%**
Eastern China							
Jiangsu Province (North)	8	463,936	58,886	698,611	83,246	840,743	2.5%
Lianyungang	2	131,172	33,281	220,118	–	253,399	0.8%
Nanjing	2	160,221	3,067	333,764	–	336,831	1.0%
Xuzhou	2	49,671	–	80,801	83,246	164,047	0.5%
Yangzhou	2	122,872	22,538	63,928	–	86,466	0.3%
Subtotal	**8**	**463,936**	**58,886**	**698,611**	**83,246**	**840,743**	**2.5%**
Northwestern China							
Shaanxi Province	1	64,269	29,205	–	–	29,205	0.1%
Xi'an	1	64,269	29,205	–	–	29,205	0.1%
Henan Province	1	88,578	–	292,028	–	292,028	0.9%
Zhengzhou	1	88,578	–	292,028	–	292,028	0.9%
Subtotal	**2**	**152,847**	**29,205**	**292,028**	**–**	**321,233**	**1.0%**

			Completed	Under Development	Future Development		
	Number of Projects	Site Area	GFA Available for sale/ rentable GFA(1)(2)	Planned GFA Under Development(3)	Estimated GFA for Future Development(4)	Total Land Bank Attributable to Us(5)(6)	% of Total Land Bank
		(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	
Southeastern China							
Fujian Province	9	557,003	116,235	1,009,817	–	1,126,052	3.4%
Fuzhou	4	276,592	33,496	635,017	–	668,513	2.0%
Fuqing	5	280,411	82,739	374,800	–	457,539	1.4%
Subtotal	**9**	**557,003**	**116,235**	**1,009,817**	**–**	**1,126,052**	**3.4%**
Pearl River Delta							
Guangdong Province	2	75,638	–	251,825	–	251,825	0.8%
Foshan	1	47,648	–	146,393	–	146,393	0.4%
Huizhou	1	27,990	–	105,432	–	105,432	0.3%
Subtotal	**2**	**75,638**	**–**	**251,825**	**–**	**251,825**	**0.8%**
Yangtze River Delta							
Zhejiang Province	3	214,459	330,611	175,891	108,100	614,602	1.9%
Hangzhou	2	127,931	330,611	–	–	330,611	1.0%
Ningbo	1	86,528	–	175,891	108,100	283,991	0.9%
Jiangsu Province (South)	9	416,478	274,691	53,459	–	328,150	1.0%
Suzhou	9	416,478	274,691	53,459	–	328,150	1.0%
Subtotal	**12**	**630,937**	**605,302**	**229,350**	**108,100**	**942,752**	**2.9%**
Total	**49**	**3,227,357**	**1,506,322**	**3,435,674**	**565,232**	**5,507,228**	**16.7%**
Total Land Bank	**216**	**14,815,566**	**4,266,320**	**19,069,186**	**9,735,254**	**33,070,760**	**100.0%**

Notes:

(1) Refers to (i) GFA pre-sold but yet to be delivered; and (ii) GFA unsold and available for sale.

(2) Refers to GFA available to generate rental income, excluding GFA of the property held for investment.

(3) Refers to total planned GFA under development as set out in the construction work planning permits or construction work commencement permits.

(4) Refers to (i) GFA for which we have signed a land grant contract but have not obtained the relevant land use right certificates; and (ii) GFA for which we have obtained the land use right certificates but have not obtained the requisite construction work commencement permits.

(5) Total land bank equals to the sum of (i) total GFA available for sale, total rentable GFA and total rentable GFA for property investment for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development.

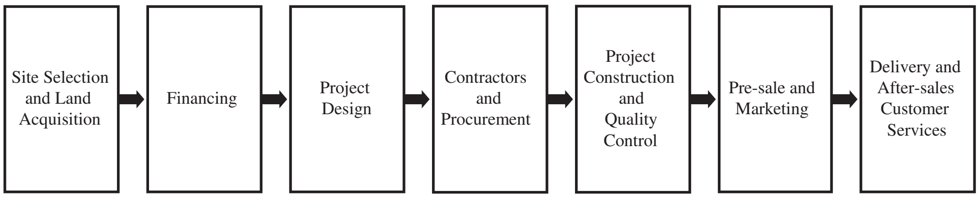
(6) For projects held by our joint ventures or our associates, total GFA will be adjusted by our equity interest in the respective project.

OUR PROPERTY DEVELOPMENT MANAGEMENT

Property Development Process

Our success in property development is attributable to our standardized operating procedures, which enable us to plan relevant operations and execute such plans within the required time frame for each development stage after acquiring the land and improve our overall operational efficiency. Through the utilization of our standardized operating procedures, we have been able to complete our property projects within approximately eight months on average from acquiring the relevant land parcel to commencing pre-sales. We formulate the procedures based on our operational experience and needs and modify the procedures on a case-by-case basis. Such procedures set out the guidelines for our employees in managing and developing our property projects, and provide detailed timing and evaluation targets and checklists.

The diagram below summarizes the major stages of our property development process [1]:



Note:

(1) The required time for each property development stage may vary among projects depending on the geographical location and the size of the projects. The sequence of specific planning and execution activities may also vary among projects due to the requirement of local laws and regulations.

Site Selection and Land Acquisition

Site Selection

We undergo a careful examination and selection process for our property sites. We focus on suitable locations in selected cities in Yangtze River Delta, the Bohai Economic Rim, Southwestern China, Northwestern China, Southeastern China, Central China, Eastern China, and Pearl River Delta. Our market research efforts cover general studies on selected cities where we have operations or plan to expand into, and will include information and analysis on potential customers, customer demands and the availability and estimated cost of suitable land parcels in such cities.

The site selection process is led by our investment and development personnel at city, regional and group levels. The investment and development personnel in city companies collect information of land parcels available and carry out the screening process. After the screening process, they prepare a preliminary project proposal and submit to the respective regional investment and development team. Regional investment and development team reviews the project proposal and updates the project proposal with inputs from other professional teams at regional level. The updated project proposal is then submitted to our strategic investment management center for review. Personnel of our financial management center, cost and procurement management center, design, research and development management center and operation management center also give their inputs at this stage. Thereafter, the further updated project proposal is submitted to our senior management for final review and approval.

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

- prospects of the area and relevant cities' economic development and population growth;

- industry policy and development strategies of the central and local governments;

- prospects of financial returns, indicated by factors such as estimated return on investment, internal rate of return, profit margin and payback period for front-end investments and construction costs;

- scale and price of lands in the relevant area;

- number of our existing projects in the relevant area; and

- sufficiency of cash flow from our operations in the relevant area.

Land Acquisition

Our prudent land acquisition strategy, our keen market insight and investment vision into the PRC real estate market and our diversified land acquisition initiatives propel our business expansion and growth. We strive to identify high quality lands with potential in areas that have not yet to experience significant growth in property prices, or in areas that may have experienced pullback in property prices or market slowdowns. We acquire our land through the following methods:

- participation in public tenders, auctions and listings-for-sale organized by the relevant government authorities;

- establishing joint ventures with other property developers and participating in public tenders, auctions and listings-for-sale; and

- acquisition of equity interests in, or land parcels from third parties which possess land parcels.

We primarily acquire land through public tenders, auctions and listings-for-sale from the PRC Government in accordance with relevant PRC laws and regulations. Usually, in a public tender, an evaluation committee (including a representative of the grantor and other experts) evaluates and selects the tenders that have been submitted. In addition to the bidding price, consideration may be given to each bidder's property development experience and track record, credit history, qualifications and development proposals. Public auctions are normally held by local land bureaus, and the land use rights are usually granted to the highest bidders. In a listing-for-sale process, conditions for granting the land use rights are generally specified by the relevant local land bureaus before bids are submitted and the land use rights are granted to the bidder with the highest bid at the end of the listing-for-sale period.

In addition, we acquired land through establishing joint ventures with leading third-party property developers and participating in public tenders, auctions and listings-for-sale. Such cooperation helps us expand into new markets where we have limited experience. We believe the sharing of common business concepts and leveraging our respective strengths and experiences in project development can bring mutual benefits to us as well as our partners.

Further, we acquired equity interests in, or land parcels, to a lesser extent, from companies that possess or have the rights to possess land use right for certain land parcels. This method allows us to obtain targeted land at competitive prices as it allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties. This method also allows us to consolidate our strengths and competitiveness with resources of the target companies.

Leveraging on our prudent land acquisition strategies and diversified land acquisition methods, possess land reserve in regions and cities of strong growth potential with relatively low acquisition costs. We believe our sufficient land bank, together with our diversified land acquisition strategies, provide us with a stable development pipeline and will contribute to our long-term growth.

Project Design

In order to provide our customers with quality designs and to achieve operational efficiency, we outsource the design of all of our property development projects to independent third-party domestic or international architecture and design firms. We have worked closely with leading domestic and international architecture and design firms. For high-end or large-scale residential and commercial property projects, we select architecture and design firms through tenders. For other projects, we select architecture and design firms from our database of shortlisted firms. In selecting architecture and design firms, we consider the firms' track record, proposed designs and their past working relationships with us.

Each of our property series targets different customer groups and has distinctive design features. The New Block series features creative and modern design and focuses on the efficient utilization of interior spaces. The Elite's Mansion series features the integration of smart-living facilities and artistic design to provide comfort, convenient and smart-living experience to our customers. The King's Garden series targets high-end customers, and we engage world-renowned architectural design firms to deliver advanced design and quality living experiences. The Metropolitan series features large-scale complexes of residential communities with commercial areas in the vicinity, and we tailor the design of each project of this series according to characteristics of the respective land parcel and the surrounding environment.

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

Contractors and Procurement

Appointment of Construction Contractors

We do not maintain full construction capacity, and we engage qualified independent third-party general construction contractors to carry out construction works for substantially all our property development projects. One of our subsidiaries held level II general contractor qualification of construction company qualification(建築業企業資質證書(建築工程總承包二級))and, as a contractor, was responsible for structural constructing works and supervising the construction work of the other contractors for certain phases of certain of our property projects. This subsidiary also engaged other contractors to assemble a full construction team to carry out the construction work. Such construction works include foundation digging and installation of equipment. The general contractors of our property developments are primarily selected through an invite-only tender process, which is managed by our cost and procurement management center. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervision on their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, track record and prices tendered. We also engage specialized contractors in specific areas, such as equipment installment, landscaping and glass curtain wall system. Specialized contractors are selected through tender processes and direct engagements.

We require our contractors to purchase the relevant insurances covering any labor issues of our contractors or accidents and injuries that may occur during construction. Therefore, we are not responsible for labor issues of our contractors as well as accidents or injuries that may occur during construction, except for the limited situations as disclosed above where our subsidiaries are contractors. See also "– Social, Health, Work Safety and Environmental Matters – Social, Health and Work Safety." However, our strict quality control measures require our contractors to comply with the relevant rules and regulations including environmental, labor, social and safety regulations to minimize our risks and liabilities. As of the date of this offering memorandum, we were not involved in any material dispute with our contractors nor were there any case of material personal injury or death involving our contractors that had a material and adverse effect on our business.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction work. The major payment milestones usually include: (i) completion of the construction of underground structures; (ii) completion of the construction of certain floors; (iii) completion of the construction of the overall building structure; (iv) preliminary inspection upon construction completion; and (iv) final inspection and delivery of the properties. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. We also retain 3% to 5% of the contract amount as quality warranty deposit. See "– Delivery of Properties and After-sales Customer Service – Warranties and Returns."

The agreements with our contractors also set forth our and the contractors' rights and obligations. We have both the right and obligation to supervise and evaluate the work of our contractors. The agreements set forth the performance standards for the construction work and the methods of our inspections and supervisions. We are entitled to seek damages for breach of contract or deduct the service fees if a contractor fails to adhere to our performance standards or unduly delays the construction progress.

Procurement

Our construction contractors are primarily responsible for procuring raw materials, such steel, concrete and sandstone. We also procure certain materials, equipment and fixtures through our centralized procurement system, such as elevators, air conditioners, wall paint, doors, windows, floors, sanitary wares, electrical appliances and lamps.

With respect to construction contracts of substantial value and long duration, we typically engage in discussions with our contractors and adjust construction fees if fluctuations in the market prices of such construction raw materials exceed a certain threshold, and we, as a result, bear most of the risks associated with such commodity price movements. See "Risk Factors – Risks Relating to Our Business – Fluctuations in the price of construction materials and our construction contractors' labor costs could affect our business and financial performance."

Project Construction and Quality Control

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

- we assign each project its own on-site project management team, which comprises qualified engineers led by our project managers to ensure quality and monitor the progress and workmanship of construction on a daily basis;

- our regional project quality control teams inspect each project on a monthly basis. In addition, the project management department at the group-level performs regular quality control inspections and promotes measures and initiatives that have proven to be successful in previous projects;

- we retain qualified independent third-party construction supervision companies to oversee the construction of our projects;

- we compile a set of standardized technical guidelines for construction management of each project, such as inspecting construction materials before construction commences and evaluating sample unit;

- we prepare a set of standardized quality control procedures, such as requiring project technical disclosure before tender, conducting on-site material inspection, reviewing sample product; and

- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

We are required to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development. As of the date of this offering memorandum, we did not experience any material delays in the commencement of construction of properties which had any material adverse impact on our business, financial condition and results of operations. See "Risk Factors – Risks Relating to Our Business – We may be subject to fines or forfeit land to the PRC Government if we fail to pay land grant premiums or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts." We are also required to commence construction of our projects within the time prescribed by the relevant PRC laws and regulations. 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 Disposing of Idle Land (《閒置土地處置辦法》) promulgated by the Ministry of Land and Resources on April 28, 1999, as amended on June 1, 2012, a land parcel may be defined as idle land under any of the following circumstances: (i) development and construction of the state-owned land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or (ii) the development and construction of the state-owned land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval. Pursuant to the Law on the Administration of Urban Real Estate (《城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 as amended on August 27, 2009 and August 26, 2019, property developers may be subject to an idle land fee equivalent to or less than 20% of the land grant premium for any failure to commence development or construction after one year from the time stipulated in the relevant land grant contract or allocation decision; and failure to commence development or construction two years after such time may lead to forfeit of the land use rights, except where such failure to commence development or construction is caused by force majeure, governmental activities or any necessary preparatory work.

As of the date of this offering memorandum, except for certain delays in construction or development caused by governmental activities, we did not experience any idle land issues, nor had we been subject to any idle land fees or forfeited any land use rights.

Cost Control

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

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

Sales and Marketing

Pricing

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

Sales and Marketing Plan

We primarily sell our properties by our sales and marketing personnel. Our marketing management center is responsible for formulating marketing and sales strategies and managing the overall marketing and sales process.

Precision marketing is our primary marketing strategy. We carefully analyze the preferences of our target customers and design localized marketing campaigns for our property projects based on our market studies. We also adjust our marketing plans based on the market feedback we collect throughout the project development process. With respect to each property project, we design and launch various marketing activities that we believe are best suitable for the respective project.

In addition to traditional marketing channels such as television and billboards, we also organize various on-site marketing campaigns in shopping malls and residential communities. We organize media conferences and new product launch events to promote our new products and introduce our product development process. We also conduct sales and marketing activities through online channels. We carefully analyze our target customers' preferences in entertainment media and distribute our advertisements in websites and we-media programs favored by our target customers. We also operate Jinhui Jin Ke Tong (金輝金客通), our WeChat platform for integrated marketing management, which allows our customers to review introductions to our property projects, online chat with our sales personnel, make appointments for property visits and participate in our promotional activities. It also allows us to collect and manage customer-related information, expand our customer base and adjust our sales and marketing strategies according to our potential purchasers' needs and preferences.

Although we primarily rely on our own sales and marketing personnel, we also work with external property agents to facilitate the sales of certain projects. As we continue to strengthen our own sales and marketing team, the proportion of contracted sales by external property agents consistently declined. Our agreements with external property agents usually include key terms such as the scope of retention, duration of services, and fees and payment method. The agreements usually also require external property agents not to conduct unauthorized contracted sales or sell our properties at prices lower than those agreed by us, and to carry out truthful advertising and comply with all applicable regulatory requirements.

Throughout and subsequent to the project development and pre-sale period, we provide comprehensive assistance to our customers, coordinate internally to address queries raised by, and collect feedback from, our customers and potential customers. Such feedbacks help us to evaluate our products and modify the designs of our future properties in order to address changes in market demand.

Pre-sales

In line with industry practice in the PRC, we normally commence pre-sales of our property development project before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans which are drawn up as early as the acquisition of the relevant parcel of land. Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to payment of the land grant premium and obtaining the relevant land use right certificate, construction work planning permit, construction work commencement permit and pre-sale permit before the commencement of pre-sales.

Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to make a down payment according to the schedule stipulated in the sales contract. The amount of down payments and the circumstances in which default penalties may be incurred are stipulated in relevant pre-sale contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale contracts with the relevant local authorities.

Except as disclosed in this offering memorandum with respect to commencement of pre-sales before obtaining the pre-sale permit by one subsidiary, all of our subsidiaries commenced pre-sales for the relevant property projects and entered into pre-sales contracts in compliance with the relevant PRC laws and regulations as of the date of the offering memorandum. See "– Legal Proceedings and Compliance – Compliance with Laws and Regulations – Non-compliance Incidents – Inappropriate Advertising, Pricing and Pre-sales." We have also obtained confirmation letters from the competent governmental authorities, confirming that the relevant subsidiaries had complied with the relevant laws and regulations in relation to pre-sales or had not been penalized for violating the relevant laws and regulations in relation to pre-sales.

Cancelled contracted sales are sales transactions cancelled after customers sign pre-sale contracts and make down payments. Such incidents are rare. As of the date of the offering memorandum, no cancelled contracted sales had a material adverse effect on our financial condition and we had complied with all relevant and applicable PRC laws and regulations governing property pre-sales in the PRC in all material respects.

Payment Arrangement

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

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if a purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank. We will be entitled to terminate the relevant sales contract, and seek liquidated damages per the contract term, after settling such outstanding balances. In accordance with industry practice, we do not conduct credit checks on our customers but carefully review the results of credit checks conducted by relevant banks.

As of December 31, 2018, 2019 and 2020 and June 30, 2021, our outstanding guarantees in respect of the mortgages for purchasers of our properties amounted to RMB20,188.9 million, RMB29,957.6 million, RMB34,134.7 million and RMB36,779.9 million (US$5,696.5 million), respectively. See "Risk Factors – Risks Relating to Our Business – We guarantee the mortgage loans provided by financial institutions to our customers and, consequently, we will be liable to the mortgagees if our customers default on their mortgage payments."

Delivery of Properties and After-sales Customer Service

Delivery of Completed Properties

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

After-sales Services

We established Radiance Happy Home System ("金輝幸福家"), a full-life cycle after-sales customer service system. Our customer service management department is responsible for providing after-sales customer services under the Radiance Happy Home System. The Radiance Happy Home System covers every stage of our customer services. Before the delivery of properties, we keep our customers informed of the construction progress through Radiance Letters (金輝家書), which are primarily WeChat articles delivered on a quarterly basis. After the delivery of properties, we assist our customers in obtaining property ownership certificates and provide assistance to the move-in process. Additionally, our customers can file maintenance service requests through our WeChat maintenance platform, and can file complaints through our nationwide 24-hour customer service hotline. As part of the Radiance Happy Home System, we host community activities, such as singing competitions, short-video competitions, food festivals, and lectures for environmental protection. In certain community activities, our customers also obtain first-hand information regarding our new property development projects. Our after-sales services are complementary, except for repairs for items whose warranty periods have expired or repairs for damages resulted from inappropriate uses. Such repairs are provided by the relevant property management companies, which may charge a service fee. See "– Warranties and Returns." As of the date of this offering memorandum, we were not aware of material customers' complaints or product liability claims. We hire third-party survey companies to conduct our customer satisfaction survey every year in order to better understand the needs of our customers and improve our service quality.

Warranties and Returns

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

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

Generally, customers may terminate the purchase contracts if there are material delays in the delivery of our properties which exceed the periods stipulated in the relevant purchase contracts. Customers may return the properties to us if there are material quality defects with respect to our properties or material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the purchase contracts.

PROPERTY LEASING

Along with our residential property projects, we also develop commercial properties and retain ownership of a portion of our commercial properties for leasing. Our commercial properties mainly include office buildings, shopping malls, commercial blocks and shopping streets, which are usually open-air streets with commercial shops located along side. We hold and operate a portion of our commercial properties as investment properties for capital appreciation and lease them to generate rental income.

As of June 30, 2021, we held 24 completed investment properties of a total GFA of approximately 902,076 sq.m. and one investment property held for future development of a total estimated GFA of 69,530 sq.m. Our investment properties enjoy high occupancy rates. As of December 31, 2018, 2019 and 2020 and June 30, 2021, the average occupancy rates of our investment properties was 87.6%, 90.0%, 90.0% and 90%, respectively. In 2018, 2019 and 2020 and the six months ended June 30, 2021, our revenue generated from property leasing amounted to RMB279.0 million, RMB352.8 million, RMB336.6 million and RMB189.2 million (US$29.3 million), respectively.

To maintain the competitiveness and profitability of our investment properties, we strategically select a balanced mix of tenants based on a project's overall positioning and the needs of the surrounding communities. We take into consideration the reputation and general brand recognition of the potential tenants, the industry sectors of such tenants, as well as their track records and past relationships with us. To maintain a high occupancy rate of our investment properties, we have formulated a set of marketing strategies and conducted a variety of marketing activities using internal sources and external sources to promote our investment properties.

Depending on the tenants' relationships with us and the scale, reputation and nature of business of the tenants, we may use the following methods when determining the rental fees: (i) fixed rental fees during a preliminary period with predetermined periodic rental increases in the remaining lease term; or (ii) rental fees calculated based on a predetermined percentage of the monthly retail revenue of a tenant.

The following table sets forth our key investment properties as of June 30, 2021:

	Project	Type of Properties	Location	Total GFA (sq.m.)	Status	Occupancy Rate[1]
1.	Beijing Radiance Plaza（北京金輝大廈）	Office	Beijing	102,975	Completed	100.0%
2.	Chongqing Jinhui Plaza（重慶金輝廣場）	Commercial	Chongqing	120,846	Completed	65.1%
3.	Jinhui City Phase IV (Bronze Road)（金輝城四期三標(銅元道)）	Commercial	Chongqing	72,854	Completed	74.6%
4.	Xi'an Jinhui Global Plaza (Mall)（西安金輝環球廣場(商場)）	Shopping mall	Xi'an	124,336	Completed	99.1%
5.	Jinhui Building (International Plaza)（金輝大廈(國際廣場)）	Office	Xi'an	48,685	Completed	98.0%
6.	Chuangzhi Building (創智大廈)	Commercial	Xi'an	20,497	Completed	100.0%
7.	Xi'an Jinhui Global Plaza (Block B)（西安金輝環球廣場(B棟)）	Office	Xi'an	27,905	Completed	100.0%
8.	Fuzhou Jinhui Mansion（福州金輝大廈）	Commercial	Fuzhou	16,760	Completed	100.0%
9.	Shanghai Jingang Commercial Plaza（上海金港商業廣場）	Commercial	Shanghai	30,622	Completed	100.0%
10.	Suzhou Qianwan Commercial Center（蘇州淺灣商業中心）	Commercial	Suzhou	36,464	Completed	100.0%
11.	Chongqing Jinhui City Phase V（重慶金輝城五期二標）[3]	Office	Chongqing	69,530	Held for future development	N/A
12	Xi'an Jinhui Global City (Block G)（西安金輝世界城G棟）	Commercial	Xian	15,074	Completed	98.61%
13	Beijing Jinhuishi District Eight（北京金輝時八區）	Office	Beijing	174,907	Completed	0.27%

Notes:

(1) Refers to occupancy rate of properties for commercial or office use (excluding car parks).

(2) The construction of Chongqing Jinhui Plaza was completed in March 2015. As of December 31, 2018, 2019 and 2020 and June 30, 2021, the occupancy rate of Chongqing Jinhui Plaza was 63.0%, 63.0%, 63.0% and 65.1%, respectively. Chongqing Jinhui Plaza had a relatively low occupancy rate as of June 30, 2021 as we strategically looked for long-term high-quality tenants and were still in the process of locating such tenants.

(3) The project is expected to be completed in May 2023.

As of June 30, 2021, we also held 12 completed investment properties used as kindergarten or clubhouse, with an aggregate GFA of 40,616 sq.m. The 12 completed investment properties used as kindergartens and clubhouses were located in Chongqing and Xi'an, respectively, and their average occupancy rate was 78%, 100%, 100% and 100% as of December 31, 2018, 2019 and 2020 and June 30, 2021, respectively.

As of the date of this offering memorandum, our investment properties did not have any material defects or deficiencies, although some routine maintenances were made. None of our investment properties encountered any temporary closures, except for certain investment properties which were temporarily closed in accordance with various measures adopted by local governments aiming to contain the COVID-19 pandemic.

PROPERTY MANAGEMENT SERVICES

We provided property management services mainly to some of our residential and commercial properties. The customers of our property management services were primarily property owners who purchased our properties and tenants of our properties. We also provide property management services to some of our project companies. The property management services that we provided include cleaning, security, landscaping, and building and equipment maintenance. In 2018 and 2019, revenue derived from our property management services was RMB480.5 million and RMB517.2 million, respectively. To focus our resources primarily on property development and sales, we disposed property management service business upon the reorganization in December 2019. As a result, we did not record any revenue from property management services since 2020.

MANAGEMENT CONSULTING SERVICES

We provide management consulting services to our joint ventures and associates for those projects that we develop by cooperating with third-party business partners through joint ventures and associates, mainly including supporting and consulting services provided to these entities in connection with the design, sales and marketing of properties, and overall project management during the development and sales of properties. Leveraging our established experience and expertise in property development, we provide management consulting services with a goal to strengthen our cooperation with our business partners and streamline the management of the relevant projects.

HOTELS

As of June 30, 2021, we also had two hotels under construction and two hotels at the planning and designing stage located in Fuzhou, Xi'an, Suzhou and Wuhan, respectively. All the four hotels are strategically designed as five-star hotels and are planned to be located in business centers of the relevant cities. We expect to further develop our hotel business and expand into other cities alongside with the development of our residential and commercial property projects. We intend to collaborate with renowned hotel management companies in operating these hotels. In addition, we will also train our own hotel management team with a goal to improve service quality and gradually build our brand name. As of the date of this offering memorandum, Fuqing Sheraton Hotel in the first international five-star hotel in Fuqing country, Fuzhou is in operation.

PROPERTIES FOR SELF-USE

As of June 30, 2021, we had properties of a total GFA of approximately 15,561 sq.m. which we occupied mainly for self-use as offices.

LEASED PROPERTIES

As of June 30, 2021, we leased 39 properties with a total GFA of approximately 21,285.6 sq.m. mainly used as our offices premises. Our leases generally have a term ranging from three to five years, and we expect to renew the leases upon their expiry.

AWARDS AND RECOGNITIONS

We have received recognition from various industry associations and media. The table below sets out certain of the awards we received in respect of our property development operations:

Year	Award/Recognition	Project/Branch	Awarding Institution
2014-2021	"China's Top 50 Real Estate Developer"(中國房地產開發企業50強)	Our Group	China Real Estate Association(中國房地產協會) and China Real Estate Appraisal Center of E-house China Research Institute(上海易居房地產研究院中國房地產評測中心)
2018-2021	"China's Top 10 Real Estate Developer in Terms of Overall Growth"(中國房地產開發企業綜合發展10強)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2018-2021	"China's Top 100 Real Estate Developers"(中國房地產百強企業)	Our Group	The Enterprise Research Institute of Development Research Center of the State Council(國務院發展研究中心企業研究所), Center for Real Estate of Tsinghua University(清華大學房地產研究所) and China Index Academy(中國指數研究院)

Year	Award/Recognition	Project/Branch	Awarding Institution
2020	"2019-2020 China Real Estate Poverty Alleviation Benchmarking Developers"(2019-2020中國房地產年度扶貧標桿企業)	Our Group	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2020	"2020 China Specialized Real Estate Company – Comprehensive Operation of Urbanization"(2020 中國特式地產運營優秀企業 – 城市綜合運營商)	Our Group	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2020	"2020 Top 100 Commercial Real Estate Enterprise"(2020 中國商業地產百強企業)	Our Group	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2020	"2020 Chinese Real Estate Developers Characteristic Projects"(2020 中國房地產開發企業典型項目)	Xi'an Jinhui East King' Garden(西安金輝東方銘著)	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2019	"China's Top 30 Real Estate Developer Brand Value"(中國房地產開發企業品牌價值30強)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2018-2019	"China's Top 10 Real Estate Developers in terms of value growth"(中國房地產開發企業價值成長性10強)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2019	"China Real Estate Best Employer" (中國房地產最佳僱主企業)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2019	"2019 Social Responsibility Award"(2019社會責任公益慈善獎)	Our Group	Xinhua Net(新華網)
2019	"2019 Chinese Real Estate Developers Characteristic Projects"(2019中國房地產開發企業典型項目)	Xi'an Jinhui World City (西安金輝世界城)	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2019	"2019 Best Brand of China Real Estate Projects"(2019 中國房地產優秀品牌項目)	Xi'an Jinhui East King's Garden(西安金輝東方銘著)	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2019	"2019 China's Top 10 Real Estate Projects Series Brand Value"(2019 中國房地產系列項目品牌價值Top 10)	Radiance New Block Series(金輝優步系)	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2019	"International Space Design Award – Idea-Tops – Bronze Award of Display Art Design"(國際空間設計大獎 – 艾特獎 – 陳設藝術軟件設計銅獎)	Chongqing Zhongyang King's Garden(重慶中央銘著)	China Interior Design Website

Year	Award/Recognition	Project/Branch	Awarding Institution
2019	"Top 50 of China's Top 100 Commercial Real Estate Enterprise"(中國商業地產百強企業50強)	Our Group	China Index Academy
2018	"2018 Best Brand of China Real Estate Projects"(2018 中國房地產優秀品牌項目)	Chongqing Zhongyang King's Garden(重慶中央銘著)	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2018	"2018 China's Top 30 Real Estate Developer Brand Value (Mixed Ownership)"(2018 中國房地產開發企業品牌價值30強(混合所有制)	Our Group	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2018	"2018 China's Top 10 Real Estate Prime Project Brand Value"(2018 中國房地產精品項目品牌價值 Top 10)	Radiance Cloud Series (金輝雲系)	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2017	"2017 China's Top 50 Real Estate Developer Brand Value"(2017 中國房地產開發企業品牌價值50強)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute
2017	"China's Top 10 Real Estate Prime Project Brand Value"(中國房地產精品項目品牌價值Top 10)	Radiance King's Garden Series(金輝銘著系)	The Enterprise Research Institute of Development Research Center of the State Council, Center for Real Estate of Tsinghua University and China Index Academy
2021	"Model Project of China Real Estate Development Enterprise"(中國房地產開發企業典型項目)	Wuxi Yiju King's Garden(無錫天奕銘著)	China Real Estate Association and China Real Estate Appraisal Center of Top 500 China Real Estate List
2021	"Top 10 Luxury Design of the First Half Year of 2021"(2021上半年度十大輕奢作品)	Wuxi Yiju King's Garden(無錫天奕銘著)	China Real Estate Appraisal Center of E-house China Research Institute
2021	"China Listed Real Estate Company Development Speed Top1"(中國房地產上市公司發展速度top1)	Our Group	China Real Estate Association and China Real Estate Appraisal Center of E-house China Research Institute

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operations. Our IT team is responsible for developing and maintaining an IT system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

We are subject to security risks and threats from cyber-attacks with respect to our IT systems. We require our staff to follow our management guidelines on our IT system and safeguard information in the system. In addition, we conduct reviews of our IT system and perform the upgrades to prevent and address potential attacks. As of the date of this offering memorandum, we had not experienced any disruptions to our IT system that materially impacted our business operations.

COMPETITION

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

INTELLECTUAL PROPERTY

We believe our brand "Radiance"(金輝) is well known and widely recognized in the cities and regions we have entered into. We have built up our brand primarily through consistent delivery of high-quality properties to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed during our operations. As of the date of this offering memorandum, we owned 23 trademarks and two domain names which are material and were registered in the PRC and 14 trademarks which were under application for registration in Hong Kong. We rely to a significant extent on our brand name, Radiance Group(金輝集團), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. We are not aware of any infringement of our intellectual property rights by any third parties or violation of any intellectual property rights of third parties as of the date of this offering memorandum.

INSURANCE

We maintain or require the general contractors to maintain constructional all-risks insurance for our property development operations. We maintain insurance, including social insurance, for our employees as required by applicable laws and regulations and as we consider appropriate for our business operations. Our practice is in line with the industry norm. There is a risk that we may incur uninsured losses, damage or liabilities. See "Risk Factors – Risks Relating to Our Business – We may not have adequate insurance coverage to cover risks related to our business."

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

Social, Health and Work Safety

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics.

We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with relevant PRC laws and regulations.

Our safety production management guidelines contain policies and procedures regarding work safety and occupational health issues. We provide our employees with necessary safety training, and our construction sites are equipped with safety equipment including protective gloves, boots and hats. Our project management department is responsible for recording work accidents, reporting work accidents as well as maintaining health and work safety compliance records.

As of the date of this offering memorandum, we did not encounter any material safety accident, there were no claims for personal or property damages and no compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Environmental Matters

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the PRC 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). See "Regulatory – Environment Protection in the Development of Real Estate" for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction work, we are required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered.

Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any defect or non-compliance identified.

As of the date of this offering memorandum, no material fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations, and we had obtained all material required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

EMPLOYEES

As of June 30, 2021, we had a total of 3,724 employees. Substantially all of our employees are located in the PRC. A breakdown of our employees by function as of June 30, 2021 is set forth below:

Function	Number of employees	Percentage of total employees
Management	36	0.97%
Finance	353	9.48%
Cost Management	257	6.90%
Construction Management	567	15.23%
Outreach and Development	204	5.48%
Customer Services	102	2.74%
Human Resources and Administrative	273	7.33%
Product Design and Development	263	7.06%
Sales and Marketing	1,419	38.10%
Operational Management	136	3.65%
Commercial Properties Management	87	2.34%
Others	27	0.73%
Total	3,724	100.00%

Note:

(1) Employees under these divisions are our sales and marketing personnel. They mainly conduct sales activities, organize promotional events, and conduct cost control in sales and marketing activities.

We believe that the successful implementation of our growth and business strategies rests on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit employees from well- known universities in the PRC. We have implemented systematic, specialty-focused vocational training programs for our employees at different levels on a regular basis to meet different requirements and emphasize individual initiative and responsibility. The details of these programs are as follows:

- *"Radiance Kickstart Program" ("輝動力計劃").* We target our "Radiance Kickstart Program" toward entry-level employees who are management trainees hired through our campus recruitment programs. We provide introductory courses covering, including general knowledge about our business lines, our corporate culture and the property development industry.

- *"Radiance Wing Program" ("金翼計劃").* We target our "Radiance Wing Program" toward junior- level management personnel, who are generally managers of functional departments at city or regional levels. We provide training sessions that aim to help our junior-level management personnel to further improve their technical skills and transit into managerial positions.

- *"Radiance Leader Program" ("千里馬計劃").* We target our "Radiance Leader Program" toward mid-level management personnel. Radiance Leader Program 1.0 is designed for general managers of our projects, and Radiance Leader Program 2.0 is designed for general managers of our city companies. We provide advanced training sessions including case studies about project management, corporate culture and human resource management. We also invite our experienced employees to share their experience about management and provide courses that aim to assist employees in succeeding in their managerial positions.

- *"Radiance Captain Program" ("艦長計劃").* We target our "Radiance Captain Program" toward senior-level management personnel. We aim at broadening the perspectives of these senior management personnel which to strengthen our overall management quality.

We have woven into our training program mentorship, assessment, feedback and evaluation procedures for our employees to facilitate their growth and development. We believe that our training programs, combined with on-the-job learning, facilitate advancement of our employees.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the date of this offering memorandum, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Ongoing Legal Proceedings

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property purchase contracts with our customers. As of the date of this offering memorandum, we were not involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on our financial condition or results of operation.

Set below is the summary of the PRC laws and regulations in relation to the business and operation of our Company, including the establishment of real estate development enterprises, acquisition of land use rights, property development, sales/pre-sales of commodity buildings, and environment protection, etc.

ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

General provisions

In accordance with the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》)(the "Urban Real Estate Law") (promulgated on July 5, 1994, revised on August 30, 2007 and amended on August 27, 2009 and August 26, 2019), real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of seeking profits. In accordance with the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) (the "Development Regulations") (promulgated and implemented on July 20, 1998 by the State Council, revised on January 8, 2011 and further amended on March 19, 2018, March 24, 2019 and March 27, 2020, November 29, 2020), the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following conditions: (i) the registered capital shall be RMB1 million or above; (ii) the enterprise shall employ no less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and no less than 2 full-time accountants with certificates of qualifications. People's governments of provinces, autonomous regions and centrally-administered municipalities may, based on the actual conditions of the locality, set out more stringent requirements in respect of registered capital and technical professionals.

Foreign investment in real estate development

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into effect on January 1, 2020 and replace the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively the "foreign investors") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated equally. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system in which foreign investors or foreign-funded enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The real estate development does not fall within the Special Administrative Measure for Access of Foreign Investments (Negative List) (2020)(《外商投資准入特別管理措施(負面清單)(2020年版)》) and the restrictive measures for construction of golf courses and villas are equally applicable to domestic and foreign investment.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the State Administration of Market Regulation and the SAFE jointly issued the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》), amended on August 19, 2015, which provides that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only. After they have paid back all the land premium the enterprises shall apply to the land administration department for the state-owned land use right certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies. The investor concerned shall submit a letter of guarantee on its promise to perform the Contract on the Transfer of State-owned Land Use Right (國有土地使用權出讓合同), the License for the Planning of Construction Land (建設用地規劃許可證), the License for the Planning of Construction Projects (建設工程規劃許可證) etc., and shall submit the Certificate for the Use of State-owned Land (國有土地使用證), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance; foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign Equity Joint Venture engaged in real estate industry.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, State Administration for Industry and Commerce and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》), which amended certain policies on foreign-invested real estate enterprises and property purchased by overseas organizations and individuals as stated in the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業注冊資本與投資總額比例的暫行規定》) promulgated and became effective on February 17, 1987; the requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is canceled. Furthermore, on July 13, 2021, MOHURD and other 7 PRC government authorities jointly issued the Notice on the Continuous Rectification and Regulation of the Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》) to rectify and regulate the real estate market order. The focus of rectification includes: the illegal construction of real estate development enterprises; Failing to build supporting facilities according to the construction standards of complete residential communities; Publishing false and illegal real estate advertisements and publishing false house source information.

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of receipt of the business license, file the relevant documents for record to the real estate development authorities located at its place of registration. The real estate development authorities shall, on the basis of the assets, specialized technical personnel and business achievements, verify the class of qualification of the real estate development enterprise in question. The real estate development enterprise shall undertake real estate development projects in compliance with the verified class of qualification. Relevant detailed rules shall be formulated by the department of the construction administrative of the State Council.

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》)(the "Circular 77") which was promulgated on March 29, 2000 and amended on May 4, 2015 and December 22, 2018, an enterprises engaged in real estate development shall apply for the approval in accordance with the provisions of application for the enterprise qualification classification. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business. Enterprises engaged in real estate development are classified into four qualification classes: Class I, Class II, Class III and Class IV on the basis of their financial conditions, experience of real estate development business, construction quality, the professional personnel and quality control system etc.

Pursuant to the Circular 77, enterprises of various qualification classes shall engage in real estate development and management projects within the approved scope of business and shall not undertake any tasks which fall outside the approved scope of their own qualification classes.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. Where land in rural areas and suburban areas are legally owned by the State, the State holds ownership rights. The State has the right to take its ownership of land or the land use rights in accordance with laws for the reasons of public interest protection. In that event, compensation shall be paid by the State.

Although all land in the PRC is either state-owned or collectively-owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important ways are obtaining land grants from local land authorities and land which is transferred from land users who have already obtained land use rights.

Land grants

National legislation

In April 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

In May 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use right certificate. In accordance with the Civil Code of the People's Republic of China (《中華人民共和國民法典》)(the "Civil Code"), which came into effect on January 1, 2021, the term of land use rights for land of residential use will automatically be renewed upon expiry. The payment, reduction of or exemption from the renewal fee shall be dealt with according to the provisions of laws and administrative regulations; the term of the construction land use right for non-residential property shall be renewed upon expiry pursuant to the provisions of the laws; before the term of the construction land use right expires, where it is necessary to take back the land in advance by virtue of public interests, compensations shall be given for the houses and other realties on such land, and corresponding land assignment fees shall be returned.

Ways of land grant

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Bidding, Auction or Listing (《招標拍賣挂牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Bidding, Auction and Listing (《招標拍賣挂牌出讓國有建設用地使用權規定》)(the "Land Grant Regulations") which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 13, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Bidding, Auction and Listing (《關於堅持和完善土地招標拍賣挂牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

In June 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》)(the "2003 Regulations"), to regulate granting of land use rights by agreement when there is only one land use applicant and the designated uses of which are other than for commercial purposes as described above.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition)(《關於發布實施〈限制用地項目目錄(2012年本)〉和〈禁止用地項目目錄(2012年本)〉的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects shall not exceed (i) 7 hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which shall not be lower than 1.0.

Land transfer from current land users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land users.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been carried out before assignment can be realized. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

DEVELOPMENT OF REAL ESTATE PROJECTS

Commencement of real estate development projects

According to the Urban Real Estate Law, those who have obtained the right of land use by the way of grant for real estate development must develop the land in accordance with the land use and within the construction period as prescribed in the grant contract. When the land user fails to commence development after one year since the date of starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the land user fails to commence development after two years, the right to use the land may be confiscated without any compensation, except that the delays are caused by *force majeure*, the activities of government, or the delay in the necessary preliminary work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the Ministry of Land and Resources and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time prescribed in the land use right grant contract or allocation decision; or

- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the *force majeure* of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and select the methods for disposal in accordance with the Measures on Disposal of Idle Land.

Planning of real estate projects

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a License for the Planning of Construction Land (建設用地規劃許可證) from the municipal planning authority. After obtaining the License for the Planning of Construction Land, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, and a License for the Planning of Construction Projects (建設工程規劃許可證) from the municipal planning authority should be obtained by the real estate developer.

Construction Work Commencement License

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001, June 25, 2014 and September 28, 2018 and newly amended on March 30, 2021 by MOHURD.

Acceptance and examination upon completion of real estate projects

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998 and amended on January 8, 2011 and further amended on March 19, 2018, March 24, 2019 and March 27, 2020, November 29, 2020 the Administrative Measures for the Registration Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

INSURANCE OF REAL ESTATE PROJECTS

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and became effective on March 1, 1998 and amended on April 22, 2011 and April 23, 2019, construction enterprises shall maintain work injury insurance and pay the insurance premium, while enterprises are encouraged to take up accident liability insurance for employees engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Opinions on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

REAL ESTATE TRANSACTIONS

Sale of commodity properties

Under the Measures for Administration of Sale of Commercial Properties (《商品房銷售管理辦法》) (the "Sale Measures") promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commercial properties includes both sales prior to and after the completion of the properties.

Pre-sale of commodity properties

Any pre-sales of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sales of Commercial Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the "Pre-sales Measures"). The Pre-sales Measures provides that any pre-sales of commercial properties is subject to specified procedures. If a real estate developer intends to sell commercial properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sales license.

Pursuant to the Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) promulgated on July 5, 1994 and recently amended on August 26, 2019 and the Pre-sales Measures, the proceeds from the pre-sales of commercial properties shall be used for the development and construction of the corresponding projects.

Furthermore, under the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-sale System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) issued by the MOHURD on April 13, 2010, all proceeds from the pre-sales of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the development and construction of the corresponding projects. The proceeds from the pre- sales would be allocated according to the construction progress, provided that adequate fund has been reserved to ensure the completion and delivery of the projects.

Sales after completion of commodity properties

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following conditions have been satisfied: (1) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of real estate development; (2) the enterprise has obtained land use right certificates or other approval documents of land use; (3) the enterprise has obtained the construction project planning license and the construction work commencement license; (4) the commercial properties have been completed and been inspected and accepted as qualified; (5) the relocation of the original residents has been well settled; (6) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified; and (7) the property management proposal has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commercial properties.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government's determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) restrictions on purchasing the real estate, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for second or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sales of properties.

Mortgage of properties

The mortgage of real estate in the PRC is mainly governed by the PRC Civil Code and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》). According to these laws and regulations, land use rights, the buildings and other real fixtures may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the use right of the land on which the building is located. The mortgagor and the mortgagee shall enter into a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the contract parties shall register the mortgage with the real estate administration authority at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (房屋他項權證) to the mortgagee.

Lease of properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》)

(the "New Lease Measures"), which became effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB1,000 (individuals) and RMB1,000 to 10,000 (enterprises) provided that they fail to rectify within required time limits. According to the Urban Real Estate Law, rental income derived from any building situated on allocated land where the land use rights have been obtained through allocation, shall be turned over to the State.

Under the PRC Civil Code, the term of a leasing contract shall not exceed 20 years.

REAL ESTATE REGISTRATION

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

REAL ESTATE FINANCING

Loans to real estate development enterprises

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use right certificates, construction land planning licenses, construction work planning permits and construction work commencement permits. The guideline also stipulates that bank loans shall only be extended to real estate developer who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On July 29, 2008, the PBOC and the CBRC issued the Notice on Financially Promoting the Land Saving and Efficient Use (《關於金融促進節約集約用地的通知》), which, among other things,

- restricts from granting loans to real estate developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use right certificates shall be obtained and the loan on mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;
- provides that for the real estate developer who (i) delays the commencement of development date specified in the land grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- restricts granting loans to the real estate developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing land use and nature of land, postponing construction commencement or completion, or hoarding properties.

Trust loan

On March 1, 2007, The Measures for Administration of Trust Companies (《信托公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, "Trust Company" shall mean any financial institution established pursuant to the PRC Company Law and the Measures for Administration of Trust Companies, and that primarily engages in trust activities.

From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信托公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and became effective on the same date, pursuant to which Trust Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use right certificates, construction land planning licenses, construction work planning licenses and construction work commencement licenses and the property projects of which less than 35% of the total investment is funded by the real estate developers' own capital (the 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects 《(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 May 25, 2009), then the 30% requirement was changed to 25% for other property projects as provided by the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Assets Investment Projects 《(國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council and became effective on September 9, 2015.

Housing loans to individual buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time house buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 30% and also provides that the applicable interest rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively, the prices are rapidly high and housing supply is insufficient.

The Notice on Certain Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》) promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and became effective on the same date provides that where a household, which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40% of the property price. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price.

The Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Differentiated Housing Credit Lending Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) issued by PBOC and CBRC on September 24, 2015, provides that in cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase his/her first ordinary housing property, the minimum down payment shall be adjusted to 25% of the house price. The minimum down payment ratio for the commercial personal housing loan of each city will be independently determined by each provincial pricing self-disciplinary mechanism of market interest based on the actual situation of each city under the guidance of PBOC and the CBRC local office.

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBRC on February 1, 2016, provides that in the cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment, in principle, shall be 25% of the property price and each city could adjust such ratio downwards by 5%; and where a household which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 30% of the property price. In the cities that control measures on property purchase are imposed, the individual housing loan policies shall be adopted in accordance with the original regulations. The actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China 《(中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009 and December 26, 2020, national defense assets are owned by the State. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the "Civil Air Defense Law"), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property 《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property.

MEASURES ON STABILIZING HOUSING PRICES

The Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by MOF and SAT on March 30, 2015 and became effective on March 31, 2015 provides that where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

The Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) ("the Notice") promulgated on February 17, 2016 and became effective on February 22, 2016 provides that: (1). the purchase of a property by an individual as the only house for his/her family (covering the purchaser and the spouse and minor children thereof) is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 1.5% if the area is over 90 square meters; and (2). the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 2% if the area is over 90 square meters. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.

In accordance with Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》) (promulgated and implemented on April 1, 2017 by Ministry of Land and Resources and MOHURD), in cities featuring obvious contradiction between the supply of and demand for housing or under pressure due to increasing housing prices and more housing land, in particular the land for ordinary commercial houses, shall be supplied to a reasonable extent, and the housing land supply shall be reduced or even suspended in cities requiring a lot of destocking of real estate. All the local authorities shall build a land purchase money inspection system to ensure that the real estate developers use their own legal funds to purchase land.

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《外匯管理條例》) (the "SAFE Regulations") which was promulgated by the State Council and last amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

Pursuant to the SAFE Circular No. 37, promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident ("PRC Resident") shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("Overseas SPV"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "Circular 13"), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

TAXES

Corporate Income Tax

Pursuant to the EIT Law which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008 and amended on April 23, 2019, the income tax for both domestic and foreign-invested enterprises is at the same rate of 25%. Furthermore, resident enterprises, which refer to enterprises that are set up in accordance with the PRC laws, or that are set up in accordance with the law of the foreign country (region) but with its actual administration institution in the PRC, shall pay enterprise income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to the income originating from the PRC and obtained by their institutions or establishments, and the income incurred outside the PRC but there is an actual relationship with the institutions or establishments set up by such enterprises. Where non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they shall pay enterprise income tax in relation to the income originating from the PRC.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 revised on February 6, 2016 and last amended on November 19, 2017 and its implementation rules (《中華人民共和國增值稅暫行條例實施細則》), all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, the sale services, intangible assets, immovables, and the importation of goods are required to pay value-added tax.

Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發布〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and amended on June 15, 2018, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax (LAT)

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on January 8, 2011 as well as its implementation rules (《中華人民共和國土地增值稅暫行條例實施細則》) issued on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of State-owned land use rights and buildings or other facilities on such land, after deducting the deductible items.

LABOR PROTECTION

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which were separately with effect from January 1, 1995 (amended on December 29, 2018) and January 1, 2008 (amended on December 28, 2012), respectively, labor contracts shall be concluded if labor relationships are to be established between the employers and the employees.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. Moreover, an employer shall declare and make social insurance contributions in full and on time. Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing provident fund and then, upon the examination by such administrative center of housing provident fund, undergo the procedures of opening the account of housing provident fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident fund for their employees in full amount.

BOARD OF DIRECTORS

Our Board is responsible and has general power for the management and conduct of our business. Our Board consists of seven Directors, of whom four are executive Directors and three are independent non-executive Directors. The following table sets forth the information concerning our Directors:

Name	Age	Position
Mr. Lam Ting Keung (林定強)	54	Chairman of the Board, executive Director and chief executive officer
Mr. Lam Yu (林宇)	31	Executive Director and executive president
Mr. Chen Chaorong (陳朝榮)	47	Executive Director and executive president
Mr. Huang Junquan (黃俊泉)	49	Executive Director and senior vice president
Mr. Zhang Huaqiao (張化橋)	58	Independent non-executive Director
Mr. Tse Yat Hong (謝日康)	51	Independent non-executive Director
Mr. Chung Chong Sun (鍾創新)	46	Independent non-executive Director

Executive Directors

Mr. Lam Ting Keung (林定強), aged 54, founded our Group in September 1996. Mr. Lam was appointed as our Director on October 17, 2019 and was re-designated as our executive Director on March 16, 2020. Mr. Lam is currently the chairman of the Board and the chief executive officer of the Group as well. He is primarily responsible for the leadership, overall strategic planning, major investment and decision making of our Group. Mr. Lam also has over 26 years of experience in the PRC real estate industry.

Currently, Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference (全國政治協商會議全國委員會) since March 2013, a standing member of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) since July 2009, a vice president of the Overseas Chinese Charity Foundation of China (中國華僑公益基金會) since December 2015, a vice president of the Overseas Chinese Entrepreneurs Association (中國僑商聯合會) since December 2010. He is also a permanent honorary chairman of Hong Kong-Fujian Association (香港福建社團聯會), Hong Kong Federation Overseas Chinese Association (香港僑屆社團聯會) and Hong Kong-Fuzhou Shiyi Fellow Association (香港福州十邑同鄉會) since May 2008, December 2018 and July 2002, respectively. Mr. Lam obtained the Enthusiastic Overseas Chinese Outstanding Contribution Award (熱心海外華教人士傑出貢獻獎) granted by Overseas Chinese Affairs Office of the State Council (國務院僑務辦公室) in December 2017 and the 2018 Annual Overseas Chinese Charity Star (2018年度僑愛心慈善之星) granted by Overseas Chinese Charity Foundation of China (中國華僑公益基金會) in December 2018.

Mr. Lam is the father of Mr. Lam Yu, our executive Director.

Mr. Lam Yu (林宇), aged 31, was appointed as our Director on October 17, 2019 and was re-designated as our executive Director on March 16, 2020. Mr. Lam Yu is also an executive president of our Group and is primarily responsible for the management of Presidents' Office, human resources and Administrative Management Office of our Group. He joined our Group in March 2011 as a director of Yancheng Jinhui Juye and had been a director of our various subsidiaries.

Mr. Lam Yu participated in the Advanced Seminar for Chief Executive Officers on Real Estate Development and Investment and Finance at Tsinghua University (清華大學房地產開發與投融資總裁高級研修班) from May 2010 to March 2011.

Mr. Lam Yu is the son of Mr. Lam, our executive Director.

Mr. Chen Chaorong (陳朝榮), aged 47, was appointed as our Director on October 17, 2019 and was re- designated as our executive Director on March 16, 2020. Mr. Chen is also an executive president of our Group and is primarily responsible for the investment, financing and legal matters of our Group. Mr. Chen joined our Group as an assistant to general manager of Radiance Group in August 2006 and has held various positions in Radiance Group, including financial director, company secretary, deputy general manager and director.

From June 2000 to August 2002, Mr. Chen worked in Fuzhou branch office of China Great Wall Asset Management Corporation (中國長城資產管理公司), an asset management company in the PRC. From August 2002 to June 2006, Mr. Chen served as a project manager in Fujian Huaxing Certified Public Accountants LLP (福建華興會計師事務所), an accounting firm in the PRC.

Mr. Chen obtained a bachelor's degree in investment economics from Central University of Finance and Economics (中央財經大學)(formerly known as Central College of Finance and Banking (中央財政金融學院)) in the PRC in June 1995. He also obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in July 2019. Mr. Chen obtained the qualification of Senior Accountant granted by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳)(formerly known as Fujian Provincial Department of Human Resources (福建省人事廳)) in May 2008. Currently, Mr. Chen is a member of the Eighth session of Chinese Real Estate Association (中國房地產業協會).

Mr. Huang Junquan (黃俊泉), aged 49, was appointed as our Director on October 17, 2019 and was re- designated as our executive Director on March 16, 2020. Mr. Huang is also a senior vice president of our Group and is primarily responsible for the project operations, architecture design and brand marketing of our Group. He joined our Group in January 2009 as the vice president of Radiance Group and was promoted as the senior vice president and director of Radiance Group in September 2018.

From September 1995 to December 2005, Mr. Huang served in 廈門中建東北設計院有限公司 (Xiamen Zhongjian Northeast Architectural Design & Research Institute Co., Ltd.) with his last position as the director in a branch office, where he was primarily responsible for the design management of the Fuzhou branch. From January 2006 to December 2008, he served as a director in the Fuzhou branch of 北京中華建規劃設計研究院有限公司福建分公司 (Beijing Zhonghuajian Planning and Design Institute Co., Ltd.), where he was primarily responsible for the design business and overall operation of such company.

Mr. Huang obtained a bachelor's degree in architecture from Tianjin University (天津大學) in the PRC in July 1995. He obtained qualifications for Class 1 Registered Architect (一級註冊建築師) granted by MOHURD, Ministry of Human Resource and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) formerly known as Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) and Fujian Provincial Department of Human Resource and Social Security in April 2001. He obtained the qualification of Senior Architect (高級建築師) granted by 中國建築東北設計研究院 (China Construction Northeast Architectural Design & Research Institute) in September 2002. He is the vice president of Fuzhou Real Estate Association (福州房地產業協會).

Independent non-executive Directors

Mr. Zhang Huaqiao (張化橋), aged 58, was appointed as the independent director of Radiance Group in June 2016. Mr. Zhang's appointment was solely to enable him to serve as an independent director of Radiance Group upon its listing on the Shanghai Stock Exchange, the application for which was still pending at the time of his appointment. As such listing has not taken place, he has not taken part in the day-to-day operations and management of Radiance Group or of the Group. Mr. Zhang was further appointed as our independent non-executive Director on October 5, 2020. Mr. Zhang is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1994 to July 1995, Mr. Zhang worked as analyst in Equity Capital Markets Department of Swiss Bank Corporation Warburg. From June 1999 to April 2006, he worked in the equities department of Union Bank of Switzerland (Hong Kong branch)(瑞士銀行), a Swiss multinational investment bank and financial services company, with the last position as the co-head of the China research team. From May 2006 to September 2008, he served in Shenzhen Investment Limited (深圳控股有限公司) with his last position as chief operation officer and executive director, a real estate development company, which shares are listed on the SEHK (stock code: 0604). From September 2008 to June 2011, he was employed by UBS AG with the last capacity as a deputy head of UBS China IBD with the corporate rank of managing director in the Investment Banking Department. From September 2011 to April 2012, he served as an executive director and chief executive officer of Man Sang International Limited (民生國際有限公司), a real estate development company, which shares are listed on the SEHK (stock code: 0938). In addition, Mr. Zhang currently holds or had held directorship in the following companies listed on the Stock Exchange:

Name of Entity	Stock code	Position and Period of Time
Shenzhen International Holdings Limited (深圳國際控股有限公司)	0152	non-executive director; April 2006 to September 2008
Kasen International Holdings Limited (卡森國際控股有限公司)	0496	independent non-executive director; July 2006 to October 2008
Suncity Group Holdings Limited (太陽城集團控股有限公司)	1383	non-executive director; August 2006 to September 2008
Coastal Greenland Limited (沿海綠色家園有限公司)	1124	non-executive director; January 2007 to September 2009
Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司) (formerly known as Tak SingAlliance Holdings Limited (達成集團)	0126	non-executive director; April 2007 to September 2009
OP Financial Limited (東英金融有限公司)	1140	non-executive director; November 2007 to October 2008
Yuexiu Property Company Limited (越秀地產股份有限公司)	0123	non-executive director; April 2008 to September 2008
Boer Power Holdings Limited (博耳電力控股有限公司)	1685	non-executive director; November 2011 to May 2019
China Smartpay Group Holdings Limited (中國支付通集團控股有限公司)	8325	non-executive director; September 2012 to May 2015 executive director; May 2015 to September 2017 non-executive director; September 2017 to Jan 2020
Fuguiniao Co., Ltd. (富貴鳥股份有限公司)	1819	independent non-executive director; May 2013 to June 2014
Ernest Borel Holdings Limited (依波路控股有限公司)	1856	independent non-executive director; June 2014 to November 2014
Wanda Hotel Development Company Limited (萬達酒店發展有限公司)	0169	independent non-executive director; September 2014 to May 2018
Sinopec Oilfield Service Corporation (中石化石油工程技術服務股份有限公司)	1033	independent non-executive director; February 2015 to June 2018
China Huirong Financial Holdings Limited (中國匯融金融控股有限公司)	1290	independent non-executive director; since October 2013 to May 2021
Fosun International Limited (復星國際有限公司)	0656	independent non-executive director; since March 2012
Logan Property Holdings Company Limited (龍光地產控股有限公司)	3380	independent non-executive director; since November 2013
Zhong An Group Limited (眾安集團有限公司)	0672	independent non-executive director; since January 2013
Luye Pharma Group Limited (綠葉製藥集團有限公司)	2186	independent non-executive director; since June 2014
Haitong International Securities Group Limited (海通國際證券集團有限公司)	0665	independent non-executive director; since May 2021

Mr. Zhang also served as an independent non-executive director of Yancoal Australia Limited, which shares are listed on the Australian Securities Exchange (ASX code: YAL), from April 2014 to January 2018 and an independent non-executive director of China Rapid Finance Ltd., which shares are listed on the New York Stock Exchange (stock code: XRF), from April 2017 to March 2019.

Mr. Zhang obtained a bachelor's degree in financial and banking from Zhongnan University of Economics and Law (中南財經政法大學)(formerly known as Hubei Financial and Banking Institute (湖北財經學院)) in July 1983. He also obtained a master's degree in economics from both the Graduate School of the People's Bank of China (中國人民銀行研究生部) in the PRC in July 1986 and Australian National University in Australia in April 1991, respectively.

Mr. Tse Yat Hong (謝日康), aged 51, was appointed as our independent non-executive Director on October 5, 2020. Mr. Tse is primarily responsible for providing independent advice on the operations and management to our Board.

From January 1994 to May 2000, Mr. Tse worked as an audit manager in PricewaterhouseCoopers, an accounting firm. From June 2000 to May 2019, Mr. Tse worked as the chief financial officer in Shenzhen International Holdings Limited (深圳國際控股有限公司), a company engages in the investment, construction and operation of logistics infrastructure facilities, whose shares are listed on the SEHK (stock code: 0152), where he was primarily responsible for the overall financial management and capital market operation of such company. From August 2000 to March 2008, Mr. Tse also worked as the company secretary of Shenzhen International Holdings Limited. From September 2004 to September 2007, Mr. Tse worked as a joint company secretary of Shenzhen Expressway Company Limited (深圳高速公路股份有限公司).

Mr. Tse is currently an independent non-executive director of China Bohai Bank Co., Ltd. (渤海銀行股份有限公司), a PRC commercial bank, whose H shares are listed on the SEHK (stock code: 9668), an independent non-executive director of China Huirong Financial Holdings Limited (中國匯融金融控股有限公司), a company engages in the provision of diversified financial services in China, whose shares are listed on the SEHK (stock code: 1290) and an independent non-executive director of Sky Light Holdings Limited (天彩控股有限公司), a developer and manufacturer of home surveillance cameras and other digital imaging products, whose shares are listed on the SEHK (stock code: 3882) and an independent non-executive director of E-Star Commercial Management Company Limited (星盛商業管理股份有限公司), a commercial property operational service provider in the Greater Bay Area, whose shares are listed on the Stock Exchange (stock code: 6668). Mr. Tse served as a non-executive director of Shenzhen Expressway Company Limited from January 2009 to December 2017, a toll road operator in China, whose shares are listed on the SEHK (stock code: 0548) and the Shanghai SEHK (stock code: 600548). He was also an independent non-executive director of Casablanca Group Limited (卡撒天嬌集團有限公司) from October 2012 to April 2015, a leading branded bedding products companies in the PRC and Hong Kong, whose shares are listed on the SEHK (stock code: 2223).

Mr. Tse obtained a bachelor 's degree in science from Monash University in Australia in April 1992. He is a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a FCPA of CPA Australia.

Mr. Chung Chong Sun (鍾創新), aged 46 was appointed as our independent non-executive Director on October 5, 2020. Mr. Chung is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1997 to May 2000, Mr. Chung worked as an associate of the investment bank department in Standard Chartered Bank (Hong Kong) as his last position, where he was primarily responsible for the projects of initial public offering, corporate finance and financial advice. From May 2000 to July 2001, Mr. Chung worked as a senior executive in Deloitte & Touche Corporate Finance Limited, where he was primarily responsible for the projects of initial public offering, corporate finance and financial advice. From August 2001 to August 2003, Mr. Chung worked as an associate director of merger and acquisition department in Cooperative Rabobank U.A. Hong Kong Branch, a Dutch multinational banking and financial services company. From August 2003 to December 2005, Mr. Chung worked as an investor support officer in InvestHK of the government of Hong Kong. From December 2005 to September 2018, Mr. Chung worked as senior vice president of Issuer Services, Market Development Department in Hong Kong Exchanges and Clearing Limited. From September 2018 to July 2019, Mr. Chung worked as a chief financial officer in Xiaoi Robot Technology (H.K.) Limited, where he was primarily responsible for financial functions, risk management, fund raising, capital market operation and investor relations. He has been the director of Resourceful Minds Limited (滙路有限公司) since September 2019, a consulting company, where he has been primarily responsible for the development strategies and daily operation of such company.

Mr. Chung obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in May 1997. He is also a CPA of American Institute of Certified Public Accountants, a CPA of Washington State Board of Accountancy and a CFA of CFA Institute. Mr. Chung has been appointed as a member of the Advisory committee of IT Innovation Lab in Secondary School Initiative of Hong Kong secondary schools by the government of Hong Kong since September 2020. He had also been served as a contact convener of the artificial intelligence and high technology committee in Hong Kong Chamber of Commerce in China (Shanghai)(中國香港(地區)商會-上海) from November 2018 to November 2019. In addition, he has been the vice president of the executive committee of the listed companies council under the Hong Kong Chinese Enterprises Association.

SENIOR MANAGEMENT

Our executive Directors and other members of senior management are responsible for the day-to-day management of our business. The following table sets out certain information concerning our senior management.

Name	Age	Position
Ms. Guo Yanfang (郭艷芳)	47	Vice president
Mr. Chiu Ngam (趙岩)	47	Chief financial officer and company secretary

Ms. Guo Yanfang (郭艷芳), aged 47, was appointed as our vice president on 2 February 2021 and is primarily responsible for the cost management, procurement management, engineering management and customer services of our Group. Ms. Guo joined our Group as an assistant president of Radiance Group in April 2016.

Prior to joining our Group, from May 2000 to October 2004, Ms. Guo worked in 北京新康房地產開發有限公司 (Beijing Xinkang Properties Development Co., Ltd.), a property development company. From March 2005 to September 2006, she worked as a manager in the budget contract department of 北京當代置業有限公司 (Beijing Modern Real Estate Development Co., Ltd.), a property development company. From February 2007 to February 2010, she worked as a director in the project cost center of 北京通瑞置業有限公司 (Beijing Tongrui Real Estate Co., Ltd.), a property development company, where she was primarily responsible for the target cost, purchasing and pre-settlement management. From February 2010 to July 2014, she worked as a deputy general manager in the operation department of 青島龍湖置業拓展有限公司 (Qingdao Longfor Real Estate Development Co., Ltd.), a property development company, where she was primarily responsible for the development strategy and operation plan. From July 2014 to April 2016, she worked as the responsible officer in cost purchasing department of 龍湖集團控股有限公司 (Longfor Group Holdings Limited), a property development company, which shares are listed on the SEHK (stock code: 0960), where she was primarily responsible for cost review.

Ms. Guo obtained a bachelor's degree in heating ventilation and air conditioning from Harbin University of Civil Engineering and Architecture (哈爾濱建築大學). She obtained the qualification of Senior Engineer specialized in heating ventilation granted by 中國建築第八工程局有限公司 (China Construction Eighth Engineering Division Co., Ltd.) in July 2007.

Mr. Chiu Ngam (趙岩), aged 47, was appointed as our chief financial officer and company secretary in August 2019 and November 2019, respectively, and is primarily responsible for the financial management and company secretarial matters of our Group. Mr. Chiu obtained a bachelor's degree in business administration from Hong Kong University of Science and Technology in Hong

Kong. He is also a FCPA of The Hong Kong Institute of Certified Public Accountants ("HKICPA"), a CPA of American Institute of Certified Public Accountants, a CPA of Washington State Board of Accountancy, a member of INSOL International, a member of taxation faculty of HKICPA and a member of restructuring and insolvency faculty of HKICPA. Mr. Chiu has over 20 years of experience in accounting, financial management, merge and acquisition, capital market financing and listing compliance. He had served in numerous companies listed on the main board of the Hong Kong Stock Exchange and has been appointed as chief financial officer for more than 10 years in China real estate industry.

Company Secretary

Mr. Chiu Ngam was appointed as our company secretary on November 19, 2019. For further details of his qualification and experience, please refer to the paragraph headed "Senior management" in this section.

BOARD COMMITTEES

Audit Committee

Our Group established an audit committee on October 5, 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C. 3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. Our audit committee consists of all the independent non-executive Directors, namely, Mr. Chung Chong Sun, Mr. Zhang Huaqiao and Mr. Tse Yat Hong. Mr. Chung Chong Sun is the chairman of our audit committee. The primary duties of our audit committee are to assist our Board by providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Group established a remuneration committee on October 5, 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B. 1 of the CG Code as set out in Appendix 14 to the Listing Rules. Our remuneration committee consists of three members, namely, Mr. Zhang Huaqiao, Mr. Tse Yat Hong and Mr. Chen Chaorong. Mr. Zhang Huaqiao is the chairman of our remuneration committee. The primary duties of the remuneration are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

Our Group also established a nomination committee on October 5, 2020 with written terms of reference in compliance with paragraph A. 5 of the CG Code as set out in Appendix 14 to the Listing Rules. Our nomination committee consists of three members, namely Mr. Lam, Mr. Zhang Huaqiao and Mr. Chung Chong Sun. Mr. Lam is the chairman of our nomination committee. The primary duties of our nomination committee are to make recommendations to our Board on the appointment of members of our Brand.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, allowances and other benefits, retirement benefit scheme contributions, performance related bonus) paid to our Directors in 2017, 2018 and 2019 was approximately RMB4.1 million, RMB4.0 million and RMB4.0 million (US$619,521), respectively.

PRINCIPAL SHAREHOLDERS

As of the date of this offering memorandum, so far as is known to our Company, as recorded in the register required to be kept by our Company under section 336 of the SFO, the following persons had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage of shareholding
Glowing Shine Limited[2]	Beneficial owner	3,400,000,000(L)	84.05%
Radiance Group Holdings Limited[2]	Interest in a controlled corporation	3,400,000,000(L)	84.05%
Mr. Lam Ting Keung[2]	Interest in a controlled corporation	3,400,000,000(L)	84.05%
Ms. Lam Fung Ying[2]	Interest in a controlled corporation	3,400,000,000(L)	84.05%

Notes:

(1) The letter "L" denotes a long position in our Shares.

(2) Glowing Shine Limited is wholly owned by Radiance Group Holdings Limited, which in turn is owned as to 64.97% by Mr. Lam Ting Keung and 35.03% by Ms. Lam Fung Ying, the spouse of Mr. Lam Ting Keung. By virtue of the SFO, each of Mr. Lam Ting Keung, Ms. Lam Fung Ying and Radiance Group Holdings Limited is deemed to be interested in the Shares held by Glowing Shine Limited.

Except as disclosed above, no person has registered an interest or short position in the securities or underlying shares of our Company that was required to be recorded.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

MAJOR RELATED PARTY TRANSACTIONS

The following table sets forth certain material transactions between us and our related parties for the periods indicated:

	Year ended December 31,			Six months ended June 30,		
	2018	2019	2020	2020	2021	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
					(unaudited)	(unaudited)
Advances from related parties:						
Joint ventures	6,190,110	3,535,412	1,327,461	350,744	423,805	65,639
Associates	1,400,567	2,526,314	1,047,749	315,115	1,415,406	219,218
Repayment of advances from related parties:						
Joint ventures	6,427,489	1,991,425	2,363,933	1,224,701	546,064	84,575
Associates	1,342,280	2,042,215	327,276	214,451	531,691	82,348
Property management services provided to						
Joint ventures	9,038	10,137	–	N/A	N/A	N/A
Associates	4,503	4,773	–	N/A	N/A	N/A
Management consulting services provided to						
Joint ventures	42,987	52,074	68,383	41,737	33,400	5,173
Associates	18,830	3,554	89,654	19,566	49,082	7,602
Sales of properties to family members of certain directors and/or the controlling shareholder	12,082	9,080	150,599	–	–	–
Financial Income from						
Joint ventures	83,538	332	–	–	–	–
Associates	69,269	18,891	–	–	–	–
Advances to related parties:						
Joint ventures	3,901,027	5,910,142	4,354,242	786,518	1,881,025	291,334
Associates	4,246,353	5,567,592	1,436,160	1,083,476	3,110,056	481,686
Receipt of advances to related parties:						
Joint ventures	5,075,785	5,611,591	3,186,087	1,245,062	1,498,911	232,152
Associates	3,747,958	4,943,793	3,131,607	1,538,458	1,994,069	308,842
Property management services provided by Companies controlled by the ultimate controlling shareholders	–	–	213,437	86,269	132,335	20,496
Property lease income from a company controlled by the ultimate controlling shareholders	–	–	1,133	430	754	117

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and enterprises. As of June 30, 2021, our total borrowings (including our current and non-current bank and other borrowings) were RMB54,397.2 million (US$8,425.1 million). Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks, including but not limited to Agricultural Bank of China, Bank of China, China Construction Bank, China Minsheng Bank, Pingan Bank and other financial institutes. These loans are mainly used to finance the construction of our projects and our working capital requirements. They have terms ranging from one year to five years, which generally correspond to the construction periods of the particular projects. As of June 30, 2021, the aggregate outstanding amount under these loans totaled approximately RMB35,905.1 million (US$5,561.0 million). Our PRC loans are typically secured by land use rights and properties as well as guaranteed by certain of our PRC subsidiaries.

Interest

The principal amounts outstanding under our PRC loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Interest payments are payable monthly, quarterly or annually and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these PRC loans, many of our subsidiary borrowers have agreed, among other things, not to take some of the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- reducing their registered capital;
- declaring or paying dividend or making other distribution before repaying the loans;
- prepaying the loans;
- selling or disposing of assets that may adversely affect their ability to repay their loans; and
- incurring additional or other indebtedness that may adversely affect their ability to repay their loans.

Events of Default

The PRC loan agreements contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with PRC banks in connection with some of the PRC loans, pursuant to which these subsidiaries have guaranteed the liabilities of the subsidiary borrowers under these loans. Further, as of June 30, 2021, the majority of the PRC loans were secured by our assets which includes properties held for sale, properties under development, property, plant and equipment, land use rights, investment properties and equity interests of certain subsidiaries.

Dividend Restrictions

Pursuant to these PRC bank loans with certain PRC banks and financial institutions, some of our PRC subsidiaries agreed not to distribute any dividend without the written consent of such PRC banks or financial institutions before the principal amount of and accrued interest on the relevant project loan have been fully paid or before the principal amount of and accrued interest on the relevant PRC bank loans have been timely or fully paid.

TRUST AND OTHER FINANCING

From time to time, our PRC subsidiaries enter into financing arrangements with local trust institutions, security companies and asset management companies. These local trust institutions, security companies and asset management companies provide loans for purposes of our project development in return for interest payments, and have terms ranging from one to three years. The Company usually asks for an option to redeem upon six months. We have also entered into arrangements whereby our PRC subsidiaries' right to receive dividends or the proceeds from property sales or accounts receivables were sold and repurchased after a period of time. Some of our trust loans and other financing arrangements are guaranteed by our PRC subsidiaries or secured by the relevant PRC subsidiaries' shares (through share pledge or ownership of shares) or land use rights in favor of the trust finance provider, or a combination of these. The trust loans and other financing arrangements contain customary events of default, including non-payment of principal or interest and breaches of the terms of the arrangements. If an event of default has occurred, the trust finance provider may, without prior notice, exercise its rights to realize the security held under the share pledge agreement and loan mortgage agreement, and demand payments from us as guarantor. As of June 30, 2021, the aggregate outstanding amount of trust and other borrowings amounted to RMB2,622.5 million (US$406.2 million).

ONSHORE CORPORATE BONDS

2019 Public Corporate Bonds

On May 23, 2019, Radiance Group issued the first tranche of the 2019 Public Corporate Bonds in an aggregate principal amount of RMB2.0 billion (the "First Tranche 2019 Public Corporate Bonds"). On May 31, 2019, the First Tranche 2019 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

On November 29, 2019, Radiance Group issued the second tranche of the 2019 Public Corporate Bonds in an aggregate principal amount of RMB1.13 billion (the "Second Tranche 2019 Public Corporate Bonds"). On December 5, 2019, the Second Tranche 2019 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

Interest

The interest rate of the First Tranche 2019 Public Corporate Bonds is 7.5% per annum between May 23, 2019 and May 22, 2021 and 6.8% per annum between May 23, 2021 and May 23, 2023. The Second Tranche 2019 Public Corporate Bonds is 7.5% per annum.

Maturity and Prepayment

The First Tranche 2019 Public Corporate Bonds and the Second Tranche 2019 Public Corporate Bonds will mature in 2023 and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

Event of Default

The First Tranche 2019 Public Corporate Bonds and the Second Tranche 2019 Public Corporate Bonds have customary events of default, including, among others, non-payment of principal or interest.

2020 Public Corporate Bonds

On June 16, 2020, Radiance Group issued the first tranche of the 2020 Public Corporate Bonds in an aggregate principal amount of RMB650 million (the "First Tranche 2020 Public Corporate Bonds"). On June 23, the First Tranche 2020 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

On November 19, 2020, Radiance Group issued the second tranche of the 2020 Public Corporate Bonds in an aggregate principal amount of RMB1.22 billion (the "Second Tranche 2020 Public Corporate Bonds"). On November 30, 2020, the Second Tranche 2020 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

Interest

The interest rate of the First Tranche 2020 Public Corporate Bonds and the Second Tranche 2020 Public Corporate Bonds is 6.95% per annum.

Maturity and Prepayment

The First Tranche 2020 Public Corporate Bonds and the Second Tranche 2020 Public Corporate Bonds will mature in 2024 and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

Event of Default

The First Tranche 2020 Public Corporate Bonds and Second Tranche 2020 Public Corporate Bonds have customary events of default, including, among others, non-payment of principal or interest.

2021 Public Corporate Bonds

On June 18, 2021, Radiance Group issued the first tranche of the 2021 Public Corporate Bonds in an aggregate principal amount of RMB1.35 billion (the "First Tranche 2021 Public Corporate Bonds"). On June 23, 2021, the First Tranche 2021 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

On July 29, 2021, Radiance Group issued the second tranche of the 2021 Public Corporate Bonds in an aggregate principal amount of RMB850 million (the "Second Tranche 2021 Public Corporate Bonds"). On August 3, 2021, the Second Tranche 2021 Public Corporate Bonds were listed on the Shanghai Stock Exchange.

Interest

The interest rate of the First Tranche 2021 Public Corporate Bonds and the Second Tranche 2021 Public Corporate Bonds is 6.95% per annum.

Maturity and Prepayment

The First Tranche 2021 Public Corporate Bonds and the Second Tranche 2021 Public Corporate Bonds will mature in 2026 and are puttable for early redemption at the principal amount upon the second and fourth anniversary of the issue date.

Event of Default

The First Tranche 2021 Public Corporate Bonds and Second Tranche 2021 Public Corporate Bonds have customary events of default, including, among others, non-payment of principal or interest.

2018 Non-public Corporate Bonds

On April 20, 2018, Radiance Group issued the first tranche of the 2018 Non-public Corporate Bonds in an aggregate principal amount of RMB1.0 billion (the "First Tranche 2018 Non-public Corporate Bonds"). On September 27, 2018, Radiance Group issued the second tranche of the 2018 Non-public Corporate Bonds in an aggregate principal amount of RMB1.7 billion (the "Second Tranche 2018 Non-public Corporate Bonds"). On November 1, 2018, Radiance Group issued the third tranche of the 2018 Non-public corporate bonds in an aggregate principal amount of RMB400.0 million (the "Third Tranche 2018 Non-public Corporate Bonds"). As of the date of this offering memorandum, the First Tranche 2018 Non-public Corporate Bonds and the Third Tranche 2018 Non-public Corporate Bonds were fully redeemed and the outstanding principal amount of Second Tranche 2018 Non-public Corporate Bonds was RMB756 million.

Interest

The interest rate of the First Tranche 2018 Non-public Corporate Bonds, the Second Tranche 2018 Non-public Corporate Bonds and the Third Tranche 2018 Non-public Corporate Bonds is 7.5%, 7.4% and 7.5% per annum, respectively. The interest rate for the outstanding principal amount of the Second Tranche 2018 Non-public Corporate Bonds was 7.4% per annum before September 28, 2020 and 6.9% per annum between September 28, 2020 and maturity date.

Maturity and Prepayment

The First Tranche 2018 Non-public Corporate Bonds will mature in 2021 and are puttable for early redemption at the principal amount upon the second anniversary of the issue date. The Second Tranche 2018 Non-public Corporate will mature in 2021 and are puttable for early redemption upon the second and third anniversary of the issue date. The Third Tranche 2018 Non-public Corporate Bonds will mature in September 2019 and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

Event of Default

The First Tranche 2016 Non-public Corporate Bonds, the Second Tranche 2016 Non-public Corporate Bonds and the Third Tranche 2016 Non-public Corporate Bonds have customary events of default, including, among others, non-payment of principal or interest.

2020 Non-public Corporate Bonds

On July 28, 2020, Radiance Group issued the first tranche of the 2020 Non-public Corporate Bonds in an aggregate principal amount of RMB500 million (the "First Tranche 2020 Non-public Corporate Bonds").

Interest

The interest rate of the First Tranche 2020 Non-public Corporate Bonds is 7.0% per annum.

Maturity and Prepayment

The First Tranche 2020 Non-public Corporate Bonds will mature in 2023 and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

Event of Default

The First Tranche 2020 Non-public Corporate Bonds have customary events of default, including, among others, non-payment of principal or interest.

ASSET-BACKED SECURITIES

Dongxing Mingzhu Asset-backed Securities

In September 25, 2019, Radiance Group issued asset-backed securities in the principal amount of RMB650 million in the PRC (the "Dongxing Mingzhu Asset-backed Securities"). The senior tranche A ("Tranche A") is issued in the principal amount of RMB430 million with a coupon rate of 7.5% per annum and a term of two years. The tranche B ("Tranche B") is issued in the principal amount of RMB220.0 million with a coupon rate of 8.5% per annum and a term of two years. The proceeds from the issuance shall be used for our general working capital purposes. Radiance Group provide guarantees to the manager of the Dongxing Mingzhu Asset-backed Securities (for the benefit of the holders of the senior tranche) on the full performance to the holders of Tranche A and Tranche B. As of the date of the offering memorandum, Tranche A of the Dongxing Mingzhu Asset-backed Securities was fully redeemed and the outstanding principal amount of Tranche B was RMB82,698,000.

COMMERCIAL MORTGAGE-BACKED SECURITIES

Jinhui Building CMBS

In September 27, 2018, Beijing Residential Real Estate Co., Ltd.(北京居業置業有限公司)issued commercial mortgage-backed securities in the principal amount of RMB3.2 billion in the PRC (the "Jinhui Building CMBS"). The senior tranche is issued in the principal amount of RMB3.0 billion with a coupon rate of 6.0% per annum and a term of 18 years. The equity tranche is issued in the principal amount of RMB200.0 million with a term of 18 years. The equity tranche does not have an explicit coupon rate but receives the residual cash flows collected from the balance payment after distributions to the senior tranche. The Jinhui Building CMBS are backed by 100% equity interests in Beijing Residential Real Estate Co., Ltd., rental income derived from Jinhui Building commercial property management services and 53 flats in Jinhui Building. The proceeds from the issuance shall be used for our general working capital purposes. Radiance Group provides guarantees to the manager of the Jinhui Building CMBS (for the benefit of the holders of the senior tranche) on the punctual performance by Jinhui Building of its shortfall payment obligations.

OFFSHORE FACILITY

On April 15, 2021, we entered into a facility agreement with Hang Seng Bank Limited, as lender, in connection with a term loan facility in the aggregate principal amount of US$20.0 million for a term of one year since the drawdown (the "Hang Seng Bank Facility"). As of the date of this offering memorandum, we have drawn down HK$155,180,000 under this Hang Seng Bank Facility.

Interest

The interest rate for the Hang Seng Bank Facility is at 1.7% per annum over HIBOR/LIBOR or the bank's cost of funds, whichever is higher, payable at the end of each interest period or quarterly in arrears if six months period is selected.

Covenants

Under the Hang Seng Bank Facility, we agreed to the following financial covenants:

- The consolidated tangible net worth shall be not less than RMB14,000,000,000;
- The net gearing ratio (calculated at total interest bearing debt divided by total equity) shall be not more than 1x;
- Total liability to asset (excluding presales/advance receipt) ratio shall not exceed 70%;
- Cash to short term debt ratio shall be not less than 1x;
- The consolidated EBITDA to consolidated interest expense shall be not less than 1.8x; and
- The ratio of consolidated PRC borrowings to consolidated total asset shall not be more than 50%.

SENIOR NOTES

The 2019 Notes

On October 31, 2019, Radiance Capital Investments and Radiance Group entered into an indenture (as amended or supplemented from time to time, the "2019 Indenture"). Pursuant to the 2019 Indenture, Radiance Capital Investments issued an aggregate principal amount of US$250,000,000 11.75% senior notes due 2021. The 2019 Notes are listed on the SGX-ST. As of the date of this offering memorandum, the entire principal amount of the 2019 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2019 Notes are guaranteed by Radiance Group (the "Parent Guarantor"), which guarantees the due and punctual payment of the principal of, any premium and interest on, and all other amounts payable under, the 2019 Notes.

Interest

The 2019 Notes bear an interest of 11.75% per annum, payable semi-annually in arrears on April 30 and October 31 of each year, beginning on April 30, 2020.

Covenants

Subject to certain conditions and exceptions, the 2019 Indenture contains certain covenants, restricting us, Radiance Group and each of the related restricted subsidiaries from, among other things:

- incurring additional indebtedness and issuing disqualified or preferred stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;

- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,

- transferring assets or make intercompany loans;

- entering into transactions with certain shareholders and affiliates; and

- effecting a consolidation or merger.

Events of Default

The 2019 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2019 Notes, when such payments become due, default in payment of interest which continues for 30 days, breach of covenants, insolvency and other events of default specified in the 2019 Indenture. If an event of default occurs and is continuing, the trustee under the 2019 Indenture or the holders of at least 25% of the outstanding 2019 Notes may declare the principal of the 2019 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of any certain event of change of control, we will make an offer to purchase all outstanding 2019 Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2019 Notes is October 31, 2021.

At any time prior to October 31, 2021, Radiance Capital Investments may at its option redeem the 2019 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes plus a premium set forth in the terms and conditions of the 2019 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to October 31, 2021, Radiance Capital Investments may at its option redeem up to 35% of the 2019 Notes, at a redemption price of 111.75% of the principal amount of the 2019 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from sales of certain kinds of our capital stock, subject to certain conditions.

January 2020 Notes

On January 16, 2020, Radiance Capital Investments and Radiance Group entered into an indenture (as amended or supplemented from time to time, the "January 2020 Indenture"). Pursuant to the January 2020 Indenture, Radiance Capital Investments issued an aggregate principal amount of US$300,000,000 of the January 2020 Notes on January 16, 2020. The January 2020 Notes are listed on the SGX-ST. As of the date of this offering memorandum, the entire principal amount of the January 2020 Notes is outstanding.

Guarantee

The obligations pursuant to the January 2020 Notes are guaranteed by Radiance Group, which guarantees the due and punctual payment of the principal of, any premium and interest on, and all other amounts payable under, the January 2020 Notes.

Interest

The January 2020 Notes bear an interest rate of 10.5% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the January 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments or other specified restricted payments;
- issuing or selling capital stock of Restricted Subsidiaries;
- guaranteeing indebtedness of Restricted Subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The January 2020 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the January 2020 Notes, when such payments become due, default in payment of interest which continues for 30 days, breach of covenants, insolvency and other events of default specified in the January 2020 Indenture. If an event of default occurs and is continuing, the trustee under the January 2020 Indenture or the holders of at least 25% of the outstanding January 2020 Notes may declare the principal of the January 2020 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of certain events of change of control and a rating decline, Radiance Capital Investments is required to make an offer to repurchase all outstanding January 2020 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the January 2020 Notes is January 16, 2022.

At any time prior to January 16, 2022, Radiance Capital Investments may, at its option, redeem the January 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the January 2020 Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 16, 2022, Radiance Capital Investments may, at its option, redeem up to 35% of the aggregate principal amount of the January 2020 Notes with the Net Cash Proceeds of one or more sales of Common Stock in an Equity Offering at a redemption price of 110.5% of the principal amount of the January 2020 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

June 2020 Notes

On June 17, 2020, Radiance Capital Investments and Radiance Group entered into an indenture (as amended or supplemented from time to time, the "June 2020 Indenture"). Pursuant to the June 2020 Indenture, Radiance Capital Investments issued an aggregate principal amount of US$250,000,000 of the June 2020 Notes on June 17, 2020. The June 2020 Notes are listed on the SGX-ST. As of the date of this offering memorandum, the entire principal amount of the June 2020 Notes is outstanding.

Guarantee

The obligations pursuant to the June 2020 Notes are guaranteed by Radiance Group, which guarantees the due and punctual payment of the principal of, any premium and interest on, and all other amounts payable under, the June 2020 Notes.

Interest

The June 2020 Notes bear an interest rate of 10.5% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the June 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments or other specified restricted payments;
- issuing or selling capital stock of Restricted Subsidiaries;
- guaranteeing indebtedness of Restricted Subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The June 2020 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the June 2020 Notes, when such payments become due, default in payment of interest which continues for 30 days, breach of covenants, insolvency and other events of default specified in the June 2020 Indenture. If an event of default occurs and is continuing, the trustee under the June 2020 Indenture or the holders of at least 25% of the outstanding June 2020 Notes may declare the principal of the June 2020 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of certain events of change of control and a rating decline, Radiance Capital Investments is required to make an offer to repurchase all outstanding June 2020 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the June 2020 Notes is March 9, 2021.

At any time prior to June 17, 2022, Radiance Capital Investments may, at its option, redeem the June 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the June 2020 Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to June 17, 2022, Radiance Capital Investments may, at its option, redeem up to 35% of the aggregate principal amount of the June 2020 Notes with the Net Cash Proceeds of one or more sales of Common Stock in an Equity Offering at a redemption price of 108.8% of the principal amount of the June 2020 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "Company" refers only to Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司), a company incorporated in the Cayman Islands with limited liability, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company that guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a "Subsidiary Guarantor," and each such guarantee is referred to as a "Subsidiary Guarantee." Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee is referred to as a "JV Subsidiary Guarantor."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee (the "Trustee").

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon written request and proof of holding to the satisfaction of the Trustee, during usual business hours on or after the Original Issue Date at the corporate trust office of the Trustee located at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described under "– The Subsidiary Guarantees and the JV Subsidiary Guarantees," and in "Risk Factors – Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees";
- effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on March 20, 2024, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "– Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 7.8% 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 semi-annually in arrears on March 20 and September 20 of each year (each an "Interest Payment Date"), commencing March 20, 2022.

Interest on the Notes will be paid to Holders of record at the close of business on March 5 and September 5 immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Notes register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under "Optional Redemption," "Redemption for Tax Reasons" and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company). In any case in which the date of the payment of principal of, premium or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then such payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company, the Transfer Agent or the Note Registrar (as defined herein) 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 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Company, payment of interest may be made by check mailed at the expense of the Company to the address of the Holders as such address appears in the Note register maintained by the Note Registrar (as defined herein). Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Subsidiary Guarantees and the JV Subsidiary Guarantees

On the Original Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will be Jubilance Properties Limited and Kam Fei Investment (Hong Kong) Limited. The Subsidiary Guarantors are holding companies that do not have significant operations.

Other than the initial Subsidiary Guarantors, none of the Company's other Restricted Subsidiaries organized outside the PRC as of the Original Issue Date (collectively, the "Initial Non-Guarantor Subsidiaries") or the existing Restricted Subsidiaries organized under the laws of the PRC (the "PRC Non-Guarantor Subsidiaries") will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee on the Original Issue Date. In addition, none of the future PRC Non-Guarantor Subsidiaries, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established or acquired after the Original Issue Date, or any entity in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity is proposing to purchase the Capital Stock of an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, 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 a JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from providing a JV Subsidiary Guarantee or (b) requiring the Company or such Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to, or such purchases of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;

- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the "JV Subsidiary Guarantee") and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of June 30, 2021, the Company and its consolidated subsidiaries had total indebtedness of RMB54,397.2 million (US$8,425.1 million), of which approximately RMB41,301.0 million (US$6,396.7 million) was secured.

As of June 30, 2021, the Non-Guarantor Subsidiaries had total indebtedness of approximately RMB155,201.4 million (US$24,037.6 million) and the Non-Guarantor Subsidiaries did not have contingent liabilities.

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

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

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Finance Subsidiaries, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable after it becomes a Restricted Subsidiary or ceases to be a Finance Subsidiary, an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary (and its Restricted Subsidiaries) organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be a Finance Subsidiary, 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 Finance Subsidiaries, Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of Total Assets as of the date such Person becomes a Restricted Subsidiary or ceases to be a Finance Subsidiary, an Exempted Subsidiary or a Listed Subsidiary. Each such Restricted Subsidiary and its Restricted Subsidiaries organized outside the PRC that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee will be referred to as "Other Non-Guarantor Subsidiaries."

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantee is referred to as a "Future Subsidiary Guarantor" and upon execution of the applicable supplemental indenture to the Indenture will be a "Subsidiary Guarantor." Any such Subsidiary Guarantor may be a holding company that does not have significant operations. The Initial Non-Guarantor Subsidiaries and the Other Non-Guarantor Subsidiaries, together with the PRC Non-Guarantor Subsidiaries, are referred to herein as the "Non-Guarantor Subsidiaries."

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

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

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

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

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

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors – Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "– Defeasance – Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale, disposition or merger of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under "– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "– Certain Covenants – Limitation on Asset Sales" and "– Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes an Other Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with 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 organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC (other than existing Non-Guarantor Subsidiaries) will become Other Non-Guarantor Subsidiaries (such that they will no longer Guarantee the Notes), without any requirement to seek the consent or approval of the Holders of the Notes, *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Finance Subsidiaries, Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including such Other Non-Guarantor Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted

Subsidiary from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (c) requiring the Company or such Restricted Subsidiary to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the recipient of the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;

- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Finance Subsidiaries, Exempted Subsidiaries, or Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including the covenants described under "– Certain Covenants – Limitation on Asset Sales" and "– Certain Covenants – Limitation on Restricted Payments."

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" covenant.

As of the date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described under "– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted by the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock."

Optional Redemption

At any time prior to March 20, 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to March 20, 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 107.8% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

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

(1) if the Notes are listed on any national securities exchange and/or being held through the clearing systems, in compliance with the requirements of the principal national securities exchange on which the Notes are listed or the requirements of the clearing systems, as applicable; or

(2) if the Notes are not listed on any national securities exchange and/or held through the clearing systems, on a pro rata basis, 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 Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

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

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors – Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees – We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The phrase "all or substantially all," as used with respect to the assets of the Company in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company. The Trustee shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under "– Consolidation, Merger and Sale of Assets") or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, the PRC (each, as applicable, a "Relevant Jurisdiction"), or any jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder, to provide information concerning such

Holder's or its beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);

(d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee in accordance with the Indenture.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (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 is proposed and becomes effective (or in the case of an official position, is announced) (i) with respect to the Company or any initial Subsidiary Guarantor on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, a JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts with respect to a deduction or withholding at a rate higher than that applicable on the Original Issue Date or the date such Future Subsidiary Guarantor or JV Subsidiary Guarantor becomes a Subsidiary Guarantor or JV Subsidiary Guarantor or such Surviving Person assumes its obligations under or in respect of the Notes, as the case may be, and such requirement cannot be avoided by the taking of reasonable measures by the Company, the Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, the Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in the prior paragraph.

The Trustee shall and is entitled to accept and rely upon 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. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion, and is not obligated to investigate or verify any information in such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness), any Finance Subsidiary may Incur Finance Subsidiary Indebtedness, and any Non-Guarantor Subsidiary (other than a Finance Subsidiary when Incurring Finance Subsidiary Indebtedness) may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would not be less than 2.25 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

(2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("Permitted Indebtedness"):

(a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;

(b) any Pari Passu Guarantees;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below; *provided* that such Indebtedness of Non-Guarantor Subsidiaries (other than any Finance Subsidiary) shall be included in the calculation of Permitted Subsidiary Indebtedness;

(d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;

(e) Indebtedness of the Company or any Restricted Subsidiary ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (h), (n), (p), (q), (r), (s), (u), (v), (w) or (x) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if

(A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor (other than any Finance Subsidiary Indebtedness), and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;

(h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in a Permitted Business; *provided* that, in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such asset, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate amount outstanding of all Indebtedness and Preferred Stock permitted and then outstanding under clauses (p), (q), (r), (u), (v), (w) and (x) below (together with any refinancings thereof) does not exceed an amount equal to 35.0% of Total Assets;

(i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;

(k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding (together with any refinancings thereof) does not exceed US$30.0 million (or the Dollar Equivalent thereof);

(o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement;

(p) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; *provided* that, on the date of Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under this clause (p) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clause (h) above and clauses (q), (r), (u), (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(q) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to this clause (q) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h) and (p) above and clauses (r), (u), (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;

(r) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to this clause (r) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h), (p) and (q) above and clauses (u), (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;

(s) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US$30.0 million (or the Dollar Equivalent thereof);

(t) Indebtedness Incurred by the Company or a Restricted Subsidiary constituting a Subordinated Shareholder Loan;

(u) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (u) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h), (p), (q) and (r) above and clauses (v), (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;

(v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (B) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that, on the date of the Incurrence of such

Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (v) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h), (p), (q), (r) and (u) above and clauses (w) and (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(w) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement and becomes obligated to pay such deferred purchase price pursuant to such Minority Interest Staged Acquisition Agreement; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (w) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h), (p), (q), (r), (u) and (v) above and clause (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Asset; and

(x) Indebtedness of the Company or any Restricted Subsidiary under Credit Facilities; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (x) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (h), (p), (q), (r), (u), (v) and (w) above (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets.

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of Indebtedness or Preferred Stock described above, including under the proviso in paragraph (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock as one or more of such types.

(4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid solely in shares of the Company's or any Restricted Subsidiary's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary and other than the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Subsidiary Guarantee or JV Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in paragraph (1) of the covenant described under "– Limitation on Indebtedness and Preferred Stock";

(c) such Restricted Payment, together with the aggregate amount of (1) all Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) all payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5) (to the extent such Restricted Payment is made to the Company or a Restricted Subsidiary), (6) through (12)) of the immediately following paragraph), shall exceed the sum (without duplication) of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2019 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 Measurement 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 Measurement 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 Measurement 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 Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

(v) US$20.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of any Finance Subsidiary, the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than to a Restricted Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to

acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary;

(6) (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) payments of dividend or other distributions on Capital Stock of any Restricted Subsidiary engaged in any property development projects 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 and dividends or distributions shall not exceed US$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination) for any fiscal year, with any unused amount (representing the difference, if any, between such limit and the actual consideration under such limit paid) in any such fiscal year being carried over to the subsequent fiscal year;

(7) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;

(8) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under clause (2)(p) of the covenant described under the caption "– Limitation on Indebtedness and Preferred Stock" or any such Capital Stock;

(9) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided* that any such cash payment shall not be for the purpose of evading the limitation of this "Limitation on Restricted Payments" covenant (as determined in good faith by the Board of Directors of the Company);

(10) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (A) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (B) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

(11) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;

(12) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture; or

(13) the declaration and payment of dividends on, or the repurchase of, the Common Stock of the Company by the Company in any fiscal year in an aggregate amount not to exceed 25.0% of profit for the year in the immediate prior fiscal year;

provided that, in the case of clause (2), (3), (4) or (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.

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 Payment set forth in clauses (5) through (13) above), must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized national standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (13) above), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "– Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

   (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

   (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

   (c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

(2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees or the Indenture or under any Pari Passu Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor Guaranteed by any Pari Passu Guarantee, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "– Limitation on Indebtedness and Preferred Stock" and "– Limitation on Asset Sales" covenants;

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the "Limitation on Indebtedness and Preferred Stock" covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(g) existing in customary provisions in joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of the Company or a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or

(h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favorable to the Company and its Restricted Subsidiaries;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made by the covenant described under "– Limitation on Restricted Payments" if made on the date of such issuance or sale and *provided* that the Company complies with the "– Limitation on Asset Sales" covenant; or

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any (i) Indebtedness of any Finance Subsidiary, the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (other than any such Restricted Subsidiary that is incorporated in the PRC Guaranteeing Indebtedness of the Company issued, offered or distributed to, or extended by, a Person in the PRC), (ii) Indebtedness of any Finance Subsidiary initially issued, offered or distributed to, or extended by, a Person outside the PRC or (iii) Public Indebtedness of any Restricted Subsidiary initially issued, offered or distributed to, or extended by, a Person outside the PRC (all such Indebtedness referred to in (i), (ii) and (iii) above collectively, the "Guaranteed Indebtedness"), 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 clauses (2)(c), (d) or (q) (in the case of (2)(q), with respect to the Guarantee provided by any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee), directly, or indirectly, any Bank Deposit Secured Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) under "– Limitation on Indebtedness and Preferred Stock."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Notes, 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 Guaranteed Indebtedness 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 Guaranteed Indebtedness where the aggregate claims of the creditor under such Guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

    (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

    (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company by an accounting, appraisal or investment banking firm of recognized national standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other reasonable and customary compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under "– Limitation on Restricted Payments" if permitted by that covenant;

(4) any sale of Capital Stock (other than Disqualified Stock) of the Company;

(5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme;

(6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;

(7) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (6) or (7) (to the extent such Restricted Payment would constitute Affiliate Transaction) of the second paragraph of the covenant entitled "– Limitation on Restricted Payments";

(8) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the proposed Restructuring, including but not limited to transactions entered into for purposes of any reorganization in connection with the proposed Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the proposed Restructuring; and

(9) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed Restructuring, or any amendment or modification or extension or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries in any material respect than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the "Limitation on Restricted Payments" covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering 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 its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary) and (iv) any Affiliate Transaction that is conducted in accordance with the relevant rules and regulations of The Stock Exchange of Hong Kong Limited, for as long as the Capital Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company or such Subsidiary Guarantor may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or such Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under "– Limitation on Indebtedness and Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described under "– Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described under "– Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized national standing. For purposes of this provision, each of the following will be deemed to be cash:

    (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and

    (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce permanently commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds."

Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(1) accumulated Excess Proceeds, multiplied by

(2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US$1,000.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee, in its sole and absolute discretion, will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided*, *however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant under the caption "– Limitation on Restricted Payments."

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under "Use of Proceeds" in this offering memorandum (or in the case of

Additional Notes, the offering or other transaction document relating to the sale of such Additional Notes, if any) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary, if such credit support, at the time of or after giving effect to such designation, would not be permitted to be made under the covenant described under "– Limitation on Indebtedness and Preferred Stock" and the covenant described under "– Limitation on Restricted Payments"; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation, (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "– Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under "– Limitation on Liens"; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "– Limitation on Restricted Payments" (other than any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group upon the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries in connection with the proposed Restructuring, *provided* that (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring, and (ii) immediately prior to the designation of the Restructuring Group as Unrestricted Subsidiaries, the Consolidated Assets of the Restructuring Group shall be no more than 5% of the Total Assets).

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under "– Limitation on Indebtedness and Preferred Stock"; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under "– Limitation on Liens"; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not an Other Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor in accordance with the terms under the Indenture.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both 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 either of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "– Limitation on Indebtedness and Preferred Stock";

(2) "– Limitation on Restricted Payments";

(3) "– Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(4) "– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(5) "– Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(6) "– Limitation on Sale and Leaseback Transactions";

(7) "– Limitation on Asset Sales";

(8) "– Limitation on the Company's Business Activities";

(9) clauses (3), (4) and (5)(x) of the first and second paragraphs of "– Consolidation, Merger and Sale of Assets"; and

(10) Clause 2(a) of "– Provision of Financial Statements and Reports."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under "– Designation of Restricted and Unrestricted Subsidiary" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under "– Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's ordinary shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:

  (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants;

  (b) as soon as they are available, but in any event within 45 calendar days after the end of the second fiscal quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants; and

  (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement prepared in accordance with GAAP, and prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarter periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and (b) as soon as possible and in any event within

30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, 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 "– Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under "– Repurchase of Notes Upon a Change of Control Triggering Event" or "– Certain Covenants – Limitation on Asset Sales";

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Holders of 25% or more in aggregate principal amount of the Notes or by the Trustee at the direction of such Holders;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$15.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$15.0 million (or the Dollar Equivalent thereof), in excess of amounts which the Company's insurance carriers have unconditionally agreed to pay under applicable policies, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the

Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or (c) effects any general assignment for the benefit of creditors; or

(9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or will 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 in its sole and absolute discretion or, the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may, on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee shall, upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security and/or pre-funding), 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 and premium (if any) of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear or equivocal, or conflicts with applicable law or regulations or the Indenture, or that may involve the Trustee in personal liability and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to act on the direction of the Holders or expend its own funds in following such direction if it does not reasonably believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written direction to the Trustee to pursue the remedy;

(3) such Holder or Holders provide 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 written such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/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 request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under the Subsidiary Guarantee or JV Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date, certifying that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company and its Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "– Certain Covenants – Provision of Financial Statements and Reports."

The Trustee and the Agents need not do anything to ascertain whether any Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no such event has occurred and that the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) are performing all their respective obligations under the Indenture, the Subsidiary Guarantees, JV Subsidiary Guarantees (if any) and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that the Company and/or the Subsidiary Guarantors and/or the JV Subsidiary Guarantors (if any) are/is not performing all of their respective/its obligations under the Indenture, the Subsidiary Guarantees, JV Subsidiary Guarantees (if any) and the Notes. The Trustee is entitled to rely on any Opinion of Counsel or Officers' Certificate regarding whether an Event of Default has occurred.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

(1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, the British Virgin Islands or Hong Kong and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under paragraph (1) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under "– Consolidation, Merger and Sale of Assets," shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than another JV Subsidiary Guarantor, the Company or 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, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under paragraph (1) of the covenant under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the "Limitation on Asset Sales" covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under "– The Subsidiary Guarantees and the JV Subsidiary Guarantees – Release of the Subsidiary Guarantees and the JV Subsidiary Guarantees."

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional "accredited investors" as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) has delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not

result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "– Consolidation, Merger and Sale of Assets" and all the covenants described herein under "– Certain Covenants," other than as described under "– Certain Covenants–Government Approvals and Licenses; Compliance with Law" and "– Certain Covenants – Anti-Layering," clause (3) under "Events of Default" with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any); *provided* that such actions pursuant to this clause (1) do not materially and adversely affect the interests of the Holders;

(2) comply with the provisions described under "– Consolidation, Merger and Sale of Assets";

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) provide collateral, add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;

(7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depositary or clearing system;

(9) make any other change that does not materially and adversely affect the rights of any Holder; or

(10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

Amendments of the Indenture may be made by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture or the Notes; *provided*, *however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or premium, if any, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, 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, or interest on the Notes;

(7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;

(10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control Triggering Event or the event giving rise to the repurchase of the Notes under "– Certain Covenants – Limitation on Asset Sales";

(11) change the redemption date or the redemption price of the Notes from that stated under "– Optional Redemption" or "– Redemption for Taxation Reasons";

(12) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee and the Agents

China Construction Bank (Asia) Corporation Limited is to be appointed as Trustee under the Indenture. China Construction Bank (Asia) Corporation Limited is to be appointed as note registrar (the "Note Registrar") and as paying agent (the "Paying Agent") and transfer agent (the "Transfer Agent") and, together with the Note Registrar and the Paying Agent, the "Agents") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties 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 or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise and have absolute and uncontrolled discretion as to exercise or non-exercise of any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have provided to the Trustee security and/or indemnity and/or pre-funding satisfactory to it against loss, liability or expense. In the exercise of its duties, the Trustee (i) shall not be responsible for the verification of the accuracy or completeness of any certificate or legal opinion submitted to it by the Company, and (ii) is entitled to rely exclusively on the certifications or opinions, and to take action based on the information, contained in such certificate or legal opinion.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors (if any), to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and their respective Affiliates and shall not be obligated to account for any profits therefrom; *provided*, *however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the "Global Note"). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "– Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the principal paying 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, the JV Subsidiary Guarantors (if any) or the Agents will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "– Additional Amounts."

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Agents and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "– Events of Default" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or a Holder, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Note Registrar in sufficient quantities and authenticated by or on behalf of the Note Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Note Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Note 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 (in English) and may be given or served by being sent by prepaid courier or by being deposited, first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company at the principal office of the Company or such other address as the Company may advise the Trustee in writing from time to time, or (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. 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, each of the Subsidiary Guarantors and each of the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after March 20, 2024, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"Affiliate" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent in law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Premium" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the principal amount of such Note on March 20, 2024, plus all required remaining scheduled interest payments due on such Note through March 20, 2024 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

"Asset Acquisition" means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the "Limitation on Restricted Payments" covenant;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the "Consolidation, Merger and Sale of Assets" covenant; and

(7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary.

"Attributable Indebtedness" means, in respect of a Sale and Leaseback Transaction, at the time of 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 secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

"Board of Directors" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or the place of business or the Paying Agent or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"Capitalized Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, *provided* that Capitalized Lease shall not include any lease which would have been classified as an "operating lease" before the adoption of GAAP 16.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Change of Control" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) the Permitted Holders are the beneficial owners of less than 50.1% of the total voting power of the Voting Stock of the Company;

(4) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Clearstream" means Clearstream Banking S.A.

"Commodity Agreement" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in commodity prices.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to March 20, 2024 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to March 20, 2024.

"Comparable Treasury Price" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is received by the Trustee) Reference Treasury Dealer Quotations for such redemption date.

"Consolidated Assets" means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries' proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements).

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets) and land appreciation tax, and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of 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 its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest, *provided* that Consolidated Interest Expense shall not include (x) interest expense attributable to leases which would have been classified as "operating leases" before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers; and *provided further* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as (i) a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below) or (ii) as a distribution in the form of intercompany loans or that is otherwise treated as a dividend in advance prior to any recognition of income on the consolidated financial statements of such Person; *provided* that, in the case of such distribution in the form of intercompany loans, advances or otherwise, (A) such amount shall not be included again in the Consolidated Net Income in the same period or another period when it is later recognized as income and (B) to the extent that the amounts actually received in dividends in a future period are less than such intercompany loans, advances or otherwise, a deduction in the amount equal to such difference shall be made in such future period (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains;

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

"Contractor Guarantees" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"Credit Facilities" means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (*provided* that such increase is permitted under the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock") or (4) otherwise altering the terms and conditions thereof.

"Currency Agreement" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the 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 "Limitation on Asset Sales" and "Repurchase of Notes upon a Change of Control Triggering Event" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "Limitation on Asset Sales" and "Repurchase of Notes upon a Change of Control Triggering Event" covenants.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Entrusted Loans" means borrowings by a Non-Guarantor Subsidiary from the Company or another Non-Guarantor Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"Equity Offering" means (i) any *bona fide* underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any *bona fide* underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placement price, in each case under clause (i) or (ii) *provided* such public offering or private placement is to a person other than a Restricted Subsidiary or Permitted Holder; *provided* that any offering or placement referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"Euroclear" means Euroclear Bank SA/NV.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Exempted Subsidiary" means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized national standing appointed by the Company.

"Finance Subsidiary" means a Subsidiary of the Company or another Finance Subsidiary (i) that is a Restricted Subsidiary and whose operations are comprised of Incurring Indebtedness to Persons other than the Company, any Restricted Subsidiary or their respective Affiliates from time to time to finance the operations of the Company and/or its Subsidiaries and (ii) which conducts no business and owns no material assets than any equity interest in another Finance Subsidiary or intercompany Indebtedness Incurred in connection with the Indebtedness described in clause (i).

"Finance Subsidiary Indebtedness" means Indebtedness of a Finance Subsidiary that is Guaranteed by one or more of: (i) the Company; (ii) any Subsidiary Guarantor or (iii) any JV Subsidiary Guarantor; *provided* that no Non-Guarantor Subsidiary shall provide any Guarantee in respect of or be an obligor under such Indebtedness.

"Fitch" means Fitch Ratings Ltd. and its successors.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements) (the "Four Quarter Period") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the "Reference Period") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness or Preferred Stock;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"GAAP" means International Financial Reporting Standards, as in effect from time to time.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligation" of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations; and

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any (1) capital commitments, pre-sale receipts in advance from customers, deferred payment obligations or similar obligations, Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or, (2) Entrusted Loans; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that

(1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,

(2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest, and

(3) the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to paragraph 2(f) under the "Limitation on Indebtedness and Preferred Stock" covenant or (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

"Independent Third Party" means any Person that is not an Affiliate of the Company.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

"Investment" means, with respect to any Person:

(1) any direct or indirect advance, loan or other extension of credit by such Person to another Person;

(2) any capital contribution by such Person to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities by such Person issued by another Person; or

(4) any Guarantee of any obligation by such Person of another Person to the extent such obligation is outstanding and to the extent Guaranteed by such Person.

For the purposes of the provisions of the "Designation of Restricted and Unrestricted Subsidiaries" and "Limitation on Restricted Payments" covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company's proportional interest in the Fair Market Value of the assets (net of the Company's proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or any of its successors or assigns, a rating of "Aaa," "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Moody's or both of them, as the case may be.

"Investment Property" means any property that is owned and held by any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

"JV Entitlement Amount" means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"JV Subsidiary Guarantee" has the meaning set forth under "– The Subsidiary Guarantees 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 Subsidiaries" means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

"Measurement Date" means October 31, 2019.

"Minority Interest Staged Acquisition Agreement" means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

"Minority Joint Venture" means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture's Subsidiaries.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means:

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

   (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

   (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

   (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

   (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Offer to Purchase" means an offer to purchase the Notes by the Company from the Holders commenced by mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying 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.

On one Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent sufficient money to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall as soon as reasonably practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with all applicable securities laws and regulations, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Company, or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

"Officers' Certificate" means a certificate signed by two Officers; *provided*, *however*, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, at the time such certificate is required to be delivered.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Pari Passu Guarantee" means a guarantee by the Company, any Finance Subsidiary, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), another Finance Subsidiary, any Subsidiary Guarantor or any JV Subsidiary Guarantor; *provided* that (1) the Company, such Finance Subsidiary, such Subsidiary Guarantor or such JV Subsidiary Guarantor was permitted to Incur such Indebtedness under the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock" and (2) such guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

"Permitted Business" means any business which is the same or related, ancillary or complementary to any of the business of the Company and its Restricted Subsidiaries on the Original Issue Date.

"Permitted Holders" means any or all of the following:

(1) Mr. Lam Ting Keung;

(2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1);

(3) the estate, trust and any immediate family member of the Persons listed in (1) or the legal representative of any of the foregoing; and

(4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by Persons specified in clauses (1), (2) and (3).

"Permitted Investment" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant described under "– Certain Covenants – Limitation on Asset Sales";

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "– Certain Covenants – Limitation on Liens";

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;

(14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;

(15) deposits made in order to secure the performance of the Company or any Restricted Subsidiary and prepayments made in connection with the acquisition of real property or land use rights by the Company or any Restricted Subsidiary, in each case in the ordinary course of business;

(16) advances in the ordinary course of business to government authorities or government-affiliated entities in the PRC for the purpose of the development and preparation by such government authority or government affiliated entity of primary land for auction purposes which advances are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet to the extent each such advance is on normal commercial terms including being subject to repayment from the relevant government authority;

(17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;

(18) repurchases of the Notes;

(19) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person primarily engaged in a Permitted Business (other than a Restricted Subsidiary), *provided* that:

(i) such Investment, together with the aggregate of all other Investments made under this clause (19) since the Original Issue Date, shall not exceed in aggregate an amount equal to 20.0% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Original Issue Date resulting from:

(A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

(B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date under this clause of an obligation of any such Person,

(C) to the extent that an Investment made after the Original Issue Date under this clause is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person under this clause, or

(D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this "Permitted Investment" definition);

(ii) the Person into which such Investment is made is primarily engaged in the Permitted Business;

(iii) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) in such Person in which such Investment was made is a Person described in clause (x) or (y) of the first paragraph of the covenant under the caption "– Limitation on Transactions with Shareholders and Affiliates" (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary, a Minority Joint Venture or Unrestricted Subsidiary); and

(iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made;

(20) Guarantees permitted by the covenant described under the caption entitled "– Limitation on Indebtedness and Preferred Stock";

(21) the purchase of Capital Stock of a Person, and payments made, pursuant to a Staged Acquisition Agreement; and

(22) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group in connection with the proposed Restructuring upon designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries, *provided* that (A) (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring, (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company, and (iii) at the time of such designation, the members of the Restructuring Group remain primarily engaged in the Permitted Businesses; and (B) the aggregate of all Investments made under this clause (22) since the Original Issue Date shall not exceed an amount equal to 5.0% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 5.0% of Total Assets shall not constitute a Permitted Investment pursuant to this item but may be made, characterized and accounted for in accordance with the other provisions of the Indenture).

"Permitted Liens" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance, and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(7) Liens in favor of the Company or any Restricted Subsidiary;

(8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof);

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(11) Liens existing on the Original Issue Date;

(12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock"; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) any interest or title of a lessor in the property subject to any operating lease;

(14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(16) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item, *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

(17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(19) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(20) Liens incurred or deposits made to secure Entrusted Loans;

(21) Liens securing Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(22) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(o) or 2(w) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any other Restricted Subsidiary in favor of any Trust Company Investor (including the sale or transfer of such Capital Stock to such Trust Company Investor) in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (2)(p) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(24) Liens on cash deposits, bank accounts or other assets to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause 2(q) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(25) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (2)(r) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(26) Liens securing Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors or JV Subsidiary Guarantors) Incurred pursuant to clause (2)(s) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(27) Liens securing Indebtedness Incurred under clause (2)(u), (2)(v) or (2)(x) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

(28) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock"; and

(29) Liens on the Capital Stock of a Finance Subsidiary and any intercompany loans or advances from such Finance Subsidiary to the Company, in each case, securing Finance Subsidiary Indebtedness of such Finance Subsidiary (and Guarantees by the Company or Restricted Subsidiaries of such Finance Subsidiary Indebtedness) permitted under the covenant described under "– Limitation on Indebtedness and Preferred Stock."

"Permitted Subsidiary Indebtedness" means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries (other than any Finance Subsidiary), taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding Public Indebtedness and any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (2)(b), (d), (f) and (g) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 15.0% 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 and Taiwan.

"PRC CJV" means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (amended on November 4, 2017 and superseded by the Foreign Investment Law of the People's Republic of China adopted on January 1, 2020) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995 (amended on November 17, 2017 and superseded by the Regulation for Implementing the Foreign Investment Law of the People's Republic of China adopted on January 1, 2020), as such laws may be amended.

"PRC CJV Partner" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Pre-Registration Mortgage Guarantee" means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

"Public Indebtedness" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"Qualified Exchange" means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

"Qualified IPO" means an initial public offering, and a listing, of ordinary shares of a company on a Qualified Exchange; *provided* that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

"Rating Agencies" means (1) S&P and (2) Moody's, *provided* that if S&P, Moody's or both 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 or both of them, as the case may be.

"Rating Category" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"Rating Date" means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under "– Consolidation, Merger and Sale of Assets," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"Rating Decline" means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after the date of public notice of the occurrence of a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the 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 "– 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 both of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of the Rating Agencies shall be below Investment Grade;

(b) in the event the Notes are rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(c) in the event the Notes are rated by two or less than two Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any such Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Receivable" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement which permits another Person to pay for goods or services on credit.

"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, directly or indirectly, sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of Receivables 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 offering memorandum or similar offering document.

"Receivable Financing Assets" means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"Replacement Assets" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business (including any Capital Stock in a Person holding such property or assets that is primarily engaged in a Permitted Business).

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Restructuring" means the restructuring and Qualified IPO of the ordinary shares of a Subsidiary of the Company in the Restructuring Group.

"Restructuring Group" means the group of Subsidiaries of the Company which are engaged (directly or indirectly) in businesses other than residential property development business that the Company may spin off and separately list on a Qualified Exchange as part of the Restructuring.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, and its successors.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

"Senior Indebtedness" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"Significant Restricted Subsidiary" means a Restricted Subsidiary that would be a "significant subsidiary" within the meaning of the definition of "significant subsidiary" in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"Staged Acquisition Agreement" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"Stated Maturity" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal, and premium, if any, of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of, and premium, if any, or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"Subordinated Indebtedness" means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"Subordinated Shareholder Loan" means any unsecured Indebtedness for borrowed money Incurred by the Company or any Restricted Subsidiary from but only so long as such Indebtedness is owed to any Permitted Holder which (i) is expressly made subordinate to the prior payment in full of the Notes, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) by its terms, does not provide for any cash payment of interest (or premium, if any).

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each of the 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 corporation, association or other business entity equal to the Fair Market Value of the Capital Stock of such corporation, association or other business entity held by such Person immediately after the occurrence of such event, which shall be made in compliance with the "– Limitation on Restricted Payments" covenant.

"Subsidiary Guarantee" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"Subsidiary Guarantor" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"Temporary Cash Investment" means any of the following:

(1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People's Republic of China, Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom or any state of the European Economic Area, shall be rated at least "A" by S&P, Moody's or Fitch;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and

(8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months' notice.

"Total Assets" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may include internal consolidated financial statements); *provided* that only with respect to clause (2)(h) of "– Certain Covenants – Limitation on Indebtedness and Preferred Stock" and the definition of "Permitted Subsidiary Indebtedness," Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Trust Company Investor" means an Independent Third Party that is a financial institution or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. The holder of any Notes (or a legal personal representative of such holder) whose Notes are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes. Certificates evidencing registered Notes, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument transferring title to a registered Note, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Company if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands courts.

The Cayman Islands does not have any income tax treaty arrangement with any country, however the Cayman Islands has entered into tax information exchange agreements with a number of countries.

BRITISH VIRGIN ISLANDS

No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Notes or payments the Subsidiary Guarantors or JV Subsidiary Guarantors may make under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any).

HONG KONG

Withholding Tax. No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) and interest in respect of the Notes.

Profits Tax. Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- a corporation carrying on a trade, profession or business in Hong Kong; or

- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale, redemption or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty. No Hong Kong stamp duty will be chargeable upon the issue, redemption or transfer of the Notes as the Notes are not denominated in H.K. dollars and not redeemable in H.K. dollars.

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains. Under the PRC EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% (or lower treaty rate, if any) must be withheld from interest payable to investors that are "non-resident enterprises" and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, or 20% for "non-resident individuals" investors (or lower treaty rate, if any), if we are deemed to be a PRC "resident enterprise" and the interest is deemed as PRC-source income. Any gain realized on the transfer of the Notes by such "non-resident enterprises" investors would be subject to a 10%, or 20% for "non-resident individuals" investors (or lower treaty rate, if any) PRC income tax if such gain is regarded as income derived from sources within the PRC in the case that we are treated as a PRC "resident enterprise". There is uncertainty as to whether we will be treated as a PRC "resident enterprise" for the purpose of the EIT Law. See "Risk Factors – Risks Relating to the Notes, Subsidiary Guarantees and JV Subsidiary Guarantees – 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." If we are treated as a PRC "resident enterprise," the interest we pay in respect of the Notes, and the gain any investor may realize from the transfer of the Notes, might be treated as income derived from sources within the PRC and be subject to PRC income tax.

Stamp Duty. No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum between the Company, Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited, BOCOM International Securities Limited, Merrill Lynch (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, CMB International Capital Limited, Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Huatai Financial Holdings (Hong Kong) Limited, Morgan Stanley & Co. International plc, Nomura International (Hong Kong) Limited, Orient Securities (Hong Kong) Limited, BOCI Asia Limited, China CITIC Bank International Limited, CMBC Securities Company Limited, FUTEC Financial Limited, TFI Securities and Futures Limited, Vision Capital International Holdings Limited and YONXI Securities Limited as the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly to purchase the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of the Notes
Guotai Junan Securities (Hong Kong) Limited	US$32,500,000
China International Capital Corporation Hong Kong Securities Limited	US$32,500,000
Haitong International Securities Company Limited	US$32,500,000
BOCOM International Securities Limited,	US$32,500,000
Merrill Lynch (Asia Pacific) Limited	US$10,000,000
China Merchants Securities (HK) Co., Limited	US$10,000,000
CMB International Capital Limited	US$10,000,000
Credit Suisse (Hong Kong) Limited	US$10,000,000
Deutsche Bank AG, Hong Kong Branch	US$10,000,000
The Hongkong and Shanghai Banking Corporation Limited	US$10,000,000
Huatai Financial Holdings (Hong Kong) Limited	US$10,000,000
Morgan Stanley & Co. International plc	US$10,000,000
Nomura International (Hong Kong) Limited	US$10,000,000
Orient Securities (Hong Kong) Limited.	US$10,000,000
BOCI Asia Limited	US$10,000,000
China CITIC Bank International Limited.	US$10,000,000
CMBC Securities Company Limited	US$10,000,000
FUTEC Financial Limited.	US$10,000,000
TFI Securities and Futures Limited	US$10,000,000
Vision Capital International Holdings Limited	US$10,000,000
YONXI Securities Limited	US$10,000,000
Total	**US$300,000,000**

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance of Regulation S under the U.S. Securities Act. The price at which the Notes are offered may be changed at any time without notice. The Company will pay the Initial Purchasers customary fees and commissions in connection with the offering and will reimburse the Initial Purchasers for certain expenses incurred in connection with the offering.

The Company has agreed with the Initial Purchasers that it will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Notes, the Notes Guarantees and the JV Subsidiary Guarantees (if any), have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. See "Transfer Restrictions."

We have agreed that, for a period until the date on which the Notes are issued, we will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, pledge, otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of its subsidiaries, directly or indirectly, or announce the offering, of any debt securities issued or guaranteed by the Company (other than the Notes).

The Notes will constitute a new class of securities with no established trading market.

The Notes will constitute a new issue of securities with no established trading market. Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. However, we cannot assure you that we will ultimately obtain such listing or that we will be able to maintain such listing or that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and it may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade the Notes on the date of pricing or the next three succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next two succeeding business days should consult their own advisor.

The Initial Purchasers and their respective affiliate(s) are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliate(s) may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, the Initial Purchasers and/or their respective affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any of our other securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their respective affiliate(s) acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

SELLING RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Notes Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. See "Transfer Restrictions."

European Economic Area

Prohibition of Sales to EEA Retail Investors

The Notes have not been and will not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Notes have not been and will not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(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 EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Any invitation or inducement to engage in investment activity (within the meanings of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the subsidiary Guarantors. All applicable provisions of the FSMA must be complied in respect to anything done or to be done by the persons in relation to any Notes in, from or otherwise involving the UK.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the "FIEL"), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) 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 subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA – the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRC

Each of the Initial Purchasers has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, and the Notes may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC, except as permitted by the applicable laws and regulations of the PRC.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in Italy, except:

(i) to qualified investors (investitori qualificati), pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Financial Services Act") and as defined in Article 34-ter, first paragraph, letter b) of Commissione Nazionale per le Sociétá e la Borsa ("CONSOB") Regulation No. 11971 of May 14, 1999, as amended from time to time ("Regulation No. 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 385 (the "Banking Act"), the Financial Services Act of September 1, 1933, as amended, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and any other applicable law and regulations; and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

British Virgin Islands

Each Initial Purchaser has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any natural person resident or citizen in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands.

This offering memorandum does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

Cayman Islands

No offer or invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to purchase the Notes and no such invitation is made hereby. Each Initial Purchaser has represented, warranted and undertaken that the public in the Cayman Islands will not be invited to purchase the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes, the Notes Guarantees and the JV Subsidiary Guarantees (if any), have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. As used herein, the term "United States" has the meaning given to it in Regulation S.

By its purchase of the Notes, including the Notes Guarantees and the JV Subsidiary Guarantees (if any) each purchaser will be deemed to have:

1. represented that it is purchasing the Notes in an offshore transaction in accordance with Regulation S;

2. represented that it is purchasing the Notes, including the Notes Guarantees and the JV Subsidiary Guarantees (if any), for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is outside the United States;

3. acknowledged that the Notes, the Notes Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and that the Notes may not be offered or sold within the United States except pursuant to registration under the U.S. Securities Act, or in transactions exempted from, or not subject to, the registration requirements of the U.S. Securities Act;

4. agreed that it will inform each person to whom it transfers the Notes of any restrictions on the transfer of such Notes;

5. acknowledged that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represented that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agreed that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us;

6. represented that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act;

7. acknowledged that the Notes will be represented by the Global Note; and

8. acknowledged that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED,

TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT.

You also acknowledge that the Company, the Transfer Agent, the Registrar, the Initial Purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify the Company, the Transfer Agent, the Registrar, the Trustee and the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

RATINGS

The Notes are expected to be rated B2 by Moody's Investors Services and B by Standard & Poor's Rating Services. We have been assigned a long-term corporate credit rating of B1 with a stable outlook by Moody's Investors Service and a long-term corporate credit rating of B+ with a stable outlook by Standard and Poor's. We cannot assure you that the ratings on the Notes or our corporate credit rating will remain in effect for any given period or that the ratings will not be lowered, put on negative outlook or CreditWatch negative, or otherwise revised or withdrawn entirely by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Sidley Austin as to matters of Hong Kong, United States federal and New York law, Beijing DeHeng Law Offices as to matters of PRC law, and Walkers (Hong Kong) as to matters of Cayman Islands law and BVI law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling as to matters of United States federal and New York law and Commerce & Finance Law Offices as to matters of PRC law.

INDEPENDENT ACCOUNTANTS

The accountants' report on the financial information as of and for the years ended December 31, 2018, 2019 and 2020, included in this offering memorandum have been issued and audited by Ernst & Young, certified public accountants, as stated in their reports appearing herein. The summary financial data as of and for the six months ended June 30, 2020 and 2021 (except for EBITDA data) are derived from our unaudited condensed consolidated interim financial information for the six months ended and as of June 30, 2021. Consequently such unaudited condensed consolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit and should not be taken as an indication of the expected financial condition, results of operations and results of the Company for the full financial year ended December 31, 2020.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the BVI and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of our board of directors dated September 9, 2021.

LITIGATION

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes or the Subsidiary Guarantees.

NO MATERIAL ADVERSE CHANGE

Except as otherwise disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2020 that is material in the context of the issue of the Notes.

DOCUMENTS AVAILABLE

For so long as any of the Notes is outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee, following prior written request and proof of holding and identity satisfactory to the Trustee.

For so long as any of the Notes is outstanding, copies of the independent auditor's reports and/or review report and/or our published financial statements, if any, including the independent auditor's reports and/or review report set out in the section entitled "Index to Financial Information" in this offering memorandum, together with the Data Privacy Notice, may be obtained during normal business hours on any weekday (except public holidays) at the principal/registered office of the Company.

CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	ISIN	Common Code
Notes	XS2384610577	238461057

LISTING OF THE NOTES

Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the correctness of any statements made on opinions or reports contained in this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

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Note:

(1) The attached accountants' report on our consolidated financial information as of and for the year ended December 31, 2017, 2018 and 2019 and as of and for the four months ended April 30, 2020 is a reproduction of Appendix I to the prospectus for our initial public offering dated October 16, 2020.

To the board of directors of Radiance Holdings (Group) Company Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 73 to 132, which comprises the condensed consolidated statement of financial position of Radiance Holdings (Group) Company Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board (the "**IASB**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致金輝控股(集團)有限公司董事會
(於開曼群島成立的有限公司)

緒言

吾等已審閱載於第73至132頁之中期財務資料。此中期財務資料包括金輝控股(集團)有限公司(「**貴公司**」)及其附屬公司(「**貴集團**」)於2021年6月30日之簡明綜合財務狀況表與截至該日止六個月期間之相關簡明綜合損益及其他全面收益表、權益變動表及現金流量表以及解釋附註。香港聯合交易所有限公司證券上市規則規定須按照其相關規定及國際會計準則理事會(「**國際會計準則理事會**」)頒佈之國際會計準則第34號*「中期財務報告」*(「**國際會計準則第34號**」)編製中期財務資料之報告。 貴公司董事須負責根據國際會計準則第34號編製及呈報本中期財務資料。吾等之責任是根據吾等之審閱對本中期財務資料作出結論。根據吾等雙方所協定應聘條款,吾等的報告僅向 閣下(作為整體)報告我們的結論,而不作其他用途。吾等概不就本報告之內容,對任何其他人士負責或承擔責任。

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

審閱範圍

吾等已根據香港會計師公會(「**香港會計師公會**」)頒佈的香港審閱委聘準則第2410號*「由實體的獨立核數師審閱中期財務資料」*進行審閱。審閱中期財務資料包括主要向負責財務和會計事務之人員作出查詢,及應用分析和其他審閱程序。審閱之範圍遠較根據香港審計準則進行審核之範圍為小,故不能令吾等保證吾等將知悉在審核中可能發現之所有重大事項。因此,吾等不會發表審核意見。

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

結論

按照吾等之審閱,吾等並無發現任何事項,令吾等相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

Ernst & Young
Certified Public Accountants
Hong Kong

12 August 2021

安永會計師事務所
執業會計師
香港

2021年8月12日

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
中期簡明綜合損益及其他全面收益表

For the six months ended 30 June 2021
截至二零二一年六月三十日止六個月

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
REVENUE	**收益**	4	**16,066,445**	11,153,011
Cost of sales	銷售成本		**(12,673,144)**	(8,605,131)
GROSS PROFIT	**毛利**		**3,393,301**	2,547,880
Finance income	財務收入		**96,961**	33,541
Other income and gains	其他收入及收益	4	**87,664**	16,471
Selling and distribution expenses	銷售及分銷開支		**(509,407)**	(330,067)
Administrative expenses	行政開支		**(481,001)**	(451,698)
Finance costs	財務成本	6	**(96,544)**	(166,255)
Other expenses	其他開支		**(24,338)**	(128,218)
Fair value gains on investment properties	投資物業的公平值收益	11	**501,186**	175,406
Fair value gains or losses from financial assets at fair value through profit or loss	按公平值計入損益的金融資產的公平值收益或虧損		**(5,993)**	238
Share of profits and losses of:	應佔下列公司溢利及虧損：			
Joint ventures	合營企業		**30,309**	126,779
Associates	聯營公司		**191,277**	(36,377)
PROFIT BEFORE TAX	**除稅前溢利**	5	**3,183,415**	1,787,700
Income tax expense	所得稅開支	7	**(1,171,050)**	(742,012)
PROFIT FOR THE PERIOD	**期內溢利**		**2,012,365**	1,045,688
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**期內其他全面收入**		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**期內全面收入總額**		**2,012,365**	1,045,688
Attributable to:	以下各項應佔：			
Owners of the parent	母公司擁有人		**1,825,266**	607,812
Non-controlling interests	非控股權益		**187,099**	437,876
			2,012,365	1,045,688
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**母公司普通權益持有人應佔每股盈利**			
Basic and diluted – For profit for the period	基本及攤薄 —就期內溢利而言	9	**RMB人民幣0.45元**	RMB人民幣0.18元

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
中期簡明綜合財務狀況表

30 June 2021
於二零二一年六月三十日

		Notes 附註	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	10	**340,312**	354,532
Right-of-use assets	使用權資產		**121,381**	121,185
Investment properties	投資物業	11	**13,784,000**	10,952,600
Intangible assets	無形資產		**20,653**	17,609
Investments in joint ventures	於合營企業的投資		**3,052,998**	2,461,115
Investments in associates	於聯營公司的投資		**5,461,685**	4,911,875
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		**105,896**	110,300
Deferred tax assets	遞延稅項資產		**3,346,258**	2,884,290
Other non-current assets	其他非流動資產		**1,692,644**	1,402,644
Total non-current assets	非流動資產總值		**27,925,827**	23,216,150
CURRENT ASSETS	**流動資產**			
Properties under development	開發中物業		**109,261,672**	103,990,664
Completed properties held for sale	持作出售的竣工物業		**10,597,817**	12,450,866
Trade receivables	貿易應收款項	12	**42,262**	24,191
Contract cost assets	合約成本資產		**1,030,230**	771,064
Due from related companies	應收關聯方款項	23	**8,732,877**	7,314,208
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		**13,435,290**	10,455,096
Tax recoverable	可收回稅項		**837,949**	814,489
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		**79,219**	33,808
Cash and bank balances	現金及銀行結餘	13	**25,478,996**	26,590,952
Total current assets	流動資產總值		**169,496,312**	162,445,338

30 June 2021
於二零二一年六月三十日

		Notes 附註	30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
CURRENT LIABILITIES	**流動負債**			
Trade and notes payables	貿易應付款項及應付票據	14	**11,940,237**	12,922,569
Other payables and accruals	其他應付款項及應計費用		**3,642,783**	2,890,303
Contract liabilities	合約負債		**77,358,402**	69,086,961
Due to related companies	應付關聯公司款項	23	**5,392,316**	4,604,199
Tax payable	應付税項		**3,869,916**	3,783,703
Interest-bearing bank and other borrowings	計息銀行及其他借款	15	**7,424,182**	9,734,431
Proceeds from asset-backed securities within one year	從一年內的資產抵押證券獲得的所得款項	16	**185,735**	770,798
Senior notes	優先票據	17	**5,092,046**	1,745,743
Corporate bonds	公司債券	18	**4,725,502**	7,056,468
Lease liabilities within one year	一年內的租賃負債		**16,378**	15,637
Total current liabilities	流動負債總額		**119,647,497**	112,610,812
NET CURRENT ASSETS	**流動資產淨值**		**49,848,815**	49,834,526
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總值減流動負債**		**77,774,642**	73,050,676
NON-CURRENT LIABILITIES	**非流動負債**			
Interest-bearing bank and other borrowings	計息銀行及其他借款	15	**31,256,162**	25,868,005
Proceeds from asset-backed securities	從資產抵押證券獲得的所得款項	16	**2,653,434**	2,690,573
Senior notes	優先票據	17	**–**	3,549,874
Corporate bonds	公司債券	18	**3,060,173**	2,358,100
Lease liabilities	租賃負債		**7,864**	7,402
Deferred tax liabilities	遞延税項負債		**2,696,931**	2,464,316
Total non-current liabilities	非流動負債總額		**39,674,564**	36,938,270
Net assets	**資產淨值**		**38,100,078**	36,112,406
EQUITY	**權益**			
Equity attributable to owners of the parent	**母公司擁有人應佔權益**			
Share capital	股本	19	**35,095**	35,095
Reserves	儲備		**22,247,350**	21,527,316
			22,282,445	21,562,411
Non-controlling interests	**非控股權益**		**15,817,633**	14,549,995
Total equity	**權益總額**		**38,100,078**	36,112,406

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
中期簡明綜合權益變動表

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Attributable to owners of the parent 母公司擁有人應佔								
		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Statutory surplus reserves 法定盈餘儲備 RMB'000 人民幣千元	Asset revaluation reserve 資產重估儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2021 (audited)	**於2021年1月1日(經審核)**	35,095	2,297,175	(165,453)	2,088,725	5,287	17,301,582	21,562,411	14,549,995	36,112,406
Profit for the period	期內溢利	–	–	–	–	–	1,825,266	1,825,266	187,099	2,012,365
Other comprehensive income for the period	期內其他全面收入	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	期內全面收入總額	–	–	–	–	–	1,825,266	1,825,266	187,099	2,012,365
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益	–	–	(13,021)	–	–	–	(13,021)	(181,266)	(194,287)
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東出資	–	–	–	–	–	–	–	1,261,805	1,261,805
Dividends and distributions (note 8)	股息及分派(附註8)	–	(1,092,211)	–	–	–	–	(1,092,211)	–	(1,092,211)
As at 30 June 2021 (unaudited)	於2021年6月30日(未經審核)	35,095	1,204,964	(178,474)	2,088,725	5,287	19,126,848	22,282,445	15,817,633	38,100,078

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Attributable to owners of the parent 母公司擁有人應佔								
		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Statutory surplus reserves 法定盈餘儲備 RMB'000 人民幣千元	Asset revaluation reserve 資產重估儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2020 (audited)	**於2020年1月1日(經審核)**	–	–	(144,926)	1,744,181	5,287	15,225,700	16,830,242	4,548,960	21,379,202
Profit for the period	期內溢利	–	–	–	–	–	607,812	607,812	437,876	1,045,688
Other comprehensive income for the period	期內其他全面收入	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	期內全面收入總額	–	–	–	–	–	607,812	607,812	437,876	1,045,688
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東出資	–	–	–	–	–	–	–	1,500,000	1,500,000
As at 30 June 2020 (unaudited)	**於2020年6月30日(未經審核)**	–	–	(144,926)	1,744,181	5,287	15,833,512	17,438,054	6,486,836	23,924,890

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
中期簡明綜合現金流量表

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
CASH FLOWS FROM OPERATING ACTIVITIES	**經營活動所得現金流量**			
Profit before tax	除稅前溢利		**3,183,415**	1,787,700
Adjustments for:	調整：			
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	5	**18,391**	17,854
Depreciation of right-of-use assets	使用權資產折舊	5	**13,043**	13,613
Amortisation of intangible assets	無形資產攤銷	5	**1,850**	2,785
Impairment of completed properties held for sale	持作出售已竣工物業的減值虧損	5	**93,762**	–
Impairment of financial assets	金融資產減值	5	**4,073**	(732)
Exchange (gain)/loss	匯兌（收益）╱虧損		**(5,071)**	43,889
Fair value losses/(gains) from financial assets at fair value through profit or loss	按公平值計入損益的金融資產公平值虧損╱（收益）		**5,993**	(238)
Gain on derecognition of fair value through profit or loss	取消確認按公平值計入損益的收益		**(9,024)**	–
Gain on deemed disposal of subsidiaries	視作出售附屬公司的收益		**(51,615)**	–
Share of profits and losses of joint ventures	分佔合營企業溢利及虧損		**(30,309)**	(126,779)
Share of profits and losses of associates	分佔聯營公司溢利及虧損		**(191,277)**	36,377
Fair value gains on investment properties	投資物業的公平值收益	11	**(501,186)**	(175,406)
Net loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的淨虧損		**–**	182
Finance costs	財務成本	6	**96,544**	166,255
Finance income	財務收入		**(96,961)**	(33,541)
Increase in properties under development and completed properties held for sale	開發中物業及持作出售已竣工物業增加		**(6,037,158)**	(7,451,681)
(Increase)/decrease in prepayments and other receivables	預付款項及其他應收款項（增加）╱減少		**(3,089,090)**	1,975,788
Increase in restricted cash	受限制現金增加		**(676,590)**	(2,098,459)
Increase in pledged deposits	已抵押存款增加		**(290,824)**	(45,797)
Increase in trade receivables	貿易應收款項增加		**(18,223)**	(6,606)
Increase in contract cost assets	合約成本資產增加		**(283,435)**	(169,589)
Decrease in trade and notes payables	貿易應付款項及應付票據減少		**(744,998)**	(301,101)
Decrease/(increase) in amounts due from related companies	應收關聯方款項減少╱（增加）		**24,066**	(21,738)
Increase/(decrease) in other payables and accruals	其他應付款項及應計費用增加╱（減少）		**1,947,550**	(634,104)
Increase in contract liabilities	合約負債增加		**9,957,750**	6,336,467
Increase in amounts due to related companies	應付關聯方款項增加		**26,661**	27,747
Cash generated from/(used in) operations	**經營所得╱（所用）現金**		**3,347,337**	(657,114)

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest received	已收利息		**96,961**	33,541
Tax paid	已付稅項		**(2,260,337)**	(1,175,188)
Net cash flows generated from/(used in) operating activities	**經營活動所得／(所用)現金流量淨額**		**1,183,961**	(1,798,761)
CASH FLOWS FROM INVESTING ACTIVITIES	**投資活動所得現金流量**			
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	10	**(8,101)**	(6,301)
Purchase of intangible assets	購買無形資產		**(4,894)**	(1,912)
Increase in investment properties	投資物業增加	11	**(53,461)**	(9,394)
Prepayment for an acquisition deal	收購交易的預付款項		**(290,000)**	–
Deemed disposal of subsidiaries	視作出售附屬公司	20	**(15,325)**	–
Acquisition of financial assets at fair value through profit or loss	收購按公平值計入損益的金融資產		**(37,976)**	–
Derecognition of financial assets at fair value through profit or loss	取消確認按公平值計入損益的金融資產		**–**	1,000
Investments in joint ventures and associates	於合營企業及聯營公司的投資		**(358,120)**	(395,033)
Dividends received from joint ventures	收到合營企業的股息		**–**	281,330
Advances to related parties	向關聯方作出的墊款		**(4,991,081)**	(1,869,994)
Receipt of advances to related parties	收取向關聯方作出的墊款		**3,492,980**	2,783,520
Disposal of items of property, plant and equipment	出售物業、廠房及設備項目		**873**	706
Net cash flows (used in)/generated from investing activities	**投資活動(所用)／所得現金流量淨額**		**(2,265,105)**	783,922

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
CASH FLOWS FROM FINANCING ACTIVITIES	**融資活動所得現金流量**			
Proceeds from issue of senior notes	發行優先票據所得款項		–	3,811,809
Repayment of proceeds from issue of senior notes	償還發行優先票據的所得款項		(173,745)	–
Proceeds from issue of corporate bonds	發行公司債券所得款項		1,346,580	645,919
Repayment of proceeds from issue of corporate bonds	償還發行公司債券所得款項		(2,847,145)	(300,000)
Repayment of proceeds from asset-backed securities	償還資產抵押證券所得款項		(638,441)	(874,244)
Proceeds from interest-bearing bank and other borrowings	計息銀行及其他借款所得款項		17,616,100	16,605,000
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款		(14,472,840)	(14,199,202)
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東出資		807,250	1,500,000
Interest paid	已付利息		(1,988,883)	(1,852,861)
Advances from related companies	關聯公司提供的墊款		1,839,211	665,859
Repayment of advances from related companies	償還關聯公司提供的墊款		(1,077,755)	(1,439,152)
(Increase)/decrease in pledged deposits	已抵押存款(增加)/減少		(50,062)	66,502
Payment of lease liabilities	租賃負債付款		(13,208)	(13,335)
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益		(194,285)	–
Dividends paid	已付股息		(1,092,211)	–
Net cash flows (used in)/generated from financing activities	**融資活動(所用)/所得現金流量淨額**		**(939,434)**	4,616,295

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS	**現金及現金等價物(減少)╱增加淨額**		**(2,020,578)**	3,601,456
Cash and cash equivalents at beginning of period	期初現金及現金等價物		**20,732,123**	9,218,547
Effect of foreign exchange rate changes, net	外匯匯率變動的淨影響		**(20,734)**	16,002
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**期末現金及現金等價物**		**18,690,811**	12,836,005
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等價物結餘的分析**			
Cash and bank balances	現金及銀行結餘	13	**25,478,996**	19,094,967
Less: Restricted cash	減：受限制現金	13	**6,065,327**	5,861,025
Pledged deposits	已抵押存款	13	**722,858**	397,937
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	**現金流量表所列現金及現金等價物**		**18,690,811**	12,836,005

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 October 2020. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2021, the Group was involved in property development and sales, property leasing and the provision of management consulting services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Radiance Group Holdings Limited, which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

1. 公司資料

本公司為一間於開曼群島註冊成立的獲豁免公司。本公司股份於2020年10月29日在香港聯合交易所有限公司（「**聯交所**」）主板上市。本公司的註冊辦事處地址為PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands。

本公司為投資控股公司。於截至二零二一年六月三十日止六個月，本集團參與物業開發及銷售、物業租賃及提供管理諮詢服務。

董事認為，本公司的控股公司及最終控股公司為於開曼群島註冊成立的金輝集團控股有限公司。

2.1 編製基準

截至二零二一年六月三十日止六個月的中期簡明綜合財務資料乃根據國際會計準則第34號中期財務報告編製。

中期簡明綜合財務資料並未包括年度財務報表所需的所有資料及披露，並須與本集團截至二零二零年十二月三十一日止年度的年度綜合財務報表一併閱讀。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

2.2 會計政策變動及披露

編製中期簡明綜合財務資料所採用的會計政策與編製本集團截至二零二零年十二月三十一日止年度的年度綜合財務報表所應用的會計政策一致，惟於本期間財務資料中首次採用的以下經修訂國際財務報告準則(「**國際財務報告準則**」)除外。

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號(修訂本)	*利率基準改革—第二階段*
國際財務報告準則第16號(修訂本)	*二零二一年六月三十日之後的Covid-19相關租金減免(提早採納)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness.

The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

2.2 會計政策變動及披露(續)

經修訂國際財務報告準則的性質及影響載列如下：

(a) 國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號(修訂本)於現有利率基準被可替代無風險利率(「**無風險利率**」)替換時解決先前修訂中未處理但影響財務報告之問題。第二階段之修訂提供一項實際可行權宜方法，允許對釐定金融資產及負債之合約現金流量之基準變動進行會計處理時更新實際利率而無需調整金融資產及負債之賬面值，前提是有關變動為利率基準改革之直接後果且釐定合約現金流量的新基準於經濟上等同於緊接變動前的先前基準。此外，該等修訂允許就對沖指定項目及對沖文件作出利率基準。改革所要求的變動，而不會終止對沖關係。過渡期間可能產生的任何收益或虧損均通過國際財務報告準則第9號的正常規定進行處理，以衡量及確認對沖無效性。

該等修訂亦為實體提供暫時寬免，於無風險利率被指定為風險成分時毋須滿足可單獨識別之規定。該寬免允許實體於指定對沖後假定已滿足可單獨識別之規定，惟實體須合理預期無風險利率風險成份於未來24個月內將可單獨識別。此外，該等修訂要求實體須披露額外資料，以使財務報表的使用者能夠了解利率基準改革對實體的金融工具及風險管理策略的影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)
The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the Inter Bank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group did not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the six months ended 30 June 2021.

2.2 會計政策變動及披露(續)

(a) (續)
本集團於二零二一年六月三十日持有根據銀行同業拆息利率以人民幣及外幣計值的若干計息銀行及其他借款。由於該等借款的利率於期內並無被無風險利率取代,修訂對本集團的財務狀況及表現並無任何影響。倘該等借款的利率於未來期間被無風險利率取代,本集團將於修訂該等借款後應用該實際權宜之計,前提為符合「經濟上等同」標準。

(b) 二零二一年三月頒佈的國際財務報告準則第16號(修訂本)將承租人可選擇簡化方法而不採用租賃變更的方法來核算因covid-19疫情直接導致的租金減免延長12個月。因此,在滿足應用簡化方法的其他條件下,簡化方法適用於租金的減免為原定於二零二二年六月三十日前到期的租賃付款額。有關修訂適用於二零二一年四月一日或之後開始的年度,且應追溯應用,並將首日執行有關修訂與現行準則的差異追溯調整本會計期間的期初保留利潤。有關修訂允許提前應用。有關修訂並無對本集團的財務狀況及表現構成任何影響,乃由於本集團於截至二零二一年六月三十日止六個月並無因covid-19疫情直接導致的任何租金減免。

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and sales, property leasing and the provision of management consulting services. Property leasing and the provision of management consulting services are not significant in revenue contribution. Thus, property development and sales is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no significant non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the period.

3. 經營分部資料

管理層監控本集團業務（包括物業開發及銷售、物業租賃及提供管理諮詢服務）的經營業績。物業租賃及提供管理諮詢服務並未貢獻重大收益，故物業開發及銷售為本集團的唯一可報告經營分部，且並無呈列其他經營分部分析。

地區資料

由於本集團來自外部客戶的收益僅自其於中國內地的經營所得且本集團並無重大非流動資產位於中國內地以外地區，故並無呈列地區資料。

有關主要客戶的資料

於報告期間，對單一客戶或共同控制下的一組客戶的銷售概無佔本集團收益的10%或以上。

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

4. 收益、其他收入及收益

收益的分析如下：

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers	客戶合約收益	**15,877,265**	10,977,447
Revenue from other sources	其他來源收益		
Property lease income	物業租賃收入	**189,180**	175,564
		16,066,445	11,153,011

4. REVENUE, OTHER INCOME AND GAINS (Continued)

4. 收益、其他收入及收益(續)

Disaggregated revenue information from contracts with customers

客戶合約收益分列資料

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Types of goods or services:	**貨品或服務種類：**		
Sale of properties	物業銷售	**15,794,783**	10,916,144
Management consulting services	管理諮詢服務	**82,482**	61,303
Total revenue from contracts with customers	客戶合約收益總額	**15,877,265**	10,977,447
Timing of revenue recognition:	**收益確認時間：**		
Properties transferred at a point in time	於某一時間點轉讓的物業	**15,794,783**	10,916,144
Services transferred over time	於一段時間內轉讓的服務	**82,482**	61,303
Total revenue from contracts with customers	客戶合約收益總額	**15,877,265**	10,977,447

4. REVENUE, OTHER INCOME AND GAINS (Continued)

4. 收益、其他收入及收益(續)

An analysis of other income and gains is as follows:

其他收入及收益之分析如下:

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Other income and gains	**其他收入及收益**		
Gain on disposal of subsidiaries (Note 20)	出售附屬公司的收益(附註20)	**51,615**	–
Investment income from financial assets at fair value through profit or loss	按公平值計入損益的金融資產的投資收入	**9,024**	9,838
Deposit forfeiture	沒收按金	**3,977**	3,564
Subsidy income	補貼收入	**5,843**	435
Exchange gain	匯兌收益	**16,326**	–
Others	其他	**879**	2,634
		87,664	16,471

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

5. 除稅前溢利

本集團之除稅前溢利乃在扣除╱(計入)下列各項後列賬：

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **(未經審核)**	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Cost of inventories sold (excluding impairment of properties held for sale)	已售存貨成本(不包括持作出售物業減值)	**12,554,637**	8,586,740
Cost of services provided and others	已提供服務成本及其他	**24,745**	18,391
Impairment of completed properties held for sale	已竣工持作出售物業減值	**93,762**	–
Impairment of financial assets	金融資產減值	**4,073**	(732)
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	**18,391**	17,854
Amortisation of intangible assets	無形資產攤銷	**1,850**	2,785
Depreciation of right-of-use assets	使用權資產折舊	**13,043**	13,613
Rental expenses	租賃開支	**2,422**	1,582
Auditors' remuneration	核數師薪酬	**2,400**	3,325
Employee benefit expense (including directors' and chief executive's remuneration):	僱員福利開支(包括董事及最高行政人員薪酬)：		
Wages and salaries	工資及薪金	**370,466**	279,096
Pension scheme contributions and social welfare	退休金計劃供款及社會福利	**49,062**	25,117

6. FINANCE COSTS

6. 財務成本

An analysis of finance costs is as follows:

財務成本的分析如下：

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest on interest-bearing bank and other borrowings, proceeds from asset-backed securities, corporate bonds and senior notes	計息銀行及其他借款、從資產抵押證券獲得的所得款項、公司債券及優先票據的利息	**1,807,420**	1,945,622
Interest on lease liabilities	租賃負債利息	**1,137**	1,289
Interest expense arising from revenue contracts	合約收益產生的利息開支	**312,134**	257,323
Total interest expense on financial liabilities not at fair value through profit or loss	並非按公平值計入損益的金融負債的利息開支總額	**2,120,691**	2,204,234
Less: Interest capitalised	減：資本化利息	**(2,024,147)**	(2,037,979)
		96,544	166,255

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for Hong Kong profits income tax as they did not have any assessable profits currently arising in Hong Kong for the six months ended 30 June 2021 and 2020.

Subsidiaries of the Group operating in Mainland China were subject to the People's Republic of China ("**PRC**") corporate income tax ("**CIT**") with a tax rate of 25% during the reporting period (2020: 25%) except for the following subsidiary:

7. 所得稅

本集團須就本集團成員公司註冊及經營所在稅務司法權區產生或源自其的利潤按實體基準繳納所得稅。根據開曼群島及英屬處女群島的規則及規例，本公司及本集團於開曼群島註冊成立的附屬公司無須繳納任何所得稅。本集團於香港註冊成立的附屬公司無須繳納香港利得稅，因為該等公司於截至二零二一年及二零二零年六月三十日止六個月並無於香港產生任何應課稅利潤。

除以下附屬公司外，本集團於中華人民共和國（「**中國**」）經營的附屬公司於報告期間須按25%（二零二零年：25%）的稅率繳納中國企業所得稅（「**企業所得稅**」）：

Company name	**公司名稱**	**Corporate income tax rate 企業所得稅率**
Chongqing Jinhui Changjiang Properties Co., Ltd.*	重慶金輝長江房地產有限公司*	15%

* According to the Announcement on Further Implementation of Corporate Income Tax Policy for the development of the Western Regions (2012 No.12) issued by the State Taxation Administration and the extension of the Corporate Income Tax Policy for the development of the Western Regions (2020 No.23) jointly issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, Chongqing Jinhui Changjiang, a subsidiary of the Group, is qualified to enjoy the preferential tax policy of western regions enterprise income tax of 15% till 2030.

* 根據國家稅務總局頒佈的《關於深入實施西部大開發戰略有關企業所得稅問題的公告》（二零一二年第12號），以及由財政部、國家稅務總局及國家發展和改革委員會聯合頒佈的《關於延續西部大開發企業所得稅政策的公告》（二零二零年第23號），直至二零三零年，本集團附屬公司重慶金輝長江合資格享有15%的西部地區企業稅收優惠稅率。

7. INCOME TAX (Continued)

PRC land appreciation tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

7. 所得稅(續)

中國土地增值稅(「**土地增值稅**」)乃按照介乎30%至60%的累進稅率對土地增值額徵收，土地增值額為物業銷售所得款項減可扣減開支(包括土地成本、借款成本及其他物業開發開支)。本集團根據有關中國內地稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **(未經審核)**	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Current tax:	即期稅項：		
PRC CIT	企業所得稅	**942,431**	529,804
PRC LAT	土地增值稅	**554,748**	392,679
Deferred tax	遞延稅項	**(326,129)**	(180,471)
Total tax charge for the period	期內稅項支出總額	**1,171,050**	742,012

8. DIVIDENDS

The proposed final dividend for the year 2020 of HK$0.32 (equivalent to RMB0.27) per ordinary share, amounting to a total of approximately RMB1,092,211,290, was approved by the Company's shareholders at the annual general meeting held on 12 May 2021. The above-mentioned declared dividend was paid before 30 June 2021.

The directors have resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

8. 股息

本公司股東於二零二一年五月十二日舉行的股東週年大會上批准建議二零二零年末期股息每股普通股0.32港元(相當於人民幣0.27元)，合共約為人民幣1,092,211,290元。上述已宣派股息已於二零二一年六月三十日前支付。

董事已決議不就截至二零二一年六月三十日止六個月宣派任何中期股息(截至二零二零年六月三十日止六個月：無)。

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 4,045,227,000 (six months ended 30 June 2020: 3,400,000,000) in issue during the reporting period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the reporting periods.

The calculation of the basic earnings per share is based on:

9. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通權益持有人應佔期內溢利及報告期間已發行普通股加權平均數4,045,227,000股（截至二零二零年六月三十日止六個月：3,400,000,000股）計算。

截至二零二一年及二零二零年六月三十日止六個月，並無就攤薄對列報的每股基本盈利金額作出調整，乃由於本集團於報告期間並無發行任何潛在攤薄普通股。

每股基本盈利乃按以下各項計算：

		For the six months ended 30 June 截至六月三十日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Earnings	**盈利**		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	用於計算每股基本盈利之母公司普通權益持有人應佔溢利：		
From continuing operations	來自持續經營業務	**1,825,266**	607,812

		Number of shares 股份數目	
		2021 2021年	2020 2020年
Shares	**股份**		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	用於計算每股基本盈利的期內已發行普通股之加權平均數	**4,045,227,000**	3,400,000,000

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at a cost of RMB8,101,000 (30 June 2020: RMB6,301,000).

Assets with a net book value of RMB873,000 were disposed of by the Group during the six month ended 30 June 2021 (30 June 2020: RMB262,000), excluding the property, plant and equipment disposed of through the disposal of subsidiaries disclosed in note 20, where no gain or loss was recognised on disposal.

During the six months ended 30 June 2021, no impairment (30 June 2020: Nil) was recognised for certain property, plant and equipment.

As at 30 June 2021, the Group's property, plant and equipment with an aggregate carrying amount of RMB8,707,000 (31 December 2020: RMB24,049,000) have been pledged to secure bank and other borrowings granted to the Group (note 15).

As at 30 June 2021, the Group's property, plant and equipment with an aggregate carrying amount of RMB23,167,000 (31 December 2020: RMB23,468,000) have been pledged to secure asset-backed securities granted to the Group (note 16).

10. 物業、廠房及設備

截至2021年6月30日止六個月，本集團按人民幣8,101,000元（2020年6月30日：人民幣6,301,000元）的成本收購資產。

本集團於截至2021年6月30日止六個月出售賬面淨值為人民幣873,000元（2020年6月30日：人民幣262,000元）的資產，但不包括透過出售附屬公司出售的物業、廠房及設備（於附註20披露），當中並無確認出售的收益或虧損。

截至2021年6月30日止六個月，並無就若干物業、廠房及設備確認減值（2020年6月30日：無）。

於2021年6月30日，本集團總賬面值為人民幣8,707,000元（2020年12月31日：人民幣24,049,000元）的物業、廠房及設備已被抵押，為本集團獲授的銀行及其他借款作抵押（附註15）。

於2021年6月30日，本集團總賬面值為人民幣23,167,000元（2020年12月31日：人民幣23,468,000元）的物業、廠房及設備已質押，為本集團獲授的資產抵押證券作抵押（附註16）。

11. INVESTMENT PROPERTIES

11. 投資物業

		Completed 已竣工 RMB'000 人民幣千元	Under construction 在建 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Carrying amount at 1 January 2020	於2020年1月1日的賬面值	9,733,200	773,000	10,506,200
Additions	添置	–	9,394	9,394
Transferred	轉撥	140,394	(140,394)	–
Fair value gains on investment properties	投資物業的公平值收益	414,906	22,100	437,006
Carrying amount at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日的賬面值	10,288,500	664,100	10,952,600
Additions	添置	–	190,198	190,198
Transfer from properties under development	轉撥自開發中物業	–	2,140,016	2,140,016
Transferred	轉撥	2,330,214	(2,330,214)	–
Fair value gains on investment properties	投資物業的公平值收益	497,286	3,900	501,186
Carrying amount at 30 June 2021	於2021年6月30日的賬面值	13,116,000	668,000	13,784,000

The Group's investment properties as at 30 June 2021 were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an independent professionally qualified valuer, at RMB13,784,000,000 (31 December 2020: RMB10,952,600,000) on an open market, existing use basis.

本集團於2021年6月30日的投資物業乃由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司(「**仲量聯行**」)基於公開市場及現有用途估值為人民幣13,784,000,000元(2020年12月31日:人民幣10,952,600,000元)。

As at 30 June 2021, the Group's investment properties with an aggregate carrying amount of approximately RMB3,177,900,000 (31 December 2020: RMB3,091,386,000) were pledged to secure bank and other borrowings granted to the Group (note 15).

於2021年6月30日,本集團總賬面值為約人民幣3,177,900,000元(2020年12月31日:人民幣3,091,386,000元)的投資物業已質押,為本集團獲授的銀行及其他借款作抵押(附註15)。

As at 30 June 2021, the Group's investment properties with an aggregate carrying amount of approximately RMB5,112,600,000 (31 December 2020: RMB5,064,000,000) were pledged to secure asset-backed securities granted to the Group (note 16).

於2021年6月30日,本集團總賬面值為人民幣5,112,600,000元(2020年12月31日:人民幣5,064,000,000元)的投資物業已質押,為本集團的資產抵押證券作抵押(附註16)。

11. INVESTMENT PROPERTIES (Continued)

The fair value measurement hierarchy of the Group's investment properties is at Level 3 and the significant unobservable inputs of the valuation techniques are the expected rental value, capitalisation rate and expected selling price, etc.

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which has been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase/decrease in the estimated rental value would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the capitalisation rate would result in a significant decrease/increase in the fair value of the investment properties.

The fair value of commercial properties under construction which are at the initial construction stage is determined using the asset-based method. The asset-based method is to use the market comparison method to evaluate the fair value of the land use right and consider the book value of the construction and installation costs incurred to obtain the fair value of the project under construction.

A higher expected value would result in a higher fair value of these investment properties under construction at the initial construction stage.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

11. 投資物業(續)

本集團投資物業的公平值計量層級為第三級，而估值技術的重大不可觀察輸入數據為預期租賃價值、資本化比率及預期售價等。

已竣工商業物業的公平值乃使用收益法釐定，方法是通過計入以現有租賃所得及／或在現有市場上可收取的物業租金收入，且已就租賃的復歸收入潛力作適當估量，並已按適當的資本化率進行資本化以釐定公平值。在適當情況下，亦曾考慮參考相關市場可資比較的銷售交易。

估計租金價值大幅增加／減少將導致投資物業的公平值大幅增加／減少。資本化率大幅增加／減少將導致投資物業的公平值大幅減少／增加。

在建商業物業的公平值於建設初期使用資產基礎法釐定。資產基礎法是使用市場比較法來評估土地使用權的公平值，並考慮該建設及安裝產生成本的賬面值以獲得在建項目的公平值。

該等在建投資物業於建設初期階段的預期值越高，則公平值越高。

於報告期間，第一級與第二級之間並無公平值計量的轉撥，亦無轉撥至或轉撥自第三級。

12. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

12. 貿易應收款項

於報告期末基於發票日期及扣除虧損撥備的貿易應收款項的賬齡分析如下：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 year	一年內	**36,177**	13,826
1 to 3 years	一至三年	**5,243**	9,655
Over 3 years	超過三年	**842**	710
		42,262	24,191

13. CASH AND BANK BALANCES

13. 現金及銀行結餘

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	**25,478,996**	26,590,952
Less: Restricted cash	減：受限制現金	**6,065,327**	5,420,396
Pledged deposits	已抵押存款	**722,858**	438,433
Cash and cash equivalents	現金及現金等價物	**18,690,811**	20,732,123
Denominated in RMB	以人民幣計值	**17,911,315**	17,918,844
Denominated in US$	以美元計值	**19,568**	264,737
Denominated in HK$	以港元計值	**759,928**	2,548,542
		18,690,811	20,732,123

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 30 June 2021, such restricted cash amounted to RMB6,035,298,000 (31 December 2020: RMB4,953,540,000).

Bank deposits of RMB264,192,000 (31 December 2020: RMB214,130,000) were pledged as security for bank and other borrowings as at 30 June 2021 (note 15). Bank deposits of RMB458,666,000 (31 December 2020: RMB224,303,000) were pledged as security for purchasers' mortgage loans and construction of projects as at 30 June 2021.

根據有關中國法規，本集團的若干房地產開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。於2021年6月30日，該等受限制現金為人民幣6,035,298,000元（2020年12月31日：人民幣4,953,540,000元）。

於2021年6月30日，人民幣264,192,000元（2020年12月31日：人民幣214,130,000元）的銀行存款已質押，作為銀行及其他借款的抵押品（附註15）。於2021年6月30日，人民幣458,666,000元（2020年12月31日：人民幣224,303,000元）的銀行存款已質押，作為買方按揭貸款及項目建設的抵押品。

14. TRADE AND NOTES PAYABLES

14. 貿易應付款項及應付票據

An ageing analysis of the Group's trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

於報告期末，基於發票日期的本集團貿易應付款項及應付票據的賬齡分析如下：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 year	一年以內	**11,273,940**	12,266,813
Over 1 year	一年以上	**666,297**	655,756
		11,940,237	12,922,569

As at 30 June 2021, trade payables includes RMB310,382,000 (31 December 2020: Nil) due to suppliers that have signed up to a supply chain financing programme, under which the suppliers can receive a discounted early payment from the special purpose entities ("**SPE**") rather than being paid in line with the agreed payment terms. Under this arrangement, the Group's liability is assigned by the supplier to be due to the SPE rather than the supplier. The value of the liability payable by the Group remains unchanged. The Group assesses the arrangement against indicators to assess if debts which have been sold by vendors to the funder under the supplier financing scheme continue to meet the definition of trade payables or should be classified as borrowings. As at 30 June 2021, the payables met the criteria of trade payables.

於二零二一年六月三十日，貿易應付款項包括應付已簽署供應鏈融資計劃的供應商之人民幣310,382,000元（二零二零年十二月三十一日：無），據此，供應商可自特殊目的實體（「**特殊目的實體**」）收取經貼現預付款，而非按與協定付款條款支付。於此安排下，供應商將本集團的負債轉移至應付特殊目的實體而非供應商。本集團應付的負債價值維持不變。本集團根據指標評估安排，以評估賣方根據供應商融資計劃向資助人出售的債務是否繼續符合貿易應付款項的定義，抑或應被分類為借款。於二零二一年六月三十日，應付款項符合貿易應付款項的標準。

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

15. 計息銀行及其他借款

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Current	**即期**		
Bank loans – secured	銀行貸款－有抵押	**142,015**	12,561
Other borrowings – unsecured	其他借款－無抵押	**218,500**	–
Current portion of long term bank loans – secured	長期銀行貸款的即期部分－有抵押	**6,519,106**	5,727,540
Current portion of long term other borrowings – secured	長期其他借款的即期部分－有抵押	**544,561**	3,994,330
		7,424,182	9,734,431
Non-current	**非即期**		
Bank loans – secured	銀行貸款－有抵押	**29,433,772**	22,612,905
Other borrowings – secured	其他借款－有抵押	**1,822,390**	3,255,100
		31,256,162	25,868,005
		38,680,344	35,602,436

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

15. 計息銀行及其他借款（續）

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Analysed into:	分析為：		
Bank loans repayable	應償還銀行借款		
Within one year	一年內	**6,661,121**	5,740,101
In the second year	第二年	**12,425,022**	11,909,435
In the third to fifth years, inclusive	第三年至第五年（包括首尾兩年）	**16,904,350**	10,574,470
Over five year	五年後	**104,400**	129,000
		36,094,893	28,353,006
Other borrowings repayable	其他應償還借款		
Within one year	一年內	**763,061**	3,994,330
In the second year	第二年	**1,822,390**	3,155,100
In the third to fifth years, inclusive	第三年至第五年（包括首尾兩年）	**–**	100,000
		2,585,451	7,249,430
		38,680,344	35,602,436

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

15. 計息銀行及其他借款(續)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

本集團若干銀行及其他借款以下列資產作抵押，該等資產於報告期末的賬面值如下：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	**8,707**	24,049
Land use rights	土地使用權	**2,740**	4,624
Investment properties (note 11)	投資物業(附註11)	**3,177,900**	3,091,386
Properties under development	開發中物業	**62,080,470**	56,091,133
Completed properties held for sale	持作出售的已竣工物業	**–**	118,586
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	**24,367**	–
Pledged deposits (note 13)	已抵押存款(附註13)	**264,192**	214,130

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

本公司管理層經評估認為，計息銀行及其他借款的公平值與其賬面值相若，很大程度上是由於該等借款乃由本集團與獨立第三方金融機構按現行市場利率進行。

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2021, a third party 金科地產集團股份有限公司 (Jinke Real Estate Group Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings of up to RMB4,330,900 (31 December 2020: RMB169,224,650).

As at 31 December 2020, a third party 上海中梁地產集團有限公司 (Shanghai Zhongliang Real Estate Group Co., Ltd.) had guaranteed certain of the Group's bank and other borrowings of up to RMB42,000,000, which have been settled in the year of 2021.

As at 31 December 2020, third parties 湖北三峽華翔集團有限公司 (Hubei Sanxia Hua Xiang Group Co., Ltd.) and 福建友興投資有限公司 (Fujian Youxing Investment Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings of up to RMB782,000,000, which have been settled in the year of 2021.

As at 30 June 2021, a third party 重慶置盛泓熠企業管理有限公司 (Chongqing Zhisheng Hongyi Corporate Management Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings of up to RMB352,500,000 (31 December 2020: RMB545,820,000).

As at 30 June 2021, a third party 重慶德睿輝實業有限公司 (Chongqing Deruihui Industrial Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings of up to RMB732,250,000 (31 December 2020: RMB800,000,000).

As at 30 June 2021, a third party 新力地產集團有限公司 (Sinic Real Estate Group Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB120,000,000 (31 December 2020: RMB240,000,000).

15. 計息銀行及其他借款(續)

於2021年6月30日,第三方金科地產集團股份有限公司為最多人民幣4,330,900元(2020年12月31日:人民幣169,224,650元)的若干銀行及其他借款提供擔保。

於2020年12月31日,第三方上海中梁地產集團有限公司為最多人民幣42,000,000元的若干銀行及其他借款提供擔保,該等借款已於2021年結清。

於2020年12月31日,第三方湖北三峽華翔集團有限公司及福建友興投資有限公司為最多人民幣782,000,000元的若干銀行及其他借款提供擔保,該等借款已於2021年結清。

於2021年6月30日,第三方重慶置盛泓熠企業管理有限公司為最多人民幣352,500,000元(2020年12月31日:人民幣545,820,000元)的若干銀行及其他借款提供擔保。

於2021年6月30日,第三方重慶德睿輝實業有限公司為最多人民幣732,250,000元(2020年12月31日:人民幣800,000,000元)的若干銀行及其他借款提供擔保。

於2021年6月30日,第三方新力地產集團有限公司為最多人民幣120,000,000元(2020年12月31日:人民幣240,000,000元)的若干銀行及其他借款提供擔保。

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2021, a third party 保利發展控股集團股份有限公司 (Poly Developments and Holdings Group Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB200,000,000 (31 December 2020: Nil).

As at 30 June 2021, a third party 石家莊市天公房地產開發有限公司 (Shijiazhuang Tiangong Properties Development Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB100,000,000 (31 December 2020: Nil).

15. 計息銀行及其他借款(續)

於2021年6月30日，第三方保利發展控股集團股份有限公司為最多人民幣200,000,000元(2020年12月31日：無)的若干銀行及其他借款提供擔保。

於2021年6月30日，第三方石家莊市天公房地產開發有限公司為最多人民幣100,000,000元(2020年12月31日：無)的若干銀行及其他借款提供擔保。

16. PROCEEDS FROM ASSET-BACKED SECURITIES ("ABS")

16. 從資產抵押證券(「資產抵押證券」)獲得的所得款項

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Analysed into:	分析為：		
Proceeds from asset-backed securities	從資產抵押證券獲得的所得款項		
Current portion	即期部分	**185,735**	770,798
Non-current portion	非即期部分	**2,653,434**	2,690,573

16. PROCEEDS FROM ASSET-BACKED SECURITIES ("ABS") (Continued)

The balance represented proceeds received from special purpose entities ("**SPE**") set up by financial institutions in the PRC for issuance of asset-backed securities, for which the Group has collateralised certain future trade receivables for the remaining receipts from the provision of property management services, the sale of properties and property lease income. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

As at 30 June 2021, certain of the Group's asset-backed securities are secured by the pledges of property, plant and equipment of RMB23,167,000 (31 December 2020: RMB23,468,000), right-of-use assets of RMB20,026,000 (31 December 2020：RMB20,302,000), and investment properties of RMB5,112,600,000 (31 December 2020: RMB5,064,000,000) (note 11).

16. 從資產抵押證券(「資產抵押證券」)獲得的所得款項(續)

結餘指由中國金融機構建立的特殊目的實體(「**特殊目的實體**」)就發行資產抵押證券收取的所得款項，而本集團將提供物業管理服務、銷售物業及物業租賃收入餘下收益的若干未來貿易應收款項作抵押。根據本集團及特殊目的實體的分配安排，本集團自客戶收取銷售所得款項時，本集團將匯出其代表特殊目的實體所收取的任何現金流量。

於2021年6月30日，本集團將人民幣23,167,000元(2020年12月31日：人民幣23,468,000元)的若干物業、廠房及設備、人民幣20,026,000元(2020年12月31日：人民幣20,302,000元)的使用權資產及人民幣5,112,600,000元(2020年12月31日：人民幣5,064,000,000元)的投資物業為本集團的資產抵押證券作抵押(附註11)。

17. SENIOR NOTES

17. 優先票據

Name of senior notes 優先票據名稱		1 January 2021 Opening balance 於2021年1月1日的期初結餘 RMB'000 人民幣千元	Issued in 2021 於2021年發行 RMB'000 人民幣千元	Interest expense 利息開支 RMB'000 人民幣千元	The effect of foreign currency exchange 外幣匯兌的影響 RMB'000 人民幣千元	Payment 付款 RMB'000 人民幣千元	30 June 2021 Closing balance 於2021年6月30日的期末結餘 RMB'000 人民幣千元 (Unaudited) (未經審核)
2021 Notes*	2021年票據*	1,645,957	–	91,975	(5,353)	(247,801)	1,484,778
2022 Notes*	2022年票據*	2,030,005	–	100,878	(9,913)	(122,819)	1,998,151
2023 Notes	2023年票據	1,619,655	–	71,150	(10,538)	(71,150)	1,609,117
							5,092,046
Analysed into:	分析為：						
Current portion	即期部分						5,092,046

17. SENIOR NOTES (Continued)

17. 優先票據(續)

Name of senior notes 優先票據名稱		1 January 2020 Opening balance 於2020年1月1日的期初結餘 RMB'000 人民幣千元	Issued in 2020 於2020年發行 RMB'000 人民幣千元	Interest expense 利息開支 RMB'000 人民幣千元	The effect of foreign currency exchange 外幣匯兌的影響 RMB'000 人民幣千元	Payment 付款 RMB'000 人民幣千元	31 December 2020 Closing balance 於2020年12月31日的期末結餘 RMB'000 人民幣千元 (Audited) (經審核)
2021 Notes	2021年票據	1,740,198	–	202,608	(94,241)	(202,608)	1,645,957
2022 Notes	2022年票據	–	2,066,340	208,212	(135,914)	(108,633)	2,030,005
2023 Notes	2023年票據	–	1,745,469	81,771	(131,715)	(75,870)	1,619,655
							5,295,617
Analysed into:	分析為：						
Non-current portion	非即期部分						3,549,874
Current portion	即期部分						1,745,743

* In 2021, Radiance Capital Investments Limited, a subsidiary of the Company repurchased 2021 Notes at a coupon rate of 11.75% due on 31 October 2021 with an aggregate principal amount of US$23,500,000 and 2022 Notes at a coupon rate of 10.50% due on 16 June 2022 with an aggregate principal amount of US$3,200,000.

* 於2021年，本公司附屬公司金輝資本投資有限公司按11.75%的票面利率購回於2021年10月31日到期及本金總額為23,500,000美元的2021年票據及按10.50%的票面利率購回於2022年6月16日到期及本金總額為3,200,000美元的2022年票據。

18. CORPORATE BONDS

18. 公司債券

Name of bonds 債券名稱		1 January 2021 Opening balance 於2021年1月1日的期初結餘 RMB'000 人民幣千元	Issued in 2021 於2021年發行 RMB'000 人民幣千元	Interest expense 利息開支 RMB'000 人民幣千元	Payment 付款 RMB'000 人民幣千元	30 June 2021 Closing balance 於2021年6月30日的期末結餘 RMB'000 人民幣千元 (Unaudited) (未經審核)
16 Jinhui 01	16金輝01	500,394	–	853	(501,247)	–
16 Jinhui 02	16金輝02	1,511,192	–	23,198	(1,534,390)	–
16 Jinhui 03	16金輝03	262,521	–	5,729	(268,250)	–
18 Jinhui 01	18金輝01	739,042	–	13,458	(752,500)	–
18 Jinhui 02	18金輝02	768,971	–	26,451	–	795,422
19 Jinhui 01	19金輝01	2,089,398	–	75,374	(150,000)	2,014,772
19 Jinhui 03	19金輝03	1,134,410	–	42,864	–	1,177,274
20 Jinhui 01	20金輝01	671,567	–	23,592	(45,175)	649,984
20 Jinhui 02	20金輝02	511,676	–	18,475	–	530,151
20 Jinhui 03	20金輝03	1,225,397	–	42,649	–	1,268,046
21 Jinhui 01 (note)	21金輝01 (附註)	–	1,346,580	3,446	–	1,350,026
		9,414,568	1,346,580	276,089	(3,251,562)	7,785,675

18. CORPORATE BONDS (Continued)　18. 公司債券（續）

Name of bonds 債券名稱		1 January 2020 Opening balance 於2020年1月1日的期初結餘 RMB'000 人民幣千元	Issued in 2020 於2020年發行 RMB'000 人民幣千元	Interest expense 利息開支 RMB'000 人民幣千元	Payment 付款 RMB'000 人民幣千元	31 December 2020 Closing balance 於2020年12月31日的期末結餘 RMB'000 人民幣千元 (Audited) (經審核)
16 Jinhui 01	16金輝01	500,394	–	34,102	(34,102)	500,394
16 Jinhui 02	16金輝02	1,511,192	–	104,390	(104,390)	1,511,192
16 Jinhui 03	16金輝03	262,521	–	18,250	(18,250)	262,521
18 Jinhui 01	18金輝01	1,052,898	–	61,144	(375,000)	739,042
18 Jinhui 02	18金輝02	1,496,092	–	95,659	(822,780)	768,971
18 Jinhui 03	18金輝03	404,382	–	25,618	(430,000)	–
19 Jinhui 01	19金輝01	2,084,945	–	154,453	(150,000)	2,089,398
19 Jinhui 02	19金輝02	856,751	–	57,014	(913,765)	–
19 Jinhui 03	19金輝03	1,133,487	–	85,673	(84,750)	1,134,410
20 Jinhui 01	20金輝01	–	645,919	25,648	–	671,567
20 Jinhui 02	20金輝02	–	496,000	15,676	–	511,676
20 Jinhui 03	20金輝03	–	1,214,000	11,397	–	1,225,397
		9,302,662	2,355,919	689,024	(2,933,037)	9,414,568

18. CORPORATE BONDS (Continued)

18. 公司債券(續)

As at the end of the reporting period, the Group's corporate bonds were repayable as follows:

於報告期末，本集團公司債券的償還期限如下：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Repayable within one year	須於一年內償還	**4,725,502**	7,056,468
Repayable within two to five years	須於二至五年內償還	**3,060,173**	2,358,100
		7,785,675	9,414,568

Note: On 18 June 2021, Radiance Group Co., Ltd. ("金輝集團股份有限公司") ("**Radiance Group**"), a subsidiary of the Group completed to issue five-year corporate bonds with a principal amount of RMB1,350,000,000 ("**21 Jinhui 01**"), which were publicly listed on the Shanghai Stock Exchange on 23 June 2021. 21 Jinhui 01 is denominated in RMB and bears interest at a rate of 6.95% per annum, and is payable annually in arrears on 18 June or on the business day nearest hereto each year, beginning on 18 June 2021. Radiance Group is entitled to adjust the interest rate upwards on the dates which is 15 days of trading prior to the second and fourth interest repayment date of 21 Jinhui 01. Upon the adjustment, bond holders may at their options ("**Put Options**") sell back 21 Jinhui 01 to Radiance Group on the second and fourth interest repayment dates.

附註：於2021年6月18日，本集團附屬公司金輝集團股份有限公司(「**金輝集團**」)完成發行本金為人民幣1,350,000,000元的五年期公司債券(「**21金輝01**」)，該債券於2021年6月23日在上海證券交易所公開上市。21金輝01以人民幣計值，並按年利率6.95%計息，須自2021年6月18日起於每年的6月18日或最接近該日的營業日按年支付。金輝集團有權於21金輝01的第二個及第四個利息償還日前15個交易日向上調整利率。於作出調整後，債券持有人可按照其期權(「**賣出期權**」)於第二個及第四個利息償還日將21金輝01售回予金輝集團。

19. SHARE CAPITAL

19. 股本

Shares

股份

		30 June 2021 2021年6月30日 HK$ 港元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 HK$ 港元 (Audited) (經審核)
Issued and fully paid: 4,045,227,000 (2020: 4,045,227,000) ordinary shares of HK$0.01 each (2020: HK$0.01 each)	已發行及繳足： 4,045,227,000股（2020年：4,045,227,000股）每股面值0.01港元（2020年：每股面值0.01港元）的普通股	**40,452,270**	40,452,270

A summary of movements in the Company's share capital is as follows:

本公司股本變動的概要如下：

		Number of shares in issue 已發行股份數目	Share capital 股本 RMB'000 人民幣千元
At 31 December 2020, 1 January 2021 and at 30 June 2021	於2020年12月31日、2021年1月1日及2021年6月30日	4,045,227,000	35,095

20. DISPOSAL OF SUBSIDIARIES

(a) 徐州輝耀房地產開發有限公司 ("Xuzhou Huiyao Properties Development Co., Ltd.", "Xuzhou Huiyao Properties")

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 21 June 2021, the registered capital of Xuzhou Huiyao Properties increased from RMB20,000,000 to RMB40,000,000. The additional capital of RMB20,000,000 was injected by a new shareholder. The equity interest in Xuzhou Huiyao Properties of Jurong Hongyuan Properties Development Co., Ltd., a subsidiary of the Group, decreased from 100% to 50%. Upon the completion of the capital injection, the Group lost control over Xuzhou Huiyao Properties. This transaction is accounted for as deemed disposal of a subsidiary.

20. 出售附屬公司

(a) 徐州輝耀房地產開發有限公司(「徐州輝耀房地產」)

根據日期為2021年6月21日的股東決議案及組織章程細則修訂，徐州輝耀房地產的註冊資本由人民幣20,000,000元增加至人民幣40,000,000元。人民幣20,000,000元的額外股本乃由一名新股東注入。本集團附屬公司句容弘源房地產開發有限公司於徐州輝耀房地產的股權由100%下降至50%。於注資完成後，本集團失去對徐州輝耀房地產的控制權。此交易乃以視作出售附屬公司入賬。

20. DISPOSAL OF SUBSIDIARIES (Continued)

(a) 徐州輝耀房地產開發有限公司 ("Xuzhou Huiyao Properties Development Co., Ltd.", "Xuzhou Huiyao Properties") (Continued)

The carrying values of the assets and liabilities on the date of the deemed disposal were as follows:

20. 出售附屬公司(續)

(a) 徐州輝耀房地產開發有限公司(「徐州輝耀房地產」)(續)

於視作出售日期，資產及負債的賬面值如下：

		RMB'000 人民幣千元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment	物業、廠房及設備	54
Properties under development	開發中物業	529,026
Contract cost assets	合約成本資產	4,057
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	56,442
Tax recoverable	可收回稅項	9,837
Deferred tax assets	遞延稅項資產	11,385
Cash and cash equivalents	現金及現金等價物	2,851
Trade and notes payables	貿易應付款項及應付票據	(55,441)
Other payables and accruals	其他應付款項及應計費用	(54,991)
Contract liabilities	合約負債	(499,642)
Deferred tax liabilities	遞延稅項負債	(3,353)
		225
Gain on deemed disposal of Xuzhou Huiyao Properties	視作出售徐州輝耀房地產之收益	19,775
Investment in a joint venture	於合營企業的投資	20,000
Satisfied by cash	以現金支付	–

20. DISPOSAL OF SUBSIDIARIES (Continued)

(a) 徐州輝耀房地產開發有限公司 ("Xuzhou Huiyao Properties Development Co., Ltd.", "Xuzhou Huiyao Properties") (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of the deemed disposal of Xuzhou Huiyao Properties is as follows:

20. 出售附屬公司(續)

(a) 徐州輝耀房地產開發有限公司(「徐州輝耀房地產」)(續)

就視作出售徐州輝耀房地產的現金及現金等價物之現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	–
Cash and cash equivalents of Xuzhou Huiyao Properties disposed of	出售徐州輝耀房地產之現金及現金等價物	(2,851)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	就出售一間附屬公司的現金及現金等價物之流出淨額	(2,851)

20. DISPOSAL OF SUBSIDIARIES (Continued)

(b) 湖南錦達發房地產有限公司 ("Hunan Jindafa Properties Co., Ltd.", "Hunan Jindafa Properties")

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 22 June 2021, the registered capital of Hunan Jindafa Properties increased from RMB50,000,000 to RMB100,000,000. The additional capital of RMB50,000,000 and reserve of RMB310,000,000 were injected by a new shareholder. The equity interest in Hunan Jindafa Properties of Fuzhou Ronghui Properties Co., Ltd., a subsidiary of the Group, decreased from 100% to 50%. Upon the completion of the capital injection, the Group lost control over Hunan Jindafa Properties. This transaction is accounted for as deemed disposal of a subsidiary.

20. 出售附屬公司(續)

(b) 湖南錦達發房地產有限公司(「湖南錦達發房地產」)

根據日期為2021年6月22日的股東決議案及組織章程細則修訂，湖南錦達發房地產的註冊資本由人民幣50,000,000元增加至人民幣100,000,000元。人民幣50,000,000元的額外股本及人民幣310,000,000元的儲備乃由一名新股東注入。本集團附屬公司福州融輝房地產有限公司於湖南錦達發房地產的股權由100%下降至50%。於注資完成後，本集團失去對湖南錦達發房地產的控制權。此交易乃以視作出售附屬公司入賬。

		RMB'000 人民幣千元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment	物業、廠房及設備	837
Right-of-use assets	使用權資產	1,420
Properties under development	開發中物業	747,185
Properties held for sale	持作出售物業	16,835
Contract cost assets	合約成本資產	4,622
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	796,719
Tax recoverable	可收回稅項	8,294
Deferred tax assets	遞延稅項資產	54,878
Cash and cash equivalents	現金及現金等價物	5,744
Pledged deposits	已抵押存款	56,461
Restricted cash	受限制現金	7,847
Trade and notes payables	貿易應付款項及應付票據	(197,238)
Lease liabilities	租賃負債	(1,388)
Other payables and accruals	其他應付款項及應計費用	(567,285)
Contract liabilities	合約負債	(573,941)
Deferred tax liabilities	遞延稅項負債	(1,163)
		359,827
Gain on deemed disposal of Hunan Jindafa Properties	視作出售湖南錦達發房地產之收益	173
Investment in a joint venture	於合營企業的投資	360,000
Satisfied by cash	以現金支付	–

20. DISPOSAL OF SUBSIDIARIES (Continued)

(b) 湖南錦達發房地產有限公司 ("Hunan Jindafa Properties Co., Ltd.", "Hunan Jindafa Properties") (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of the deemed disposal of Hunan Jindafa Properties is as follows:

20. 出售附屬公司(續)

(b) 湖南錦達發房地產有限公司(「湖南錦達發房地產」)(續)

就視作出售湖南錦達發房地產的現金及現金等價物之現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	–
Cash and cash equivalents of Hunan Jindafa Properties disposed of	出售湖南錦達發房地產之現金及現金等價物	(5,744)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	就出售一間附屬公司的現金及現金等價物之流出淨額	(5,744)

20. DISPOSAL OF SUBSIDIARIES (Continued)

(c) 荊州金輝融宇房地產開發有限公司 ("Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ", "Jingzhou Jinhui Rongyu Properties")

Pursuant to the resolutions of shareholders and amendments to the articles of association dated 10 June 2021, the registered capital of Jingzhou Jinhui Rongyu Properties increased from RMB110,000,000 to RMB220,000,000. The additional capital of RMB110,000,000 was injected by a new shareholder. The equity interest in Jingzhou Jinhui Rongyu Properties Chongqing Jinhui Changjiang Properties Co., Ltd. and Wuhan Jinhui Real Estate Co., Ltd., subsidiaries of the Group, decreased from 100% to 50%. Upon the completion of the capital injection, the Group lost control over Jingzhou Jinhui Rongyu Properties. This transaction is accounted for as deemed disposal of a subsidiary.

20. 出售附屬公司(續)

(c) 荊州金輝融宇房地產開發有限公司(「荊州金輝融宇房地產」)

根據日期為2021年6月10日的股東決議案及組織章程細則修訂，荊州金輝融宇房地產的註冊資本由人民幣110,000,000元增加至人民幣220,000,000元。人民幣110,000,000元的額外股本乃由一名新股東注入。於本集團附屬公司荊州金輝融宇房地產、重慶金輝長江房地產有限公司及武漢金輝置業有限公司的股權由100%下降至50%。於注資完成後，本集團失去對荊州金輝融宇房地產的控制權。此交易乃以視作出售附屬公司入賬。

20. DISPOSAL OF SUBSIDIARIES (Continued)

(c) 荊州金輝融宇房地產開發有限公司 ("Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ", "Jingzhou Jinhui Rongyu Properties") (Continued)

The carrying values of the assets and liabilities on the date of the deemded disposal were as follows:

20. 出售附屬公司(續)

(c) 荊州金輝融宇房地產開發有限公司(「荊州金輝融宇房地產」)(續)

於視作出售日期，資產及負債的賬面值如下：

		RMB'000 人民幣千元
Net assets disposed of:	出售之資產淨值：	
Property, plant and equipment	物業、廠房及設備	2,166
Right-of-use assets	使用權資產	24
Properties under development	開發中物業	1,073,989
Contract cost assets	合約成本資產	15,590
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	172,828
Tax recoverable	可收回稅項	12,357
Deferred tax assets	遞延稅項資產	19,771
Cash and cash equivalents	現金及現金等價物	6,730
Restricted cash	受限制現金	23,812
Trade and notes payables	貿易應付款項及應付票據	(150,921)
Lease liabilities	租賃負債	(21)
Other payables and accruals	其他應付款項及應計費用	(166,732)
Contract liabilities	合約負債	(924,860)
Deferred tax liabilities	遞延稅項負債	(6,400)
		78,333
Gain on deemed disposal of Jingzhou Jinhui Rongyu Properties	視作出售荊州金輝融宇房地產之收益	31,667
Investment in a joint venture	於合營企業的投資	110,000
Satisfied by cash	以現金支付	–

20. DISPOSAL OF SUBSIDIARIES (Continued)

20. 出售附屬公司(續)

(c) 荊州金輝融宇房地產開發有限公司 ("Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ", "Jingzhou Jinhui Rongyu Properties") (Continued)

(c) 荊州金輝融宇房地產開發有限公司(「荊州金輝融宇房地產」)(續)

An analysis of the cash flows of cash and cash equivalents in respect of the deemed disposal of Jingzhou Jinhui Rongyu Properties is as follows:

就視作出售荊州金輝融宇房地產的現金及現金等價物之現金流量分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	–
Cash and cash equivalents of Jingzhou Jinhui Rongyu Properties disposed of	出售荊州金輝融宇房地產之現金及現金等價物	(6,730)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	就出售一間附屬公司的現金及現金等價物之流出淨額	(6,730)

21. CONTINGENT LIABILITIES

21. 或然負債

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

於報告期末，於財務報表並無計提撥備的或然負債如下：

		Notes 附註	**30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)**	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	向銀行作出的有關授予本集團物業買方融資的擔保	(1)	**36,779,940**	34,134,745
Guarantees given to banks and other institutions in connection with facilities granted to related companies	向銀行及其他機構作出的有關授予關聯公司融資的擔保	(2)	**2,149,954**	5,515,450

21. CONTINGENT LIABILITIES (Continued)

Notes:

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and realise the pledged properties through open auction.

The Group's guarantee periods start from the dates of grant of the relevant mortgage loans and end upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 23.

Except as disclosed above, during the period and up to the end of the period, neither the Group nor the Company was involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

21. 或然負債(續)

附註：

(1) 本集團就若干銀行向本集團持作出售的竣工物業買方授出的按揭融資提供擔保。根據擔保安排的條款，如買方拖欠按揭付款，本集團負責向該等銀行償還未償還按揭本金及違約買方所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為按揭貸款的抵押品；倘該等買方拖欠按揭還款，該等銀行有權接管有關法定業權，並透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關按揭貸款日期起至買方獲發物業所有權證及辦理登記止，有關證明一般會於買方接管相關物業後的一至兩年內取得。

年內，本集團就向本集團持作出售的竣工物業買方授出的按揭融資提供的擔保並未產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值足以償還未償還按揭貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

(2) 本集團就授予關聯公司的借款向銀行及其他機構提供擔保。本公司董事認為，無須就擔保作出撥備，因為公平值並不重大。進一步詳情載於附註23。

除上文所披露者外，於期內及直至本期間末，本集團及本公司並無牽涉任何對本集團的財務狀況或經營業績有重大不利影響的訴訟、仲裁或行政程序、申索或糾紛。

22. COMMITMENTS

22. 承擔

The Group had the following capital commitments at the end of the reporting period:

本集團於報告期末有以下資本承擔：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Contracted, but no provided for:	已訂約但未撥備：		
– Property development activities	一開發中物業	**28,968,374**	25,459,665
– Acquisition of land use rights	一收購土地使用權	**1,773,905**	1,111,306
– Acquisition of equity interests	一因收購股權而注資	**2,844,644**	2,274,644
– Capital contributions payable to joint ventures and associates	一應向合營企業及聯營公司作出的注資	**103,571**	51,171
		33,690,494	28,896,786

23. RELATED PARTY TRANSACTIONS

23. 關聯方交易

(1) Significant related party transactions

The following transactions were carried out with related parties during the reporting period:

(1) 重大關聯方交易

以下為於報告期內與關聯方進行的交易：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **(未經審核)**	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Advances from related companies:	關聯公司墊款：		
Joint ventures	合營企業	**423,805**	350,744
Associates	聯營公司	**1,415,406**	315,115
Repayments of advances from related companies:	償還關聯公司墊款：		
Joint ventures	合營企業	**546,064**	1,224,701
Associates	聯營公司	**531,691**	214,451
Management consulting services provided to:	向以下方提供的管理諮詢服務：		
Joint ventures	合營企業	**33,400**	41,737
Associates	聯營公司	**49,082**	19,566
Advances to related parties:	向關聯方墊款：		
Joint ventures	合營企業	**1,881,025**	786,518
Associates	聯營公司	**3,110,056**	1,083,476
Receipt of advances to related parties:	收取向關聯方的墊款：		
Joint ventures	合營企業	**1,498,911**	1,245,062
Associates	聯營公司	**1,994,069**	1,538,458

23. RELATED PARTY TRANSACTIONS (Continued) 23. 關聯方交易(續)

(1) Significant related party transactions (Continued) (1) 重大關聯方交易(續)

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Property management services provided by:	由以下方提供的物業管理服務：		
Companies controlled by ultimate controlling shareholders	由最終控股股東控制的公司	**132,335**	86,269
Property lease income from:	物業租賃收入：		
Companies controlled by ultimate controlling shareholders	由最終控股股東控制的公司	**754**	430

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

該等交易乃根據參與各方相互協定的條款及條件進行。

(2) Other transactions with related parties: (2) 與關聯方的其他交易：

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Guarantees provided to related parties:	向關聯方提供的擔保：		
Joint ventures	合營企業	**1,165,817**	2,986,137
Associates	聯營公司	**984,137**	2,529,313

23. RELATED PARTY TRANSACTIONS (Continued)

23. 關聯方交易（續）

(3) Outstanding balances with related parties:

(3) 與關聯方的未清償結餘

		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Due from related parties:	應收關聯方款項：		
Trade-related:	貿易相關：		
Joint ventures	合營企業	**17,000**	6,790
Associates	聯營公司	**5,641**	20,796
Due from related parties:	應收關聯方款項：		
Non-trade-related:	非貿易相關：		
Joint ventures	合營企業	**5,931,897**	5,623,858
Associates	聯營公司	**2,778,339**	1,662,764
Due to related parties:	應付關聯方款項：		
Trade-related:	貿易相關：		
Companies controlled by the ultimate shareholders	由最終股東控制的公司	**34,960**	8,299
Due to related parties:	應付關聯方款項：		
Non-trade-related:	非貿易相關：		
Joint ventures	合營企業	**2,973,449**	3,095,708
Associates	聯營公司	**2,383,907**	1,500,192

Balances with the above related parties were unsecured and repayable on demand.

與上述關聯方的結餘均為無抵押且須按要求償還。

23. RELATED PARTY TRANSACTIONS (Continued) 23. 關聯方交易（續）

(4) Compensation of key management personnel of the Group (4) 本集團主要管理層人員薪酬

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	**6,712**	6,694
Pension scheme contributions	退休金計劃供款	**322**	227
Total compensation paid to key management personnel	向主要管理層人員支付的薪酬總額	**7,034**	6,921

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of reporting period, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

24. 金融工具的公平值及公平值層級

本集團金融工具（賬面值與公平值合理相若的金融工具除外）的賬面值及公平值如下：

		Carrying amounts 賬面值		Fair values 公平值	
		30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)	**30 June 2021 2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)**	31 December 2020 2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Financial assets	**金融資產**				
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	**184,115**	144,108	**185,115**	144,108
Financial liabilities	**金融負債**				
Interest-bearing bank and other borrowings	計息銀行及其他借款	**38,680,344**	35,602,436	**38,478,496**	35,532,022
Proceeds from asset-backed securities	資產抵押證券獲得的所得款項	**2,839,169**	3,461,371	**3,103,452**	3,685,557
Corporate bonds	公司債券	**7,785,675**	9,414,568	**7,554,747**	9,003,493
Senior notes	優先票據	**5,092,046**	5,295,617	**5,095,587**	5,409,713
		54,397,234	53,773,992	**54,232,282**	53,630,785

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade and notes payables, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, an amount due to the ultimate holding company, amounts due to related parties and guarantees given to banks in connection with facilities granted to related parties and third parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the group financial controller. The valuation process and results are discussed with the board of directors twice a year for financial reporting.

24. 金融工具的公平值及公平值層級（續）

管理層已進行評估，現金及現金等價物、已抵押存款、受限制現金、貿易應收款項、貿易應付款項及應付票據、計入預付款項、其他應收款項及其他資產的金融資產、應收關聯方款項、貿易應付款項及應付票據、計入其他應付款項及應計費用的金融負債、應收／應付附屬公司款項、應付最終控股公司款項、應付關聯方款項以及就授予關聯方及第三方的融資而向銀行作出的擔保的公平值與其賬面值相若，很大程度乃由於該等工具期限較短。

本集團的企業財務團隊由集團財務總監領導，負責製定金融工具公平值計量的政策及程序。企業財務團隊直接向集團財務總監及董事會匯報。於各報告日期，企業財務團隊分析金融工具價值的變動情況，並釐定估值所用的主要輸入數據。估值由集團財務總監審核並批准。估值程序及結果由董事會每年進行兩次討論，以作財務申報。

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of interest-bearing bank and other borrowings and certain proceeds from asset-backed securities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 and 30 June 2021 was assessed to be insignificant.

The fair values of certain proceeds from asset-backed securities, corporate bonds and senior notes are based on quoted market prices.

24. 金融工具的公平值及公平值層級（續）

金融資產及負債的公平值以自願交易方（強迫或清盤銷售除外）當前交易中該工具的可交易金額入賬。以下為用於估計公平值的方法及假設：

本集團投資於非上市投資，即由中國內地銀行發行之理財產品。本集團藉按照具有類似條款及風險之工具之市場利率，使用貼現現金流量估值模型估計該等非上市投資之公平值。

計息銀行及其他借款及若干資產抵押證券獲得的所得款項的公平值乃通過將預期未來現金流量按現時可用於具類似條款、信用風險及餘下還款期限之工具的利率進行貼現計算。本集團於2020年12月31日及2021年6月30日自身的計息銀行及其他借款的不履約風險被評定為並不重大。

若干資產抵押證券獲得的所得款項、公司債券及優先票據的公平值乃按市場報價計算。

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

24. 金融工具的公平值及公平值層級(續)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

公平值層級

下表列示本集團金融工具的公平值計量層級：

Assets measured at fair value:

Financial assets at fair value through profit or loss

按公平值計量的資產：

按公平值計入損益的金融資產

		Fair value measurement using 使用以下各項所作的公平值計量			
		Quoted prices in active markets (Level 1) 活躍市場上的報價 (第一級)	Significant observable inputs (Level 2) 重大可觀察輸入數據 (第二級)	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 (第三級)	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 30 June 2021	於2021年6月30日	24,367	160,748	–	185,115
As at 31 December 2020	於2020年12月31日	25,837	118,271	–	144,108

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

24. 金融工具的公平值及公平值層級(續)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

公平值層級(續)

予以披露公平值的負債:

		Fair value measurement using 使用以下各項所作的公平值計量			
		Quoted prices in active markets (Level 1) 活躍市場上的報價(第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察輸入數據(第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據(第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 30 June 2021	於2021年6月30日				
Interest-bearing bank and other borrowings	計息銀行及其他借款	–	38,478,496	–	38,478,496
Proceeds from asset-backed securities	資產抵押證券獲得的所得款項	82,712	3,020,740	–	3,103,452
Corporate bonds	公司債券	7,554,747	–	–	7,554,747
Senior notes	優先票據	5,095,587	–	–	5,095,587
		12,733,046	41,499,236	–	54,232,282

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

24. 金融工具的公平值及公平值層級（續）

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed: (Continued)

公平值層級（續）

予以披露公平值的負債：（續）

		Fair value measurement using 使用以下各項所作的公平值計量			
		Quoted prices in active markets (Level 1) 活躍市場上的報價 (第一級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察輸入數據 (第二級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 31 December 2020	於2020年12月31日				
Interest-bearing bank and other borrowings	計息銀行及其他借款	–	35,532,022	–	35,532,022
Proceeds from asset-backed securities	資產抵押證券獲得的所得款項	648,577	3,036,980	–	3,685,557
Senior notes	優先票據	5,409,713	–	–	5,409,713
Corporate bonds	公司債券	9,003,493	–	–	9,003,493
		15,061,783	38,569,002	–	53,630,785

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities (six months ended 30 June 2020: Nil).

於報告期間，就金融資產及負債而言，第一級與第二級之間並無公平值計量的轉撥，亦無轉撥至或轉撥自第三級（截至2020年6月30日止六個月：無）。

25. EVENTS AFTER THE REPORTING PERIOD

On 29 July 2021, Radiance Group completed the issuance of five-year corporate bonds with a principal amount of RMB850,000,000 ("**21 Jinhui 02**"), which were publicly issued on the Shanghai Stock Exchange on 4 August 2021. 21 Jinhui 02 is denominated in RMB and bears interest at a rate of 6.95% per annum.

On 30 July 2021, Radiance Group issued asset-backed securities with a principal amount of RMB1,750,000,000 due in 2039. The A level and B level asset-backed securities bear interest at 6.00% and 6.50% per annum. Radiance Group subscribed subordinated asset-backed securities of RMB50,000,000.

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 12 August 2021.

25. 報告期後事項

於2021年7月29日，金輝集團完成發行本金為人民幣850,000,000元的五年期公司債券（「**21金輝02**」），該債券於2021年8月4日在上海證券交易所公開上市。21金輝02以人民幣計值，並按年利率6.95%計息。

於2021年7月30日，金輝集團發行本金額為人民幣1,750,000,000元及於2039年到期的資產抵押證券。A級及B級資產抵押證券以年利率6.00%及6.50%計息。金輝集團認購人民幣50,000,000元的次級資產抵押證券。

26. 批准中期簡明綜合財務資料

中期簡明綜合財務資料於2021年8月12日獲董事會批准及授權刊發。

Independent Auditor's Report

To the shareholders of Radiance Holdings (Group) Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Radiance Holdings (Group) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 178, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group owned investment properties in mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB10,952,600,000 as at 31 December 2020, including completed investment properties and investment properties under construction. The Group engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, to perform the valuations of these properties as at 31 December 2020. Significant judgement was required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of completed commercial properties was determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value of commercial properties under construction was determined using the cost method, which has taken into account the market value of land use right plus the construction cost incurred so far and applied appropriate gross margin. Changes in these assumptions would have significant effects on the valuation of investment properties. Accordingly, the valuation of investment properties was identified as a key audit matter. The accounting policies and disclosures of the investment properties were included in note 2.4, note 3 and note 14 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in the valuation of investment properties. We have evaluated the competency, independence and objectivity of the external valuer. We obtained an understanding of the valuation approach and key assumptions used by the external valuer. We have assessed the validity of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to relevant market information on a sampling basis. We have assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for land appreciation tax	
The Group is a property developer in mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in mainland China was one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. As at 31 December 2020, the management of the Group estimated the provision for LAT based on their understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. Provision for LAT in mainland China is significant to the consolidated financial statements of the Group and involved significant management's judgement and interpretation of the relevant tax provisions. Accordingly, provision for LAT was identified as a key audit matter. The accounting policies and disclosures of the provision for land appreciation tax were included in note 2.4, note 3 and note 10 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in the calculation of the provision for land appreciation tax. We have involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications with the relevant tax authorities and applying our knowledge and experience. We have also recalculated the tax computation and compared our calculations with the amounts recorded by the Group. We have assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

Independent Auditor's Report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

Independent Auditor's Report

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is SIU FUNG TERENCE HO.

Ernst & Young
Certified Public Accountants
Hong Kong
19 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	5	**34,875,174**	25,963,108
Cost of sales		**(27,162,266)**	(20,300,888)
Gross profit		**7,712,908**	5,662,220
Finance income		**95,302**	100,431
Other income and gains	5	**436,406**	187,641
Selling and distribution expenses		**(1,152,834)**	(771,495)
Administrative expenses		**(1,196,128)**	(988,052)
Finance costs	7	**(525,246)**	(494,863)
Other expenses		**(80,592)**	(49,065)
Fair value gains on investment properties	14	**437,006**	480,869
Fair value losses on financial assets at fair value through profit or loss		**(77)**	(266)
Share of profits and losses of:			
Joint ventures		**992,533**	510,165
Associates		**(182,519)**	(68,769)
PROFIT BEFORE TAX	6	**6,536,759**	4,568,816
Income tax expense	10	**(2,717,686)**	(1,878,828)
PROFIT FOR THE YEAR		**3,819,073**	2,689,988
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,819,073**	2,689,988
Attributable to:			
Owners of the parent		**3,127,526**	2,508,068
Non-controlling interests		**691,547**	181,920
		3,819,073	2,689,988
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	12	**RMB0.89**	RMB0.74

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**354,532**	375,297
Right-of-use assets	15	**121,185**	133,728
Investment properties	14	**10,952,600**	10,506,200
Intangible assets	16	**17,609**	18,276
Investments in joint ventures	17	**2,461,115**	1,736,684
Investments in associates	18	**4,911,875**	2,341,967
Financial assets at fair value through profit or loss	26	**110,300**	309,951
Deferred tax assets	19	**2,884,290**	2,873,970
Other non-current assets	25	**1,402,644**	1,402,644
Total non-current assets		**23,216,150**	19,698,717
CURRENT ASSETS			
Properties under development	20	**103,990,664**	86,103,704
Completed properties held for sale	21	**12,450,866**	8,884,710
Trade receivables	22	**24,191**	25,360
Contract cost assets	23	**771,064**	481,756
Due from related parties	43	**7,314,208**	7,815,085
Prepayments, other receivables and other assets	24	**10,455,096**	12,243,759
Tax recoverable		**814,489**	685,978
Financial assets at fair value through profit or loss	26	**33,808**	5,739
Restricted cash	27	**5,420,396**	3,762,566
Pledged deposits	27	**438,433**	418,642
Cash and cash equivalents	27	**20,732,123**	9,218,547
Total current assets		**162,445,338**	129,645,846
CURRENT LIABILITIES			
Trade and bills payables	28	**12,922,569**	8,401,573
Other payables and accruals	29	**2,890,303**	3,300,649
Contract liabilities	30	**69,086,961**	56,685,129
Due to related parties	43	**4,604,199**	4,911,899
Tax payable	10	**3,783,703**	2,763,367
Interest-bearing bank and other borrowings	31	**9,734,431**	13,979,311
Proceeds from asset-backed securities	32	**770,798**	1,156,041
Senior notes	33	**1,745,743**	34,154
Corporate bonds	34	**7,056,468**	4,035,868
Lease liabilities within one year	15	**15,637**	20,380
Total current liabilities		**112,610,812**	95,288,371
NET CURRENT ASSETS		**49,834,526**	34,357,475
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,050,676**	54,056,192

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	**25,868,005**	19,466,254
Proceeds from asset-backed securities	32	**2,690,573**	3,426,599
Senior notes	33	**3,549,874**	1,706,044
Corporate bonds	34	**2,358,100**	5,266,794
Lease liabilities	15	**7,402**	12,231
Deferred tax liabilities	19	**2,464,316**	2,799,068
Total non-current liabilities		**36,938,270**	32,676,990
Net assets		**36,112,406**	21,379,202
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	**35,095**	–
Reserves	36	**21,527,316**	16,830,242
		21,562,411	16,830,242
Non-controlling interests		**14,549,995**	4,548,960
Total equity		**36,112,406**	21,379,202

Mr. Lam Ting Keung
Director

Mr. Chen Chaorong
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the parent								
	Share capital RMB'000 Note 35	Share premium RMB'000 Note 36(a)	Capital reserve RMB'000 Note 36(b)	Statutory surplus reserves RMB'000 Note 36(c)	Asset revaluation reserve RMB'000 Note 36(d)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2019	–	–	(144,926)	1,441,003	5,287	13,020,810	14,322,174	3,210,016	17,532,190
Profit for the year	–	–	–	–	–	2,508,068	2,508,068	181,920	2,689,988
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	2,508,068	2,508,068	181,920	2,689,988
Appropriations to statutory surplus reserves	–	–	–	303,178	–	(303,178)	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	1,157,024	1,157,024
As at 31 December 2019 and 1 January 2020	–	–	(144,926)*	1,744,181*	5,287*	15,225,700*	16,830,242	4,548,960	21,379,202
Profit for the year	–	–	–	–	–	3,127,526	3,127,526	691,547	3,819,073
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	3,127,526	3,127,526	691,547	3,819,073
Appropriations to statutory surplus reserves	–	–	–	344,544	–	(344,544)	–	–	–
Issuance of new shares	35,095	2,297,175	–	–	–	–	2,332,270	–	2,332,270
Acquisition of additional interest in subsidiaries	–	–	(37,315)	–	–	–	(37,315)	(91,554)	(128,869)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	16,788	–	–	–	16,788	9,401,042	9,417,830
Dividends and distributions	–	–	–	–	–	(707,100)	(707,100)	–	(707,100)
At 31 December 2020	35,095	2,297,175*	(165,453)*	2,088,725*	5,287*	17,301,582*	21,562,411	14,549,995	36,112,406

* These reserve accounts comprise the consolidated reserves of RMB21,527,316,000 (2019: RMB16,830,242,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,536,759	4,568,816
Adjustments for:			
Depreciation of items of property, plant and equipment	6,13	44,778	54,878
Depreciation of right-of-use assets	6,15(a)	26,702	26,395
Amortisation of intangible assets	6,16	3,260	3,767
Impairment losses recognised for properties under development	6,20	155,979	183,913
Impairment losses recognised for completed properties held for sale	6,21	147,203	265,295
Impairment losses recognised for financial assets	6,22,24	(572)	83
Exchange gain		(258,649)	–
Fair value losses from financial assets at fair value through profit or loss		77	266
Gain on disposal of subsidiaries	5,40	(21,502)	(97,589)
Remeasurement gain on investment in an associate held before business combination	5	(35,052)	–
Gain on disposal of an associate	5	(51,100)	–
Share of profits and losses of joint ventures	17	(992,533)	(510,165)
Share of profits and losses of associates	18	182,519	68,769
Fair value gains on investment properties	14	(437,006)	(480,869)
Net (gain)/loss on disposal of items of property, plant and equipment		(167)	140
Finance costs	7	525,246	494,863
Finance income		(95,302)	(100,431)
Increase in properties under development and completed properties held for sale		(19,128,872)	(19,575,326)
Decrease/(increase) in prepayments and other receivables		1,909,370	(9,214,874)
Increase in restricted cash		(1,657,830)	(484,500)
Increase in pledged deposits		(17,534)	(52,040)
Decrease in trade receivables		1,835	38,817
Increase in contract cost assets		(289,308)	(151,276)
Increase in trade and bills payables		4,515,034	2,589,745
(Increase)/decrease in amounts due from related parties		(26,415)	6,784
Increase in other payables and accruals		1,844,634	3,179,343
Increase in contract liabilities		11,921,902	15,676,127
Increase in due to related parties		8,299	–
Cash generated from/(used in) operations		4,811,755	(3,509,069)
Interest received		95,302	100,431
Tax paid		(2,257,143)	(2,288,415)
Net cash flows from/(used in) operating activities		2,649,914	(5,697,053)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(28,171)**	(45,515)
Purchase of intangible assets	16	**(2,624)**	(1,565)
Increase in investment properties	14	**(9,394)**	(8,150)
Acquisition of subsidiaries	39	**(337,129)**	–
Disposal of subsidiaries	40	**(71,649)**	(45,513)
Acquisition of financial assets at fair value through profit or loss		**(31,097)**	(218,842)
Disposal of financial assets at fair value through profit or loss		**202,602**	1,228,557
Investments in joint ventures and associates		**(2,965,533)**	(517,890)
Dividends received from joint ventures		**281,330**	–
Advances to related parties	43	**(5,790,402)**	(11,477,734)
Receipt of advances to related parties	43	**6,317,694**	10,548,600
Disposal of items of property, plant and equipment		**3,351**	788
Net cash flows used in investing activities		**(2,431,022)**	(537,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of senior notes	33	**3,811,809**	1,706,044
Proceeds from issue of corporate bonds	34	**2,355,919**	3,959,475
Repayment of proceeds from issue of corporate bonds	34	**(2,264,000)**	(4,728,055)
Capital contribution from non-controlling shareholders of the subsidiaries		**8,974,830**	611,499
Interest paid		**(3,790,743)**	(2,624,436)
Advances from related parties	43	**2,375,210**	6,061,726
Repayment of advances from related parties	43	**(2,691,209)**	(4,033,640)
Proceeds from asset-backed securities	32	**–**	631,114
Repayment of proceeds from asset-backed securities	32	**(1,125,593)**	(778,274)
(Increase)/decrease in pledged deposits	27	**(2,257)**	623,025
Proceeds from interest-bearing bank and other borrowings		**28,327,547**	27,230,410
Repayment of interest-bearing bank and other borrowings		**(26,044,008)**	(23,111,597)
Payment of lease liabilities	15	**(25,901)**	(26,483)
Dividends paid	11	**(707,100)**	–
Acquisition of additional interest in subsidiaries		**(128,869)**	–
Proceeds from issue of new shares		**2,332,270**	–
Net cash flows from financing activities		**11,397,905**	5,520,808
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,616,797**	(713,509)
Cash and cash equivalents at beginning of year		**9,218,547**	9,932,056
Effect of foreign exchange rate changes, net		**(103,221)**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**20,732,123**	9,218,547
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**26,590,952**	13,399,755
Less: Restricted cash	27	**5,420,396**	3,762,566
Pledged deposits	27	**438,433**	418,642
Cash and cash equivalents as stated in the statement of cash flows		**20,732,123**	9,218,547

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the" Stock Exchange") on 29 October 2020. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Group was involved in property development and sales, property leasing and the provision of management consulting services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Radiance Group Holdings Limited, which is incorporated in the Cayman Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Directly held:					
Jubilance Properties Limited		British Virgin Islands	US$0.003	100.00%	Investment holding
Indirectly held:					
金輝投資(香港)有限公司 Kam Fei Investment (Hong Kong) Limited ("Kam Fei Investment")		Hong Kong ("HK")	HK$990	100.00%	Investment holding
金輝資本投資有限公司 Radiance Capital Investments Limited ("Radiance Capital Investments")	(1)	British Virgin Islands	US$50	96.00%	Financing
金輝北望控股有限公司 Radiance Capital Holdings Co., Limited ("Radiance Capital Holdings")	(1)	HK	HK$10	96.00%	Investment holding
金輝集團股份有限公司 Radiance Group Co., Ltd. ("Radiance Group")	(1)	People's Republic of China ("PRC") Mainland China	RMB1,800,000	96.00%	Property development
北京融輝置業有限公司 Beijing Ronghui Real Estate Co., Ltd. ("Beijing Ronghui Real Estate")	(1)	PRC/Mainland China	RMB300,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
北京金輝居業投資有限公司 Beijing Jinhui Juye Investment Co., Ltd. ("Beijing Jinhui Juye Investment")	(1)	PRC/Mainland China	RMB98,000	96.00%	Investment holding
北京金輝酒店管理有限公司 Beijing Jinhui Hotel Management Co., Ltd. ("Beijing Ronghui Hotel Management")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property management
福州金輝居業房地產有限公司 Fuzhou Jinhui Juye Properties Co., Ltd. ("Fuzhou Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
北京融輝茗業投資有限公司 Beijing Ronghui Mingye Investment Co., Ltd. ("Beijing Ronghui Mingye Investment")	(1)	PRC/Mainland China	RMB30,000	96.00%	Investment holding
北京金輝原山投資發展有限公司 Beijing Jinhui Yuanshan Investment Development Co., Ltd. ("Beijing Jinhui Yuanshan Investment")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property management
北京居業置業有限公司 Beijing Juye Real Estate Co., Ltd. ("Beijing Juye Real Estate")	(1)	PRC/Mainland China	RMB3,309,447	96.00%	Property development and leasing
北京北建陸港國際物流有限公司 Beijing Beijian Lugang International Logistics Co., Ltd. ("Beijing Beijian Lugang International")	(1)	PRC/Mainland China	RMB124,000	96.00%	Property development
天津融輝投資有限公司 Tianjin Ronghui Investment Co., Ltd. ("Tianjin Ronghui Investment")	(1)	PRC/Mainland China	RMB200,000	96.00%	Property development
天津金輝房地產開發有限公司 Tianjin Jinhui Properties Development Co., Ltd. ("Tianjin Jinhui Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
遼寧金輝置業有限公司 Liaoning Jinhui Real Estate Co., Ltd. ("Liaoning Jinhui Real Estate")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
瀋陽金輝居業房地產有限公司 Shenyang Jinhui Juye Properties Co., Ltd. ("Shenyang Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
重慶融輝房地產有限公司 Chongqing Ronghui Properties Co., Ltd. ("Chongqing Ronghui Properties")	(1)	PRC/Mainland China	RMB173,700	96.00%	Property development
成都融輝置業有限公司 Chengdu Ronghui Real Estate Co., Ltd. ("Chengdu Ronghui Real Estate")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
成都金輝居業置業有限公司 Chengdu Jinhui Juye Real Estate Co., Ltd. ("Chengdu Jinhui Juye Real Estate")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
瀋陽融輝居業房地產開發有限公司 Shenyang Ronghui Juye Properties Development Co., Ltd. ("Shenyang Ronghui Juye Properties")	(1)	PRC/Mainland China	RMB582,080	96.00%	Property development
合肥盛卓房地產開發有限公司 Hefei Shengzhuo Properties Development Co., Ltd. ("Hefei Shengzhuo")	(2)	PRC/Mainland China	RMB200,000	22.08%	Property development
瀋陽廣興房地產開發有限公司 Shenyang Guangxing Properties Development Co., Ltd. ("Shenyang Guangxing Properties")	(1)	PRC/Mainland China	RMB21,000	96.00%	Property development
石家莊融輝房地產開發有限公司 Shijiazhuang Ronghui Properties Development Co., Ltd. ("Shijiazhuang Ronghui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
石家莊啟輝房地產開發有限公司 Shijiazhuang Qihui Properties Development Co., Ltd. ("Shijiazhuang Qihui Properties")	(1)	PRC/Mainland China	RMB10,000	64.32%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
福州融輝房地產有限公司 Fuzhou Ronghui Properties Co., Ltd. ("Fuzhou Ronghui Properties")	(1)	PRC/Mainland China	RMB105,000	96.00%	Property development
福州金輝房地產開發有限公司 Fuzhou Jinhui Properties Development Co., Ltd. ("Fuzhou Jinhui Properties")	(1)	PRC/Mainland China	RMB17,150	97.20%	Property development
福州金輝置業有限公司 Fuzhou Jinhui Real Estate Co., Ltd. ("Fuzhou Jinhui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
融僑(福州)置業有限公司 Rongqiao (FuZhou) Real Estate Co., Ltd. ("Rongqiao (Fuzhou) Real Estate")	(1)	PRC/Mainland China	US$30,000	57.60%	Property development
福州融宇房地產有限公司 Fuzhou Rongyu Properties Co., Ltd. ("Fuzhou Rongyu Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
福清金輝房地產開發有限公司 Fuqing Jinhui Properties Development Co., Ltd. ("Fuqing Jinhui Properties")	(1)	PRC/Mainland China	RMB150,000	96.00%	Property development
福清融輝置業有限公司 Fuqing Ronghui Real Estate Co., Ltd. ("Fuqing Ronghui Real Estate")	(1)	PRC/Mainland China	RMB80,000	96.00%	Property development
福清金利方圓房地產有限公司 Fuqing Jinli Fangyuan Properties Co., Ltd. ("Fuqing Jinli Fangyuan Properties")	(2)	PRC/Mainland China	RMB50,000	34.56%	Property development
福清金福新茂房地產有限公司 Fuqing Jinfu Xinmao Properties Co., Ltd. ("Fuqing Jinfu Xinmao Properties")	(2)	PRC/Mainland China	RMB200,000	37.44%	Property development
福清金輝居業房地產有限公司 Fuqing Jinhui Juye Properties Co., Ltd. ("Fuqing Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
福建省平潭居業貿易有限公司 Fujian Pingtan Juye Trading Co., Ltd. ("Fujian Pingtan Juye Trading")	(1)	PRC/Mainland China	RMB510,000	96.00%	Trading
福建省平潭築嘉居業建築裝飾有限責任公司 Fujian Pingtan Zhujia Juye Construction Decoration Co., Ltd. ("Fujian Pingtan Zhujia Juye Construction")	(1)	PRC/Mainland China	RMB5,000	96.00%	Construction decoration
佛山市金輝房地產有限公司 Foshan Jinhui Properties Co., Ltd. ("Foshan Jinhui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
佛山市鵬輝房地產有限公司 Foshan Penghui Properties Co., Ltd. ("Foshan Penghui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
佛山市高明區龍光景駿房地產有限公司 Foshan Gaoming Longguang Jingjun Properties Co., Ltd. ("Foshan Longguang Jingjun")	(3)	PRC/Mainland China	RMB20,000	48.00%	Property development
重慶金輝長江房地產有限公司 Chongqing Jinhui Changjiang Properties Co., Ltd. ("Chongqing Jinhui Changjiang")	(1)	PRC/Mainland China	RMB741,701	96.00%	Property development
惠州市恆盛泰房地產開發有限公司 Huizhou Hengshengtai Properties Development Co., Ltd. ("Huizhou Hengshengtai Properties")	(1)	PRC/Mainland China	RMB120,000	96.00%	Property development
仁壽金輝耀城房地產有限公司 Renshou Jinhui Yaocheng Properties Co., Ltd. ("Renshou Jinhui Yaocheng Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
武漢金輝融宇房地產開發有限公司 Wuhan Jinhui Rongyu Properties Development Co., Ltd. ("Wuhan Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB102,041	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
武漢金輝置業有限公司 Wuhan Jinhui Real Estate Co., Ltd. ("Wuhan Jinhui Real Estate")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
湖南錦達發房地產有限公司 Hunan Jindafa Properties Co., Ltd. ("Hunan Jindafa Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
長沙鴻濤房地產開發有限公司 Changsha Hongtao Properties Development Co., Ltd. ("Changsha Hongtao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
荊州金輝融宇房地產開發有限公司 Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ("Jingzhou Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB110,000	96.00%	Property development
西安金輝房地產開發有限公司 Xi'an Jinhui Properties Development Co., Ltd. ("Xi'an Jinhui Properties")	(1)	PRC/Mainland China	RMB746,424	96.00%	Property development
陝西金輝居業房地產有限公司 Shaanxi Jinhui Juye Properties Co., Ltd. ("Shaanxi Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
西安金輝居業房地產開發有限公司 Xi'an Jinhui Juye Properties Development Co., Ltd. ("Xi'an Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB392,157	96.00%	Property development
西安融輝房地產開發有限公司 Xi'an Ronghui Properties Development Co., Ltd. ("Xi'an Ronghui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安興茂房地產開發有限公司 Xi'an Xingmao Properties Development Co., Ltd. ("Xi'an Xingmao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
西安金輝興業房地產開發有限公司 Xi'an Jinhui Xingye Properties Development Co., Ltd. ("Xi'an Jinhui Xingye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
西安曲江原山置業有限公司 Xi'an Qujiang Yuanshan Real Estate Co., Ltd. ("Xi'an Qujiang Yuanshan Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安曲江合創房地產開發有限公司 Xi'an Qujiang Hechuang Properties Development Co., Ltd. ("Xi'an Qujiang Hechuang Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安博朗房地產開發有限公司 Xi'an Bolang Properties Development Co., Ltd. ("Xi'an Bolang Properties Development")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
西安金輝融宇房地產開發有限公司 Xi'an Jinhui Rongyu Properties Development Co., Ltd. ("Xi'an Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
西安輝耀房地產開發有限公司 Xi'an Huiyao Properties Development Co., Ltd. ("Xi'an Huiyao Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
西安輝盛房地產開發有限公司 Xi'an Huisheng Properties Development Co., Ltd. ("Xi'an Huisheng Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
陝西楓泓房地產開發有限公司 Shaanxi Fenghong Properties Development Co., Ltd. ("Shaanxi Fenghong Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
惠州市順翔房地產開發有限公司 Huizhou Shunxiang Properties Development Co., Ltd. ("Huizhou Shunxiang Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
西咸新區輝盛融宇房地產開發有限公司 Xixian New District Huisheng Rongyu Properties Development Co., Ltd. ("Xixian New District Huisheng Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
上海天萃房地產開發有限公司 Shanghai Tiancui Properties Development Co., Ltd. ("Shanghai Tiancui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州輝耀房地產開發有限公司 Suzhou Huiyao Properties Development Co., Ltd. ("Suzhou Huiyao Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州融輝房地產開發有限公司 Suzhou Ronghui Properties Development Co., Ltd. ("Suzhou Ronghui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
太倉金輝房地產開發有限公司 Taicang Jinhui Properties Development Co., Ltd. ("Taicang Jinhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州金輝華園置業有限公司 Suzhou Jinhui Huayuan Real Estate Co., Ltd. ("Jinhui Huayuan")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
蘇州金輝新園置業有限公司 Suzhou Jinhui Xinyuan Real Estate Co., Ltd. ("Jinhui Xinyuan")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
杭州融輝置業有限公司 Hangzhou Ronghui Real Estate Co., Ltd. ("Hangzhou Ronghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
杭州京輝置業有限公司 Hangzhou Jinghui Real Estate Co., Ltd. ("Hangzhou Jinghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
杭州融輝銘著實業有限公司 Hangzhou Ronghui Mingzhu Industrial Co., Ltd. ("Hangzhou Ronghui Mingzhu Industrial")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
句容恭華房地產開發有限公司 Jurong Gonghua Properties Development Co., Ltd. ("Jurong Gonghua Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
揚州金輝置業有限公司 Yangzhou Jinhui Real Estate Co., Ltd. ("Yangzhou Jinhui Real Estate")	(1)	PRC/Mainland China	RMB386,098	96.00%	Property development
揚州融輝置業有限公司 Yangzhou Ronghui Real Estate Co., Ltd. ("Yangzhou Ronghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
揚州萬景置業有限公司 Yangzhou Wanjing Real Estate Co., Ltd. ("Yangzhou Wanjing Real Estate")	(2)	PRC/Mainland China	RMB555,000	32.00%	Property development
淮安金輝置業有限公司 Huaian Jinhui Real Estate Co., Ltd. ("Huaian Jinhui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
淮安融輝房地產有限公司 Huai'an Ronghui Properties Co., Ltd. ("Huai'an Ronghui Properties")	(1)	PRC/Mainland China	RMB200,000	97.43%	Property development
淮安融輝居業房地產有限公司 Huai'an Ronghui Juye Properties Co., Ltd. ("Huai'an Ronghui Juye Properties")	(1)	PRC/Mainland China	RMB392,749	96.00%	Property development
淮安金輝房地產有限公司 Huai'an Jinhui Properties Co., Ltd. ("Huai'an Jinhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
連雲港融輝置業有限公司 Lianyungang Ronghui Real Estate Co., Ltd. ("Lianyungang Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
鹽城金輝居業房地產開發有限公司 Yancheng Jinhui Juye Properties Development Co., Ltd. ("Yancheng Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
福建金輝安徽房地產有限公司 Fujian Jinhui Anhui Properties Co., Ltd. ("Fujian Jinhui Anhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
安徽融輝置業有限公司 Anhui Ronghui Real Estate Co., Ltd. ("Anhui Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
安徽啟輝置業有限公司 Anhui Qihui Real Estate. Co., Ltd. ("Anhui Qihui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
安徽皖輝置業有限公司 Anhui Wanhui Real Estate Co., Ltd. ("Anhui Wanhui Real Estate")	(1)	PRC/Mainland China	RMB100,000	67.20%	Property development
鎮江融輝置業有限公司 Zhenjiang Ronghui Real Estate Co., Ltd. ("Zhenjiang Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
徐州輝耀房地產開發有限公司 Xuzhou Huiyao Properties Development Co., Ltd. ("Xuzhou Huiyao Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
揚州融宇房地產開發有限公司 Yangzhou Rongyu Properties Development Co., Ltd. ("Yangzhou Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
蘇州啟輝置業有限公司 Suzhou Qihui Real Estate Co., Ltd. ("Suzhou Qihui Real Estate")	(1)	PRC/Mainland China	RMB300,000	96.00%	Property development
鹽城啟輝置業有限公司 Yancheng Qihui Real Estate Co., Ltd. ("Yancheng Qihui Real Estate")	(1)	PRC/Mainland China	RMB150,000	96.00%	Property development
惠州市恆興業房地產開發有限公司 Huizhou Hengxingye Properties Development Co., Ltd. ("Huizhou Hengxingye Properties")	(1)	PRC/Mainland China	RMB37,500	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
句容弘源房地產開發有限公司 Jurong Hongyuan Properties Development Co., Ltd. ("Jurong Hongyuan Properties")	(1)	PRC/Mainland China	RMB466,100	96.00%	Property development
武漢耀星房地產開發有限責任公司 Wuhan Yaoxing Properties Development Co., Ltd. ("Wuhan Yaoxing Properties")	(1)	PRC/Mainland China	RMB1,000,000	62.40%	Property development
鎮江融宇房地產開發有限公司 Zhenjiang Rongyu Properties Development Co., Ltd. ("Zhenjiang Rongyu Properties Development")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
重慶金永禾房地產開發有限公司 Chongqing Jinyonghe Real Estate Development Co., Ltd. ("Chongqing Jinyonghe Real Estate")	(4)	PRC/Mainland China	RMB200,000	48.96%	Property development
安徽金輝房地產開發有限公司 Anhui Jinhui Real Estate Development Co., Ltd. ("Anhui Jinhui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
福建鑫聯輝房地產開發有限公司 Fujian Xinlianhui Properties Development Co., Ltd. ("Fujian Xinlianhui Properties")	(1)	PRC/Mainland China	RMB10,000	81.60%	Property development
武漢三江匯物流投資有限公司 Wuhan Sanjianghui Logistics Investment Co., Ltd. ("Wuhan Sanjianghui")	(2)	PRC/Mainland China	RMB500,000	38.40%	Property development
紹興啟輝置業有限公司 Shaoxing Qihui Real Estate Co., Ltd. ("Shaoxing Qihui Real Estate")	(1)	PRC/Mainland China	RMB50,000	67.20%	Property development
西安耀葳置業有限公司 Xi'an Yaowei Real Estate Limited ("Xi'an Yaowei Real Estate")	(1,5)	PRC/Mainland China	RMB550,000	96.00%	Property development
無錫金輝房地產開發有限公司 Wuxi Jinhui Properties Development Co., Ltd. ("Wuxi Jinhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
南京輝耀房地產開發有限公司 Nanjing Huiyao Properties Development Co., Ltd. ("Nanjing Huiyao Properties")	(1)	PRC/Mainland China	RMB110,000	96.00%	Property development
鄭州金輝合創房地產開發有限公司 Zhengzhou Jinhui Hechuang Properties Development Co., Ltd ("Zhengzhou Jinhui Hechuang")	(4,6)	PRC/Mainland China	RMB612,245	48.96%	Property development
深圳市京輝投資有限公司 Shenzhen Jinghui Investment Co., Ltd. ("Shenzhen Jinghui Investment")	(1,6)	PRC/Mainland China	RMB644,000	57.60%	Investment holding
惠州市升捷房地產開發有限公司 Huizhou Shengjie Properties Development Co., Ltd ("Huizhou Shengjie Properties")	(1,6)	PRC/Mainland China	RMB260,000	57.60%	Property development
蘇州金輝置業有限公司 Suzhou Jinhui Real Estate Limited ("Suzhou Jinhui Real Estate")	(1,6)	PRC/Mainland China	RMB80,000	67.20%	Property development
張家港融輝房地產開發有限公司 Zhangjiagang Ronghui Properties Development Co., Ltd ("Zhangjiagang Ronghui Properties")	(1,6)	PRC/Mainland China	RMB50,000	67.20%	Property development
淮安輝耀房地產有限公司 Huai'an Huiyao Properties Co., Ltd ("Huai'an Huiyao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
連雲港金輝房地產開發有限公司 Lianyungang Jinhui Properties Development Co., Ltd ("Lianyungang Jinhui Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
福清金宸房地產開發有限公司 Fuqing Jinchen Properties Development Co., Ltd ("Fuqing Jinchen Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development
福清京海房地產開發有限公司 Fuqing Jinghai Properties Development Co., Ltd ("Fuqing Jinghai Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
重慶渝輝耀城房地產開發有限責任公司 Chongqing Yuhui Yaocheng Properties Development Co., Ltd ("Chongqing Yuhui Yaocheng")	(1)	PRC/Mainland China	RMB30,000	96.00%	Property development
無錫雲輝房地產開發有限公司 Wuxi Yunhui Properties Development Co., Ltd ("Wuxi Yunhui Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development
福清金海房地產開發有限公司 Fuqing Jinhai Properties Development Co., Ltd ("Fuqing Jinhai Properties")	(1,6)	PRC/Mainland China	RMB500,000	67.20%	Property development
佛山市禪輝房地產有限公司 Foshan Chanhui Properties Co., Ltd ("Foshan Chanhui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
泉州啟輝房地產開發有限公司 Quanzhou Qihui Properties Development Co., Ltd ("Quanzhou Qihui Properties")	(4,6)	PRC/Mainland China	RMB50,000	48.96%	Property development
重慶啟輝耀城房地產開發有限公司 Chongqing Qihui Yaocheng Properties Development Co., Ltd ("Chongqing Qihui Yaocheng")	(1)	PRC/Mainland China	RMB30,000	96.00%	Property development
揚州京輝房地產開發有限公司 Yangzhou Jinghui Properties Development Co., Ltd ("Yangzhou Jinghui Properties")	(1,6)	PRC/Mainland China	US$193,705	64.32%	Property development
淮安祥輝房地產有限公司 Huai'an Xianghui Properties Co., Ltd ("Huai'an Xianghui Properties")	(4,6)	PRC/Mainland China	RMB50,000	48.96%	Property development
淮安信耀房地產有限公司 Huai'an Xinyao Properties Co., Ltd ("Huai'an Xinyao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the principal subsidiaries disclosed above are limited liability companies.

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Notes:

(1) These entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.

(2) Pursuant to the articles of association, the Group has been entitled with enough voting right to control and operate these entities. Thus, these entities are accounted for as subsidiaries of the Group by holding less than 50% of equity interests in them, such as the Group has a 51% voting right in Hefei Shengzhuo to control and operate it.

(3) Foshan Longguang Jingjun is accounted for as a subsidiary of the Group by holding 48% of equity interests because the Group has been delegated 50% of the equity holder's right from the other equity holder to control and operate Foshan Longguang Jingjun.

(4) Chongqing Jinyonghe Real Estate, Zhengzhou Jinhui Hechuang, Fuqing Jinchen Properties, Fuqing Jinghai Properties, Wuxi Yunhui Properties, Huai'an Xianghui Properties and Quanzhou Qihui Properties are accounted for as subsidiaries of the Group by holding 48.96% of equity interests in them because the non-wholly owned subsidiaries of the Company, holds its 51% equity interest to control and operate it.

(5) During the year, one subsidiary of the Group, Xi'an Jinhui Properties has further acquired a 49% equity interest in Xi'an Yaowei Real Estate from a third party, and had a 100% equity interests in Xi'an Yaowei Real Estate upon completion of the acquisition. Further details of the acquisition are included in note 39 to the financial statements.

(6) During the year, the Group has partially disposed of its equity interests in these entities without losing control.

(7) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Notes to Financial Statements

31 December 2020

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

31 December 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*, amendments to IFRS 3 *Definition of a Business* and amendments to IAS 1 and IAS 8 *Definition of Material* for the comparative year's financial statements.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRS for the first time for the current year's financial statements.

Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRS are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2020 was insignificant.

Notes to Financial Statements

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

Notes to Financial Statements

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

Buildings	2.25-4.75%
Motor vehicles	11.25-31.67%
Office equipment and electronic devices	18.00-32.33%
Leasehold improvements	Over the shorter of the lease terms and benefit period

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years. The Group usually classifies the internet software with higher turnover rate and lower cost like application based on WeChat to a shorter useful life as 2 years and the system software with high compatibility and stable service output which satisfies the operation well and has no need for frequent technological updates and maintenance, like ERP system to a longer useful life as 10 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 50 years
Office buildings	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and electronic devices that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor (Continued)

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, corporate bonds proceeds from asset-backed securities and senior notes (collectively called "loans and borrowings"), lease liabilities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a. Sale of properties

Revenues are recognised when or as the control of the asset is transferred to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

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

b. Management consulting services

Consulting services income derived from the provision of support services in connection with development of property projects is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources (Continued)

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract cost assets

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract cost assets are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset related. Other contract costs are expensed as incurred.

Employee retirement benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

Borrowing costs include interest expense, finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are adjustments to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Notes to Financial Statements

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as the board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Notes to Financial Statements

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Estimation uncertainty

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

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Notes to Financial Statements

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each year.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, and the provision of management consulting services. Property leasing and the provision of management consulting services are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Notes to Financial Statements

31 December 2020

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	**34,538,561**	25,610,326
Revenue from other sources		
Property lease income	**336,613**	352,782
	34,875,174	25,963,108

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020 RMB'000	2019 RMB'000
Types of goods or services:		
Sale of properties	**34,380,524**	25,037,479
Property management services	**–**	517,219
Management consulting services	**158,037**	55,628
Total revenue from contracts with customers	**34,538,561**	25,610,326
Timing of revenue recognition:		
Properties transferred at a point in time	**34,380,524**	25,037,479
Services transferred over time	**158,037**	572,847
Total revenue from contracts with customers	**34,538,561**	25,610,326

Notes to Financial Statements

31 December 2020

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**26,381,422**	20,091,303

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment probably.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

Amounts expected to be recognised as revenue:

	2020 RMB'000	2019 RMB'000
Within one year	**42,795,431**	33,250,619
After one year	**35,366,277**	33,207,634
	78,161,708	66,458,253

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5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

An analysis of other income and gains is as follows:

	2020 RMB'000	2019 RMB'000
Other income and gains		
Gain on disposal of subsidiaries (note 40)	21,502	97,589
Gain on disposal of an associate	51,100	–
Remeasurement gain on investment in an associate held before business combination	35,052	–
Subsidy income	1,587	8,419
Deposit forfeiture	10,573	14,247
Investment income from financial assets at fair value through profit or loss	16,907	63,330
Gain on disposal of items of property, plant and equipment	167	16
Exchange gain	293,569	–
Others	5,949	4,040
	436,406	187,641

Notes to Financial Statements

31 December 2020

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
Cost of inventories sold (excluding impairment losses recognised for properties under development and properties held for sale)	**26,796,159**	19,407,407
Cost of services provided	**62,925**	444,273
Impairment losses recognised for properties under development	**155,979**	183,913
Impairment losses recognised for properties held for sale	**147,203**	265,295
Impairment of financial assets	**(572)**	83
Depreciation of items of property, plant and equipment	**44,778**	54,878
Amortisation of intangible assets	**3,260**	3,767
Depreciation of right-of-use assets	**26,702**	26,395
Rental expenses	**3,768**	4,653
Auditors' remuneration	**9,225**	5,413
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**419,137**	583,756
Pension scheme contributions and social welfare	**31,034**	97,893

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on loans and borrowings	**3,869,507**	3,644,387
Interest on lease liabilities	**2,170**	3,018
Interest expense arising from revenue contracts	**600,536**	553,127
Total interest expense on financial liabilities not at fair value through profit or loss	**4,472,213**	4,200,532
Less: Interest capitalised	**(3,946,967)**	(3,705,669)
	525,246	494,863

Notes to Financial Statements

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8. DIRECTORS' AND CHIEF EXEUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 RMB'000	2019 RMB'000
Fees	376	250
Other emoluments:		
Salaries, allowances and benefits in kind	4,099	3,516
Performance related bonus	5,070	–
Pension scheme contributions and social welfare	156	246
	9,325	3,762
	9,701	4,012

(a) Independent non-executive directors

Mr. Tse Yat Hong, Mr. Chung Chong Sun and Mr. Zhang Huaqiao were appointed as independent non-executive directors of the Company on 5 October 2020.

The fees paid to independent non-executive directors during the year were as follows:

	2020 RMB'000	2019 RMB'000
Mr. Tse Yat Hong	63	–
Mr. Chung Chong Sun	63	–
Mr. Zhang Huaqiao	250	250
	376	250

There was no other emolument payable to the independent non-executive directors during the year (2019: nil).

Notes to Financial Statements

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8. DIRECTORS' AND CHIEF EXEUTIVE'S REMUNERATION (Continued)

(b) Executive directors and the chief executive

Mr. Lam Ting Keung is the chairman and an executive director of the Company. Mr. Lam Yu was appointed as an executive director and executive president on 17 October 2019. Mr. Chen Chaorong was appointed as an executive director on 17 October 2019. Mr. Huang Junquan was appointed as an executive director and senior vice president on 17 October 2019.

	Salaries, allowances and benefits in kind RMB'000	Performance-related bonus RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2020				
Executive directors:				
– Mr. Lam Ting Keung	**361**	**–**	**–**	**361**
– Mr. Lam Yu	**361**	**2,200**	**–**	**2,561**
– Mr. Chen Chaorong	**1,751**	**1,470**	**78**	**3,299**
– Mr. Huang Junquan	**1,626**	**1.400**	**78**	**3,104**
	4,099	**5,070**	**156**	**9,325**
2019				
Executive directors:				
– Mr. Lam Ting Keung	361	–	–	361
– Mr. Lam Yu	361	–	–	361
– Mr. Chen Chaorong	1,622	–	123	1,745
– Mr. Huang Junquan	1,172	–	123	1,295
	3,516	–	246	3,762

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2019: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the three (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, allowances, bonus and benefits in kind	3,445	9,437
Performance related bonus	4,600	–
Pension scheme contrbutions and social	204	555
	8,249	9,992

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2020	 2019
Nil to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	3
HK$2,500,001 to HK$3,000,000	–	1
HK$3,000,001 to HK$3,500,000	2	–
HK$3,500,001 to HK$4,000,000	1	–
	3	4

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax with a tax rate of 25% for the year except for the following subsidiary:

Company name	Corporate income tax rate
Chongqing Jinhui Changjiang*	15%

* According to the Announcement on Further Implementation of Corporate Income Tax Policy for the development of the Western Regions (2012 No.12) issued by the State Taxation Administration and the extension of the Corporate Income Tax Policy for the development of the Western Regions (2020 No.23) jointly issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, Chongqing Jinhui Changjiang, a subsidiary of the Group, is qualified to enjoy the preferential tax policy of western regions enterprise income tax of 15% from 2011 to 2030.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020 RMB'000	2019 RMB'000
Current tax:		
CIT	**1,528,152**	1,375,919
LAT	**1,609,553**	1,107,069
Deferred tax (note 19)	**(420,019)**	(604,160)
Total tax charge for the year	**2,717,686**	1,878,828

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10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

	2020 RMB'000	2019 RMB'000
Profit before tax	6,536,759	4,568,816
At the statutory income tax rate	1,634,190	1,142,204
Lower tax rates for specific provinces or enacted by local authority	(124,092)	(40,271)
Expenses not deductible for tax	28,614	12,863
Profits and losses attributable to joint ventures and associates	(202,504)	(110,349)
Deductible temporary differences and tax losses utilised from previous years	(108,169)	(88,539)
Unrecognised deductible temporary differences and tax losses	283,532	130,863
Adjustment of current tax for previous years	(1,050)	1,755
Provision for LAT	1,609,553	1,107,069
Tax effect on LAT	(402,388)	(276,767)
Tax charge at the Group's effective rate	2,717,686	1,878,828

The share of tax charge attributable to joint ventures and associates amounted to RMB394,199,000 for the year (2019: RMB212,078,000). The share of tax credit attributable to joint ventures and associates amounting to RMB124,194,000 for the year (2019: RMB64,946,000). Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

Tax payable in the consolidated statement of financial position represents:

	2020 RMB'000	2019 RMB'000
Tax payables:		
CIT	1,176,820	660,586
LAT	2,606,883	2,102,781
Total tax payable	3,783,703	2,763,367

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11. DIVIDENDS

On 2 July 2020, the Company declared dividends in the amount of US$100.00 million, of which US$50.00 million and US$50.00 million had been paid in July and September 2020, respectively.

Subsequent to the end of the reporting period, a final dividend for the year 2020 of HK0.32 dollars (equivalent to RMB0.27 yuan) per ordinary share (to be distributed out of the Company's share premium account), amounting to a total of approximately RMB1,092,211,290 has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The final dividend has been proposed after the end of the reporting period and therefore has not been recognised as a liability at the end of the reporting period.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,509,790,134 (2019: 3,399,999,998) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 1 share of the Company as at 17 October 2019, and 1 share of the Company issued on 6 March 2020, and 3,399,999,998 ordinary shares of the Company issued under the capitalisation issue occurred on 29 October 2020, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2020 and 2019. On 29 October 2020, the Company issued 600,000,000 new ordinary shares. On 25 November 2020, the over-allotment option has been partially exercised and the Company allotted and issued 45,227,000 additional shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculations of the basic and diluted earnings per share amounts are based on:

	2020	2019
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**3,127,526**	2,508,068
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	**3,509,790,134**	3,399,999,998
Earnings per share		
Basic and diluted	**RMB0.89**	RMB0.74

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13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2020					
At 31 December 2019 and 1 January 2020:					
Cost	429,909	147,161	69,802	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	18,021	375,297
At 1 January 2020, net of accumulated depreciation	321,686	19,242	16,348	18,021	375,297
Additions	–	2,541	9,954	15,676	28,171
Disposals	–	(2,922)	(262)	–	(3,184)
Acquisition of subsidiaries (note 39)	–	–	20	–	20
Disposal of subsidiaries (note 40)	–	–	(36)	(958)	(994)
Depreciation provided during the year (note 6)	(16,804)	(3,841)	(6,826)	(17,307)	(44,778)
At 31 December 2020, net of accumulated depreciation	304,882	15,020	19,198	15,432	354,532
At 31 December 2020:					
Cost	429,909	143,640	77,478	73,564	724,591
Accumulated depreciation	(125,027)	(128,620)	(58,280)	(58,132)	(370,059)
Net carrying amount	304,882	15,020	19,198	15,432	354,532

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2019					
At 31 December 2018 and 1 January 2019:					
Cost	414,502	147,438	78,239	47,108	687,287
Accumulated depreciation	(87,956)	(127,089)	(54,277)	(25,253)	(294,575)
Net carrying amount	326,546	20,349	23,962	21,855	392,712
At 1 January 2019, net of accumulated depreciation	326,546	20,349	23,962	21,855	392,712
Additions	15,407	6,050	7,507	16,551	45,515
Disposals	–	(732)	(196)	–	(928)
Disposal of subsidiaries	–	(813)	(4,877)	(1,434)	(7,124)
Depreciation provided during the year (note 6)	(20,267)	(5,612)	(10,048)	(18,951)	(54,878)
At 31 December 2019, net of accumulated depreciation	321,686	19,242	16,348	18,021	375,297
At 31 December 2019:					
Cost	429,909	147,161	69,802	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	18,021	375,297

As at 31 December 2020, the Group's property, plant and equipment with an aggregate carrying amount of RMB24,049,000 (2019: RMB28,088,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's property, plant and equipment with an aggregate carrying amount of RMB23,468,000 (2019: RMB24,071,000) have been pledged to secure asset-backed securities granted to the Group (note 32).

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14. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
Carrying amount at 1 January 2019	865,076	8,870,188	9,735,264
Additions	8,150	–	8,150
Transfer from			
properties under development (note 20)	93,652	–	93,652
completed properties held for sale (note 21)	–	188,265	188,265
Transferred	(254,118)	254,118	–
Net gain from a fair value adjustment	60,240	420,629	480,869
Carrying amount at 31 December 2019 and 1 January 2020	**773,000**	**9,733,200**	**10,506,200**
Additions	**9,394**	**–**	**9,394**
Transferred	**(140,394)**	**140,394**	**–**
Net gain from a fair value adjustment	**22,100**	**414,906**	**437,006**
Carrying amount at 31 December 2020	**664,100**	**10,288,500**	**10,952,600**

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professionally qualified valuer, at RMB10,952,600,000 (2019: RMB10,506,200,000). The Group's senior finance manager and the Group's financial controller decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager has discussions with the valuer on the valuation assumptions and valuation results when the valuations are performed for financial reporting.

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB3,091,386,000 (2019: RMB2,092,171,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB5,064,000,000 (2019: RMB4,811,200,000) were pledged to asset-backed securities granted to the Group (note 32).

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14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties				
under construction	–	–	664,100	664,100
completed	–	–	10,288,500	10,288,500
	–	–	10,952,600	10,952,600

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties				
under construction	–	–	773,000	773,000
completed	–	–	9,733,200	9,733,200
	–	–	10,506,200	10,506,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

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14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 31 December 2020	2019
Completed commercial properties	Income approach	Expected rental value (per square metre and per day)	**RMB0.6-14.3**	RMB0.6-13.5
		Capitalisation rate	**3%-6%**	3%-6%
Commercial properties under construction	Residual method	Expected rental value (per square metre and per day)	**N/A**	RMB1.7-5.6
		Capitalisation rate	**N/A**	3.5%-5.5%
		Expected profit margin	**N/A**	10%-20%
	Asset based approach	Expected selling price (per square metre)	**RMB9,559-9,852**	RMB8,306-9,102

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase/decrease in the estimated rental value would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the capitalisation rate would result in a significant decrease/increase in the fair value of the investment properties.

The fair value of commercial properties under construction which are at the initial construction stage is determined using the asset-based method. The asset-based method is to use the market comparison method to evaluate the fair value of the land use right and consider the book value of the construction and installation costs incurred to obtain the fair value of the project under construction.

A higher expected value would result in a higher fair value of these investment properties under construction at the initial construction stage.

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15. LEASES

The Group as a lessee

The Group has lease contracts for office buildings. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 3 and 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights RMB'000	Office buildings RMB'000	Total RMB'000
As at 1 January 2019	105,254	36,637	141,891
Additions	–	19,427	19,427
Disposal	(395)	–	(395)
Disposal of subsidiaries	(800)	–	(800)
Depreciation charge (note 6)	(3,680)	(22,715)	(26,395)
As at 31 December 2019 and 1 January 2020	**100,379**	**33,349**	**133,728**
Additions	**–**	**14,159**	**14,159**
Depreciation charge (note 6)	**(3,170)**	**(23,532)**	**(26,702)**
As at 31 December 2020	**97,209**	**23,976**	**121,185**

As at 31 December 2020, the Group's land use rights with an aggregate carrying amount of approximately RMB4,624,000 (2019: RMB4,902,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's land use rights with an aggregate carrying amount of approximately RMB20,302,000 (2019: RMB20,854,000) were pledged to asset-backed securities granted to the Group (note 32).

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15. LEASES (Continued)

The Group as a lessee (Continued)

(b) **Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	32,611	36,649
New leases	14,159	19,427
Accretion of interest recognised during the year	2,170	3,018
Payments	(25,901)	(26,483)
Carrying amount at 31 December	23,039	32,611
Analysed into:		
Current portion	15,637	20,380
Non-current portion	7,402	12,231

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	2,170	3,018
Depreciation charge of right-of-use assets	26,702	26,395
Expense relating to short-term leases (note 6)	3,241	4,257
Expense relating to leases of low-value assets (note 6)	527	396
Total amount recognised in profit or loss	32,640	34,066

(d) The total cash outflow for leases are disclosed in notes 37(c) to the financial statements.

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15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB336,613,000 (2019: RMB352,782,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	373,354	415,328
After one year but within two years	337,388	279,154
After two years but within three years	276,198	232,987
After three years but within four years	319,172	164,437
After four years but within five years	184,218	119,570
After five years	407,146	180,599
	1,897,476	1,392,075

16. INTANGIBLE ASSETS

	2020 RMB'000	2019 RMB'000
Software		
At 1 January		
Cost	34,021	32,456
Accumulated amortisation	(15,745)	(11,978)
Cost at 1 January, net of accumulated amortisation	18,276	20,478
Additions	2,624	1,565
Disposal of subsidiaries (note 40)	(31)	–
Amortisation provided during the year (note 6)	(3,260)	(3,767)
At 31 December	17,609	18,276
Cost	36,582	34,021
Accumulated amortisation	(18,973)	(15,745)
Net carrying amount	17,609	18,276

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17. INVESTMENTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Share of net assets	**2,461,115**	1,736,684

The Group's receivable and payable balances with joint ventures are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material joint ventures are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activity
揚州啟輝置業有限公司* Yangzhou Qihui Real Estate Co., Ltd. ("Yangzhou Qihui")	Yangzhou, PRC 2017	100,000	18.98%	Property development
連雲港金輝置業公司 Lianyungang Jinhui Real Estate Co., Ltd. ("Lianyungang Jinhui")	Lianyungang, PRC 2017	50,000	51.00%	Property development
南京乾景房地產開發有限公司 Nanjing Qianjing Properties Development Co., Ltd. ("Nanjing Qianjing Properties")	Nanjing, PRC 2015	170,000	60.00%	Property development
福清金輝置業有限公司 Fuqing Jinhui Real Estate Co., Ltd. ("Fuqing Jinhui")	Fuqing, PRC 2014	50,000	50.00%	Property development
佛山市啟輝房地產開發有限公司 Foshan Qihui Properties Development Co., Ltd. ("Foshan Qihui Properties")	Foshan, PRC 2017	110,000	51.00%	Property development
太倉輝盛房地產開發有限公司 Taicang Huisheng Properties Development Co., Ltd. ("Taicang Huisheng Properties")	Taicang, PRC 2017	300,000	16.00%	Property development
重慶金佳禾房地產開發有限公司 Chongqing Jinjiahe Properties Development Co., Ltd. ("Chongqing Jinjiahe Properties")	Chongqing, PRC 2017	1,300,000	49.00%	Property development
重慶金碧雅居房地產開發有限公司 Chongqing Jinbi Yaju Properties Development Co., Ltd. ("Chongqing Jinbi Yaju Properties")	Chongqing, PRC 2017	400,000	34.00%	Property development

Notes to Financial Statements

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17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's material joint ventures are as follows: (Continued)

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

* Pursuant to the investment framework agreement and the articles of association of this company, all shareholder resolutions of Yangzhou Qihui shall be resolved by all shareholders on a unanimous basis. Therefore, this entity was accounted for as a joint venture of the Group by holding an 18.98% equity interest in it during the reporting period. Meanwhile, according to the contract between the Group and the other equity interest holders of Yangzhou Qihui ("Contract A") and the profit sharing arrangement stated in Contract A, the Group is entitled to 50% returns from some specified assets, and according to IAS 28, the Group recognised its share of profit or loss of Yangzhou Qihui under the equity method.

(b) Chongqing Jinjiahe Properties, Fuqing Jinhui and Yangzhou Qihui, which are considered as material joint ventures of the Group, co-develop a property development project with the other joint venture partners in Mainland China and the joint venture is accounted for using the equity method.

The following table illustrates the summarised financial information of Chongqing Jinjiahe Properties:

	2020 **RMB'000**	2019 RMB'000
Cash and cash equivalents	**36,859**	343,100
Other current assets	**6,280,812**	6,987,951
Current assets	**6,317,671**	7,331,051
Non-current assets	**74,702**	107,902
Current liabilities	**(3,289,276)**	(4,595,488)
Non-current financial liabilities, excluding trade and other payables and provisions	**(508,348)**	(709,345)
Net asset	**2,594,749**	2,134,120
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the joint venture	**1,271,427**	1,045,719
Revenue	**2,485,235**	3,110,268
Expenses	**(1,041,675)**	(2,197,686)
Tax	**(408,787)**	(170,416)
Profit for the year	**1,034,773**	742,166
Total comprehensive income for the year	**1,034,773**	742,166

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17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information of Fuqing Jinhui and Yangzhou Qihui for the year ended 31 December 2020:

	Fuqing Jinhui RMB'000	Yangzhou Qihui RMB'000
Cash and cash equivalents	280,515	63,801
Other current assets	548,597	415,761
Current assets	829,112	479,562
Non-current assets	254,545	79
Current liabilities	(276,957)	(300,963)
Non-current financial liabilities, excluding trade and other payables and provisions	(271,600)	–
Net asset	535,100	178,678
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture	267,550	89,339
Revenue	2,110,401	885,632
Expenses	(1,084,062)	(600,234)
Tax	(488,908)	(109,925)
Profit for the year	537,431	175,473
Total comprehensive income for the year	537,431	175,473

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17. INVESTMENTS IN JOINT VENTURES (Continued)

(c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the joint ventures' profits and losses for the year	129,042	146,504
Share of the joint ventures' total comprehensive income	129,042	146,504
Aggregate carrying amount of the Group's investments in the joint ventures	832,799	690,965

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in joint ventures are considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

18. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Share of net assets	4,911,875	2,341,967

The Group's receivable and payable balances with associates are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material associates are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activity
杭州鑫建輝實業有限公司*1 Hangzhou Xinjianhui Industrial Co., Ltd. ("Hangzhou Xinjianhui")	Hangzhou, PRC 2017	1,500,000	51.00%	Investment management
成都融輝橋宇置業有限公司*2 Chengdu Ronghui Qiaoyu Real Estate Co., Ltd. ("Chengdu Ronghui Qiaoyu")	Chengdu, PRC 2017	900,000	50.00%	Property development
南京弘潤房地產開發有限公司 Nanjing Hongrun Properties Development Co., Ltd. ("Nanjing Hongrun Properties")	Nanjing, PRC 2019	280,000	49.00%	Property development
太倉輝耀房地產開發有限公司 Taicang Huiyao Properties Development Co., Ltd. ("Taicang Huiyao Properties")	Taicang, PRC 2017	700,000	49.00%	Property development

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18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's material associates are as follows: (Continued)

*1 Pursuant to the articles of association, the other shareholder of Hangzhou Xinjianhui has been entitled to 51% of the voting power by holding 49% of equity interests in it, which was negotiated and agreed by all shareholders. The Group only has significant influence on this entity as the other shareholder of Hangzhou Xinjianhui has the enough voting power to control and operate this entity. Thus, Hangzhou Xinjianhui is accounted for as an associate by the Group by holding 51% of equity interests in it.

*2 Pursuant to the articles of association, the other shareholder of Chengdu Ronghui Qiaoyu has been entitled to 51% of the voting power by holding 50% of equity interests in it, which was negotiated and agreed by all shareholders. The Group only has significant influence on this entity as the other shareholder of Chengdu Ronghui Qiaoyu has the enough voting power to control and operate this entity. Thus, Chengdu Ronghui Qiaoyu is accounted for as an associate by the Group by holding 50% of equity interests in it.

(b) Hangzhou Xinjianhui is considered as a material associate of the Group for the year ended 31 December 2020, which co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information of Hangzhou Xinjianhui:

	2020 RMB'000
Cash and cash equivalents	17,253
Other current assets	5,321,027
Current assets	5,338,280
Non-current assets	64
Current liabilities	(491,337)
Non-current financial liabilities, excluding trade and other payables and provisions	(2,898,000)
Net assets	1,949,007
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	51%
Group's share of net assets of the associate	993,994
Carrying amount of the investment	
Revenue	567
Expenses	(288,122)
Tax	–
Loss for the year	(287,555)
Total comprehensive loss for the year	(287,555)

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18. INVESTMENTS IN ASSOCIATES (Continued)

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the associates' profits and losses for the year	(35,866)	(68,769)
Share of the associates' total comprehensive income or losses	(35,866)	(68,769)
Aggregate carrying amount of the Group's investments in the associates	3,917,881	2,341,967

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in associates are considered fully recoverable (2019: Nil). The associates have been accounted for using equity method in these financial statements.

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Expenses for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued LAT RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2019	210,927	313,370	121,522	1,255,915	366,504	9,162	2,277,400
Disposal of subsidiaries	(1,106)	–	(1,281)	(28,373)	–	–	(30,760)
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(22,090)	128,081	12,165	421,127	96,913	(1,010)	635,186
At 31 December 2019 and 1 January 2020	187,731	441,451	132,406	1,648,669	463,417	8,152	2,881,826
Acquisition of subsidiaries (note 39)	–	–	–	23,590	–	–	23,590
Disposal of subsidiaries (note 40)	–	–	–	(37,693)	–	–	(37,693)
Deferred tax credited/(charged) to profit or loss during the year (note 10)	14,800	(203,470)	(10,545)	430,483	153,549	(2,393)	382,424
At 31 December 2020	202,531	237,981	121,861	2,065,049	616,966	5,759	3,250,147

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19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows (continued):

Deferred tax liabilities

	Accrued financial income RMB'000	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from investment properties RMB'000	Fair value adjustments arising from business combinations and costs to obtain contracts RMB'000	Depreciation of investment properties RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2019	119,728	458	1,359,496	1,222,051	65,031	9,134	2,775,898
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(70,427)	297	148,613	(66,717)	20,417	(1,157)	31,026
At 31 December 2019 and 1 January 2020	**49,301**	**755**	**1,508,109**	**1,155,334**	**85,448**	**7,977**	**2,806,924**
Acquisition of subsidiaries (note 39)	**–**	**–**	**–**	**67,190**	**–**	**–**	**67,190**
Disposal of subsidiaries (note 40)	**–**	**–**	**–**	**(6,346)**	**–**	**–**	**(6,346)**
Deferred tax (credited)/charged to profit or loss during the year (note 10)	**(4,950)**	**(19)**	**101,201**	**(140,213)**	**8,385**	**(1,999)**	**(37,595)**
At 31 December 2020	**44,351**	**736**	**1,609,310**	**1,075,965**	**93,833**	**5,978**	**2,830,173**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position amounting to RMB365,857,000 (2019: RMB7,856,000). The following is an analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**2,884,290**	2,873,970
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(2,464,316)**	(2,799,068)

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19. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,002,393,000 (2019: RMB747,362,000).

Deferred tax assets have not been recognised in respect of the following items:

	2020	2019
	RMB'000	RMB'000
Tax losses	**2,102,503**	1,290,168
Deductible temporary differences	**87,872**	198,755
	2,190,375	1,488,923

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2020, the Group did not recognise deferred tax assets of approximately RMB525,626,000 (2019: RMB3,222,542,000) in respect of losses amounting to approximately RMB2,102,503,000 (2019: RMB1,290,168,000), that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2021, 2022, 2023, 2024 and 2025.

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20. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
At the beginning of the year	86,103,704	66,993,973
Additions	49,544,769	43,566,323
Acquisition of subsidiaries (note 39)	1,673,716	–
Disposal of subsidiaries (note 40)	(2,993,257)	(1,273,831)
Transferred to investment properties (note 14)	–	(93,652)
Transferred to completed properties held for sale (note 21)	(30,384,891)	(23,247,505)
Impairment losses (note 6)	(155,979)	(183,913)
Impairment losses transferred to complete properties held for sale (note 21)	202,602	342,309
At the end of the year	103,990,664	86,103,704

The movements in provision for impairment of properties under development are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	(269,411)	(427,807)
Impairment losses recognised (note 6)	(155,979)	(183,913)
Impairment losses transferred to complete properties held for sale (note 21)	202,602	342,309
At the end of the year	(222,788)	(269,411)

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB56,091,133,000 (2019: RMB47,785,794,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

	2020 RMB'000	2019 RMB'000
At the beginning of the year	8,884,710	5,504,494
Transferred from properties under development (note 20)	30,384,891	23,247,505
Transferred to investment properties (note 14)	–	(188,265)
Transferred to cost of inventories sold (note 6)	(26,796,159)	(19,407,407)
Impairment losses transferred from properties under development (note 20)	(202,602)	(342,309)
Impairment losses (note 6)	(147,203)	(265,295)
Impairment losses transferred to cost of sales	327,229	335,987
At the end of the year	12,450,866	8,884,710

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21. COMPLETED PROPERTIES HELD FOR SALE

The movements in provision for impairment of completed properties held for sale are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**(523,781)**	(252,164)
Impairment losses transferred to cost of sales	**327,229**	335,987
Impairment losses transferred from properties under development (note 20)	**(202,602)**	(342,309)
Impairment losses recognised	**(147,203)**	(265,295)
At the end of the year	**(546,357)**	(523,781)

As at 31 December 2020, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB118,586,000 (2019: RMB686,870,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

The value of completed properties held for sale was assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**24,890**	26,725
Impairment	**(699)**	(1,365)
	24,191	25,360

The Group's trade receivables primarily consist of receivables from its property sales and property lease. Proceeds from property sales and property lease are generally received in accordance with the terms stipulated in the sale and purchase agreements. Trade receivables are settled based on the progress payment schedule stipulated in the contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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22. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	**13,826**	19,092
1 to 3 years	**9,655**	3,551
Over 3 years	**710**	2,717
	24,191	25,360

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**1,365**	3,217
Impairment losses	**(666)**	(1,120)
Amount written off as uncollectible	**–**	(732)
At the end of the year	**699**	1,365

An impairment analysis is performed at the end of each of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020:

	Ageing			
	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	1.6%	1.8%	29.6%	2.8%
Gross carrying amount	14,051	9,830	1,009	24,890
Expected credit losses	225	175	299	699

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22. TRADE RECEIVABLES (Continued)

As at 31 December 2019:

	Ageing			
	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.4%	5.0%	28.8%	5.1%
Gross carrying amount	19,172	3,739	3,814	26,725
Expected credit losses	80	187	1,098	1,365

23. CONTRACT COST ASSETS

	2020 RMB'000	2019 RMB'000
Contract costs arising from the sale of properties	**771,064**	481,756

Management expected that the contract acquisition costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. As at 31 December 2020, the amounts charged to profit or loss were RMB414,152,000 (2019: RMB308,834,000), and there was no impairment loss in relation to the remaining balance.

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for acquisition of land use rights	**1,961,855**	5,593,922
Deposits for land auction	**1,197,192**	254,453
Deposits related to land use rights to be jointly acquired with third parties	**564,137**	702,435
Prepaid taxes and other tax recoverables	**2,924,383**	2,690,222
Other deposits	**767,352**	565,820
Prepayments for construction cost	**256,546**	216,700
Due from non-controlling shareholders of the subsidiaries	**2,318,792**	1,926,002
Other receivables	**467,925**	297,197
	10,458,182	12,246,751
Impairment	**(3,086)**	(2,992)
	10,455,096	12,243,759

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

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24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movements in provision for impairment of receivables are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**2,992**	1,789
Impairment losses recognised (note 6)	**94**	1,203
At the end of the year	**3,086**	2,992

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB3,086,000 as at 31 December 2020 (2019: RMB2,992,000).

As at 31 December 2020, the Group's prepayments and other receivables with an aggregate carrying amount of approximately nil (2019: RMB796,850,000) have been pledged to secure the Group's interest-bearing bank and other borrowings (note 31).

25. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for equity investments	**1,402,644**	1,402,644

Fuzhou Jinhui Real Estate Co., Ltd. signed an agreement with 泉州市億民建設發展有限公司 ("Quanzhou Yimin Construction Development Co., Ltd.", "Quanzhou Yimin") on 25 February 2016 with the purpose of acquiring land parcels through the purchase of the equity interest in project companies. The total agreed purchase price was RMB2,295,000,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB940,000,000 as at 31 December 2020. The equity transaction has not been completed as at 31 December 2020.

Xi'an Jinhui Properties signed an property development cooperation agreement with 陝西世紀春天房地產有限公司 ("Shaanxi Shiji Chuntian Real Estate Co., Ltd.") on 25 January 2017 with the purpose of acquiring land parcels through the purchase of the equity interest in a project company, namely Xi'an Zhencui Properties Co., Ltd. ("Xi'an Zhencui Properties"). The total transfer price was RMB966,944,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB462,643,500 as at 31 December 2020. The equity transaction has not been completed as at 31 December 2020.

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26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Listed equity investments, at fair value	**25,837**	–
Other unlisted investments, at fair value	**118,271**	315,690
	144,108	315,690
Analysed into		
Current portion	**33,808**	5,739
Non-current portion	**110,300**	309,951

The above equity investments at the end of the reporting period were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments at the end of the reporting period were wealth management products issued by financial institutions in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2020 RMB'000	2019 RMB'000
Cash and bank balances	**26,590,952**	13,399,755
Less: Restricted cash	**5,420,396**	3,762,566
Pledged deposits	**438,433**	418,642
Cash and cash equivalents	**20,732,123**	9,218,547

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2020, such restricted cash amounted to RMB4,953,540,000 (2019: RMB3,696,258,000). As at 31 December 2020, the restricted cash included construction loan mortgages amounting to RMB136,847,000 (2019: RMB64,967,000). As at 31 December 2020, restricted cash included time deposits amounting to RMB300,000,000 (2019: Nil), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates. As at 31 December 2020, the restricted cash amounting to RMB30,009,000 (2019: RMB1,341,000) was frozen by the People's Court due to lawsuits.

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27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

As at 31 December 2020, bank deposits of RMB214,130,000 (2019:RMB211,873,000) was pledged as security for bank and other borrowings. As at 31 December 2020, bank deposits of RMB224,303,000 (2019: RMB206,769,000) were pledged as security for purchasers' mortgage loans and construction of projects.

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents:		
Denominated in RMB	17,918,844	8,845,189
Denominated in US$	264,737	367,932
Denominated in HK$	2,548,542	5,426
	20,732,123	9,218,547

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2020, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

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28. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	12,266,813	7,936,020
Over 1 year	655,756	465,553
	12,922,569	8,401,573

Trade and bills payables are unsecured and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

29. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Outstanding payables arising from the acquisition of equity interests	48,162	486,492
Due to non-controlling shareholders of subsidiaries	1,011,769	1,274,563
Deposits	664,219	569,790
Payroll and welfare payable	260,498	263,144
Retention deposits related to construction	142,391	120,950
Other tax and surcharges	304,861	138,828
Accrued expenses	114,048	145,032
Others	344,355	301,850
	2,890,303	3,300,649

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables as at the end of year approximated to their corresponding carrying amounts.

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30. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2020 RMB'000	2019 RMB'000
Contract liabilities	**69,086,961**	56,685,129

Included in the Group's contract liabilities are amounts due to the Group's related parties of nil as at 31 December 2020 (2019: RMB150,792,000) (note 43(4)).

The Group receives payments from customers based on billing schedules as established in the property sales. Payments are usually received in advance of the performance under the contracts which are mainly from property development.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	5.00	2021	12,561	4.96	2020	8,000
Other loans – secured	–	–	–	9.80-10.70	2020	4,219,500
Other loans – unsecured	–	–	–	6.50	2020	818,192
Current portion of long term bank loans – secured	4.51-8.50	2021	5,727,540	4.99-8.08	2020	3,885,829
Current portion of long term other loans – secured	6.20-10.90	2021	3,994,330	7.03-11.30	2020	5,047,790
			9,734,431			13,979,311
Non-current						
Bank loans – secured	4.35-8.50	2022-35	22,612,905	5.30-8.20	2021-24	13,307,054
Other loans – secured	6.20-11.00	2022-23	3,255,100	8.74-11.50	2021-22	6,159,200
			25,868,005			19,466,254
			35,602,436			33,445,565

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2020 RMB'000	2019 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	**5,740,101**	3,893,829
In the second year	**11,909,435**	4,569,985
In the third to fifth years, inclusive	**10,574,470**	8,737,069
Over five year	**129,000**	–
	28,353,006	17,200,883
Other borrowings repayable		
Within one year	**3,994,330**	10,085,482
In the second year	**3,155,100**	5,192,000
In the third to fifth years, inclusive	**100,000**	967,200
	7,249,430	16,244,682
	35,602,436	33,445,565

The Group's borrowings are denominated in RMB as at 31 December 2020.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment (note 13)	**24,049**	28,088
Land use rights (note 15)	**4,624**	4,902
Investment properties (note 14)	**3,091,386**	2,092,171
Properties under development (note 20)	**56,091,133**	47,785,794
Completed properties held for sale (note 21)	**118,586**	686,870
Prepayments and other receivables (note 24)	**–**	796,850
Pledged deposits (note 27)	**214,130**	211,873

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2019, a controlling shareholder, Ms. Lam Fung Ying, has guaranteed certain of Group's bank and other borrowings of up to RMB669,000,000, which have been settled in the year of 2020.

As at 31 December 2019, a third party 碧桂園地產集團有限公司 (Country Garden Real Estate Group Co., Ltd.) has guaranteed certain of Group's bank and other borrowings of up to RMB62,400,000, which have been settled in the year of 2020.

As at 31 December 2019, a third party 深圳市龍光控股有限公司 (Shenzhen Longguang Holdings Limited) has guaranteed certain of Group's bank and other borrowings of up to RMB70,000,000, which have been settled in the year of 2020.

As at 31 December 2020, a third party 金科地產集團股份有限公司 (Jinke Real Estate Group Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB169,224,650 (2019: RMB52,204,000).

As at 31 December 2020, a third party 上海中梁地產集團有限公司 (Shanghai Zhongliang Real Estate Group Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB42,000,000 (2019: RMB330,000,000).

As at 31 December 2020, third parties 湖北三峽華翔集團有限公司 (Hubei Sanxia Hua Xiang Group Co., Ltd.) and 福建友興投資有限公司 (Fujian Youxing Investment Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB782,000,000 (2019: RMB984,000,000).

As at 31 December 2020, a third party 重慶置盛泓熠企業管理有限公司 (Chongqing Zhisheng Hongyi Corporate Management Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB545,820,000 (2019: RMB715,500,000).

As at 31 December 2020, a third party 重慶德睿輝實業有限公司 (Chongqing Deruihui Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB800,000,000 (2019: Nil).

As at 31 December 2020, a third party 新力地產集團有限公司 (Sinic Real Estate Group Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB240,000,000 (2019: Nil).

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32. PROCEEDS FROM ASSET-BACKED SECURITIES ("ABS")

Name of ABSs	Principal RMB'000	Contractual interest rate per annum (%)	Maturity	31 December 2020 Closing balance RMB'000
Jinhui Group Jinhui Building	2,805,907	6	2018-2036	2,817,894
Dongxing Mingzhu	650,000	7.5-8.5	2021	643,477
				3,461,371
Less: Current portion				770,798
Non-current portion				2,690,573

Name of ABSs	Principal RMB'000	Contractual interest rate per annum (%)	Maturity	31 December 2019 Closing balance RMB'000
Jinhui Group Housing Residual Payment	1,020,000	7.2-8.2	2020	1,030,824
Jinhui Group Jinhui Building	2,911,500	6	2018-2036	2,917,482
Dongxing Mingzhu	650,000	7.5-8.5	2021	634,334
				4,582,640
Less: Current portion				1,156,041
Non-current portion				3,426,599

The balance represented proceeds received from special purpose entities ("SPE") set up by financial institutions in the PRC for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from the provision of property management services, the sale of properties and property lease income. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

As at 31 December 2020, certain of the Group's asset-backed securities are secured by the pledges of property, plant and equipment of RMB23,468,000 (2019: RMB24,071,000) (note 13), right-of-use assets of RMB20,302,000 (2019: RMB20,854,000) (note 15), and investment properties of RMB5,064,000,000 (2019: RMB4,811,200,000) (note 14).

Notes to Financial Statements

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33. SENIOR NOTES

Name of senior notes	1 January 2020 Opening balance RMB'000	Issued in 2020 RMB'000	Interest expense RMB'000	The effect of foreign currency effect RMB'000	Payment RMB'000	31 December 2020 Closing balance RMB'000
2021 Notes	1,740,198	–	202,608	(94,241)	(202,608)	1,645,957
2022 Notes (note 1)	–	2,066,340	208,212	(135,914)	(108,633)	2,030,005
2023 Notes (note 2)	–	1,745,469	81,771	(131,715)	(75,870)	1,619,655
						5,295,617
Analysed into:						
Non-current portion						3,549,874
Current portion						1,745,743

Name of senior notes	1 January 2019 Opening balance RMB'000	Issued in 2019 RMB'000	Interest expense RMB'000	The effect of foreign currency effect RMB'000	Payment RMB'000	31 December 2019 Closing balance RMB'000
2021 Notes	–	1,706,044	34,343	(189)	–	1,740,198
Analysed into:						
Non-current portion						1,706,044
Current portion						34,154

Note 1: On 16 January 2020, Radiance Capital Investments, a subsidiary of the Group has completed to issue senior notes due in 2022 (the "2022 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. The 2022 Notes are denominated in US$ amounting to US$300,000,000 and bear interest at a rate of 10.50% per annum, and the interest is payable every six months in arrears on 16 January and 16 July or on the business day nearest hereto every half year, beginning on 17 January 2020.

At any time prior to 16 January 2022, Radiance Capital Investments may at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2022 Notes prior to 31 December 2021.

Notes to Financial Statements

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33. SENIOR NOTES (Continued)

Note 2: On 17 June 2020, Radiance Capital Investments has completed to issue senior notes due in 2023 (the "2023 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. The 2023 Notes are denominated in US$ amounting to US$250,000,000 and bear interest at a rate of 8.80% per annum, and the interest is payable every six months in arrears on 17 June and 17 December or on the business day nearest hereto every half year, beginning on 18 June 2020, except that the last payment of interest will be made on 17 September 2023.

At any time prior to 16 June 2023, Radiance Capital Investments may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 102.50% of the principal amount of the 2023 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2023 Notes prior to 31 December 2021.

34. CORPORATE BONDS

Name of bonds	1 January 2020 Opening balance RMB'000	Issued in 2020 RMB'000	Interest expense RMB'000	Payment RMB'000	31 December 2020 Closing balance RMB'000
16 Jinhui 01	500,394	–	34,102	(34,102)	500,394
16 Jinhui 02	1,511,192	–	104,390	(104,390)	1,511,192
16 Jinhui 03	262,521	–	18,250	(18,250)	262,521
18 Jinhui 01	1,052,898	–	61,144	(375,000)	739,042
18 Jinhui 02	1,496,092	–	95,659	(822,780)	768,971
18 Jinhui 03	404,382	–	25,618	(430,000)	–
19 Jinhui 01	2,084,945	–	154,453	(150,000)	2,089,398
19 Jinhui 02	856,751	–	57,014	(913,765)	–
19 Jinhui 03	1,133,487	–	85,673	(84,750)	1,134,410
20 Jinhui 01 (note 1)	–	645,919	25,648	–	671,567
20 Jinhui 02 (note 2)	–	496,000	15,676	–	511,676
20 Jinhui 03 (note 3)	–	1,214,000	11,397	–	1,225,397
	9,302,662	2,355,919	689,024	(2,933,037)	9,414,568

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34. CORPORATE BONDS (Continued)

Name of bonds	1 January 2019 Opening balance RMB'000	Issued in 2019 RMB'000	Interest expense RMB'000	Payment RMB'000	31 December 2019 Closing balance RMB'000
16 Jinhui 01	535,119	–	34,630	(69,355)	500,394
16 Jinhui 02	1,574,333	–	104,359	(167,500)	1,511,192
16 Jinhui 03	1,043,655	–	33,866	(815,000)	262,521
16 Jinhui 04	628,189	–	16,811	(645,000)	–
16 Jinhui 05	1,555,192	–	55,808	(1,611,000)	–
16 Jinhui 06	919,305	–	40,095	(959,400)	–
18 Jinhui 01	1,049,575	–	78,323	(75,000)	1,052,898
18 Jinhui 02	1,729,203	–	122,689	(355,800)	1,496,092
18 Jinhui 03	404,267	–	30,115	(30,000)	404,382
19 Jinhui 01	–	1,991,150	93,795	–	2,084,945
19 Jinhui 02	–	842,450	14,301	–	856,751
19 Jinhui 03	–	1,125,875	7,612	–	1,133,487
	9,438,838	3,959,475	632,404	(4,728,055)	9,302,662

At the end of the reporting period, the Group's corporate bonds were repayable as follows:

	2020 RMB'000	2019 RMB'000
Repayable within one year	**7,056,468**	4,035,868
Repayable within two to four years	**2,358,100**	5,266,794
	9,414,568	9,302,662

Note 1: On 16 June 2020, Radiance Group, a subsidiary of the Group completed to issue four-year corporate bonds with a principal amount of RMB650,000,000 ("20 Jinhui 01"), which were publicly listed on the Shanghai Stock Exchange on 23 June 2020. 20 Jinhui 01 is denominated in RMB and bears interest at a rate of 6.95% per annum, and is payable annually in arrears on 16 June or on the business day nearest hereto each year, beginning on 16 June 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 15 days of trading prior to the second interest repayment date for 20 Jinhui 01. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 01 to Radiance Group on the second interest repayment date.

Note 2: On 29 July 2020, Radiance Group issued three-year corporate bonds with a principal amount of RMB500,000,000 ("20 Jinhui 02"), which were privately issued on the Shanghai Stock Exchange. 20 Jinhui 02 is denominated in RMB and bears interest at a rate of 7.00% per annum, payable annually in arrears on 29 July or on the business day nearest hereto each year, beginning on 29 July 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 15 days of trading prior to the second interest repayment date for the 20 Jinhui 02. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 02 to Radiance Group on the second interest repayment date.

Note 3: On 19 November 2020, Radiance Group has completed to issue four-year corporate bonds with a principal amount of RMB1,220,000,000 ("20 Jinhui 03"), which were publicly listed on the Shanghai Stock Exchange on 30 November 2020. 20 Jinhui 03 is denominated in RMB and bears interest at a rate of 6.95% per annum, payable annually in arrears on 19 November or on the business day nearest hereto each year, beginning on 19 November 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date 15 days of trading prior to the second interest repayment date for 20 Jinhui 03. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 03 to Radiance Group on the second interest repayment date.

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35. SHARE CAPITAL

Shares

	2020 HK$	2019 HK$
Issued and fully paid: 4,045,227,000 (2019: 1) ordinary shares of HK$0.01 each (2019: HK$0.01 each)	40,452,270	1

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2019	–	–
Issue of ordinary shares	1	–
At 31 December 2019 and 1 January 2020	1	–
Issue of ordinary shares	1	–
Issue of ordinary shares upon listing	600,000,000	5,207
Issue of ordinary shares on capitalisation	3,399,999,998	29,504
Issue of ordinary shares on an over-allotment option	45,227,000	384
At 31 December 2020	4,045,227,000	35,095

The Company was incorporated in the Cayman Islands with limited liability on 17 October 2019 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each at par value.

On the date of incorporation, 1 ordinary share of HK$0.01 was allotted by the Company to a subscriber, and was transferred to Glowing Shine Limited, a company controlled by Mr. Lam Ting Keung and Ms. Lam Fung Ying, on 17 October 2019.

On 6 March 2020, the Company acquired the entire issued shares of Jubilance Properties from Radiance Group Holdings at a consideration of US$3.00, which was settled by the Company by allotting and issuing 1 ordinary share to Glowing Shine, being the direct wholly-owned subsidiary of Radiance Group Holdings, on 5 March 2020.

On 5 October 2020, the Company increased its authorised share capital to HK$100,000,000 by the creation of 9,962,000,000 additional shares of nominal value of HK$0.01 each.

On 29 October 2020, upon its listing on the Hong Kong Stock Exchange, the Company issued 600,000,000 new ordinary shares with par value of HK$0.01 each at HK$4.30 per share for a total cash consideration of HK$2,580,000,000 (equivalent to approximately RMB2,238,872,000).

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35. SHARE CAPITAL (Continued)

Shares (Continued)

On 29 October 2020, 3,399,999,998 shares were issued by way of capitalisation with par value of HK$0.01 each, the respective share capital amount was approximately RMB29,504,000.

On 25 November 2020, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 45,227,000 additional shares at HK$4.30 per share for a total cash consideration of HK$194,476,000 (equivalent to approximately RMB164,955,000).

36. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Asset revaluation reserve

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

Notes to Financial Statements

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37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,159,000 (2019: RMB19,427,000) in respect of lease arrangements for office buildings.

The non-controlling shareholders of subsidiaries of the Group, namely 深圳市龍光房地產有限公司 ("Shenzhen Longguang Properties Co., Ltd."), 杭州力珀房地產有限公司("Hangzhou Lippo Real Estate Co. Ltd") and 鹽城晉兆企業管理有限公司 ("Yancheng Jinzhao Enterprise Management Co. Ltd") have made a debt-for-equity swap to contribute RMB50,000,000, RMB40,000,000 and RMB100,000,000 to capital in 2020.

(b) Changes in liabilities arising from financing activities

	Proceeds from asset-based securities RMB'000	Interest-bearing bank and other borrowings RMB'000	Senior notes and corporate bonds RMB'000	Due to related parties RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 1 January 2019	4,443,953	29,285,010	9,438,838	2,883,813	36,649	46,088,263
Cash flows (used in)/from financing activities	(147,160)	4,118,813	937,464	2,028,086	(26,483)	6,910,720
New operating leases	–	–	–	–	19,427	19,427
Accrual of interest	285,847	–	666,558	–	3,018	955,423
Cash flows from non-financing activities	–	41,742	–	–	–	41,742
At 31 December 2019	4,582,640	33,445,565	11,042,860	4,911,899	32,611	54,015,575
Cash flows (used in)/from financing activities	(1,121,269)	2,283,539	2,847,580	3,914	(25,901)	3,987,863
New operating leases	–	–	–	–	14,159	14,159
Accrual of interest	–	118,268	1,181,615	–	2,170	1,302,053
The effect of foreign currency exchange	–	–	(361,870)	–	–	(361,870)
Cash flows from non-financing activities	–	(244,936)	–	–	–	(244,936)
At 31 December 2020	3,461,371	35,602,436	14,710,185	4,915,813	23,039	58,712,844

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 RMB'000	2019 RMB'000
Within operating activities	**5,938**	7,670
Within financing activities	**23,532**	22,715
	29,470	30,385

Notes to Financial Statements

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	RMB'000	RMB'000
31 December 2020			
Rongqiao (FuZhou) Real Estate*	40%	49,544	1,141,392
Radiance Group	4%	123,837	820,019
Hefei Shengzhuo*	77%	366,179	482,216
Fuqing Jinfu Xinmao Properties*	61%	216,399	331,808
31 December 2019			
Rongqiao (FuZhou) Real Estate*	40%	138,809	1,180,950
Radiance Group	4%	104,827	697,037

* Rongqiao (FuZhou) Real Estate, Hefei Shengzhuo and Fuqing Jinfu Xinmao Properties are subsidiaries of Radiance Group, and the financial information set out below only reflects the direct non-controlling interests in these entities, and the indirect non-controlling interests have not been included.

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Rongqiao (FuZhou) Real Estate

	2020 RMB'000	2019 RMB'000
Revenue	**2,718,097**	1,985,082
Total expenses	**(2,594,236)**	(1,638,059)
Profit for the year	**123,861**	347,023
Total comprehensive income for the year	**123,861**	347,023
Attributable to:		
Owners of the parent	**123,861**	347,023
Non-controlling interests	**–**	–
	123,861	347,023
Current assets	**6,476,197**	5,860,849
Non-current assets	**254,740**	224,609
Current liabilities	**(3,813,457)**	(1,304,405)
Non-current liabilities	**(64,000)**	(1,828,677)
	2,853,480	2,952,376
Attributable to:		
Owners of the parent	**2,853,480**	2,952,376
Non-controlling interests	**–**	–
	2,853,480	2,952,376
Net cash flows generated from operating activities	**2,163,562**	117,117
Net cash flows used in investing activities	**(3,408)**	(10)
Net cash flows used in financing activities	**(2,202,513)**	(33,633)
Net (decrease)/increase in cash and cash equivalents	**(42,359)**	83,474

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Radiance Group

	2020 RMB'000	2019 RMB'000
Revenue	34,893,248	25,963,108
Total expenses	(31,201,141)	(23,267,238)
Profit for the year	3,692,107	2,695,870
Total comprehensive income for the year	3,692,107	2,695,870
Attributable to:		
Owners of the parent	3,095,932	2,620,669
Non-controlling interests	596,175	75,201
	3,692,107	2,695,870
Current assets	162,400,237	129,624,403
Non-current assets	23,214,935	19,698,112
Current liabilities	(112,654,588)	(95,287,682)
Non-current liabilities	(36,938,270)	(32,676,867)
	36,022,314	21,357,966
Attributable to:		
Owners of the parent	20,500,467	17,425,916
Non-controlling interests	15,521,847	3,932,050
	36,022,314	21,357,966
Net cash flows generated from/(used in) operating activities	1,992,080	(7,899,463)
Net cash flows (used in)/generated from investing activities	(2,544,934)	389,930
Net cash flows generated from financing activities	12,460,210	6,802,127
Net increase/(decrease) in cash and cash equivalents	11,907,356	(707,406)

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

For the year ended 31 December 2020

	Hefei Shengzhuo RMB'000	Fuqing Jinfu Xinmao Properties RMB'000
Revenue	2,649,597	1,414,525
Total expenses	(2,174,040)	(1,059,773)
Profit for the year	475,557	354,752
Total comprehensive income for the year	475,557	354,752
Attributable to:		
Owners of the parent	475,557	354,752
Non-controlling interests	–	–
	475,557	354,752
Current assets	629,259	1,144,348
Non-current assets	7,987	9,911
Current liabilities	(10,992)	(610,312)
	626,254	543,947
Attributable to:		
Owners of the parent	626,254	543,947
Non-controlling interests	–	–
	626,254	543,947
Net cash flows used in operating activities	(92,455)	(48,194)
Net cash flows used in investing activities	–	–
Net cash flows generated from financing activities	–	–
Net decrease in cash and cash equivalents	(92,455)	(48,194)

39. BUSINESS COMBINATIONS

On 8 September 2020, one subsidiary of the Group, Xi'an Jinhui Properties, further acquired a 49% equity interest in Xi'an Yaowei Real Estate from Shaanxi Tianyu Industrial Investment Co., Ltd, and had a 100% equity interest in Xi'an Yaowei Real Estate upon completion of the acquisition. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Prior to the share transfer, Xi'an Yaowei Real Estate is an associate of the Group. Xi'an Yaowei Real Estate is mainly engaged in real estate development and operation. The purchase consideration for the acquisition was in the form of cash, with RMB384,500,000 paid and the remaining RMB40,000,000 was payable at 31 December 2020.

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39. BUSINESS COMBINATIONS (Continued)

Since the acquisition, Xi'an Yaowei Real Estate has contributed an amount of nil to the Group's revenue and a loss of RMB11,370,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. Had the combination taken place at 1 January 2020, the revenue and net profit of the Group would have been RMB34,893,248,000 and RMB3,812,336,000, respectively.

The fair values of the identifiable assets and liabilities of Xi'an Yaowei Real Estate as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	20
Deferred tax assets (note 19)	23,590
Properties under development (note 20)	1,673,716
Prepayments and other receivables	930,172
Cash and cash equivalents	47,371
Trade and bills payables	(86,497)
Other payables and accruals	(387,930)
Contract liabilities	(691,355)
Tax payable	(3,749)
Interest-bearing bank and other borrowings	(704,006)
Deferred tax liabilities (note 19)	(67,190)
Total identifiable net assets at fair value	734,142
Satisfied by	
Cash	384,500
Acquisition consideration outstanding and included in other payables	40,000
Fair value of investments in the associate held before business combinations	309,642
	734,142

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(384,500)
Cash and cash equivalents acquired	47,371
Net outflow of cash and cash equivalents included in cash flows from investing activities	(337,129)

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40. DISPOSAL A SUBSIDIARY

Pursuant to the resolutions of a shareholders' meeting of 鄭州金輝興業公司房地產開發有限公司 ("Zhengzhou Jinhui Xingye") dated 27 October 2020, one subsidiary of the Group resolved to transfer 49% of its equity interests in Zhengzhou Jinhui Xingye to a third party for a consideration of RMB50,000,000. There after, the Group's interest in Zhengzhou Jinhui Xingye was decreased to 51%, and pursuant to the amended articles of association, all shareholder resolutions shall be resolved by all shareholders on a unanimous basis, thus the Group lost its control over Zhengzhou Jinhui Xingye thereafter.

The carrying values of the assets and liabilities of Zhengzhou Jinhui Xingye on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 13)	994
Intangible assets (note 16)	31
Deferred tax assets (note 19)	37,693
Properties under development (note 20)	2,993,257
Prepayments and other receivables	1,068,420
Tax recoverable	7,515
Cash and cash equivalents	121,649
Trade and bills payables	(80,536)
Other payables and accruals	(2,323,615)
Contract liabilities	(811,961)
Interest-bearing bank and other borrowings	(948,942)
Deferred tax liabilities (note 19)	(6,346)
	58,159
Retained a 51% equity interest in a joint venture	29,661
Gain on disposal of Zhengzhou Jinhui Xingye	21,502
Satisfied by cash consideration	50,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	50,000
Cash and bank balances disposed of	(121,649)
Net outflow of cash and cash equivalents in respect of the disposal of Zhengzhou Jinhui Xingye	(71,649)

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41. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		2020 RMB'000	2019 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	**34,134,745**	29,957,604
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	(2)	**5,515,450**	8,659,883

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 43.

Except as disclosed above, during the year and up to the end of the year, neither the Group nor the Company were involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

The balances of guarantees given to banks and other institutions in connection with facilities granted to third parties of 2019 were released in the year 2020.

Notes to Financial Statements

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42. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Contracted, but no provided for:		
– Properties under development	**25,459,665**	23,806,693
– Acquisition of land use right	**1,111,306**	2,611,510
– Capital contribution for acquisition of equity interests	**2,274,644**	2,274,644
– Capital contributions payable to joint ventures and associates	**51,171**	733,554
	28,896,786	29,426,401

43. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The following transactions were carried out with related parties during the reporting period:

	2020 RMB'000	2019 RMB'000
Advances from related companies:		
Joint ventures	**1,327,461**	3,535,412
Associates	**1,047,749**	2,526,314
Repayment of advances from related companies:		
Joint ventures	**2,363,933**	1,991,425
Associates	**327,276**	2,042,215
Property management services provided to:		
Joint ventures	**–**	10,137
Associates	**–**	4,773
Management consulting services provided to:		
Joint ventures	**68,383**	52,074
Associates	**89,654**	3,554
Sales of properties to family members of certain directors and/or a controlling shareholder	**150,599**	9,080
Financial income from:		
Joint ventures	**–**	332
Associates	**–**	18,891

Notes to Financial Statements

31 December 2020

43. RELATED PARTY TRANSACTIONS (Continued)

(1) Significant related party transactions (Continued)

	2020 RMB'000	2019 RMB'000
Advances to related parties:		
Joint ventures	**4,354,242**	5,910,142
Associates	**1,436,160**	5,567,592
Receipt of advances to related parties:		
Joint ventures	**3,186,087**	5,611,591
Associates	**3,131,607**	4,943,793
Property management services provided by companies controlled by the ultimate controlling shareholders	**213,437**	–
Property lease income from a company controlled by the ultimate controlling shareholders	**1,133**	–

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

(2) Disposal of subsidiaries

	2020 RMB'000	2019 RMB'000
Consideration of disposal of subsidiaries	**–**	27,000

(3) Other transactions with related parties:

	2020 RMB'000	2019 RMB'000
Guarantees provided to related parties:		
Joint ventures	**2,986,137**	4,028,292
Associates	**2,529,313**	3,971,591
Guarantees provided by related parties:		
Controlling shareholders	**–**	669,000
An associate*	**–**	300,000

* The interest-bearing bank and other borrowings amounting to RMB300,000,000 as at 31 December 2019 were guaranteed by Xi'an Yaowei Real Estate, which is an associate by then and has become a subsidiary of the Group, refer to note 39 for more details.

Notes to Financial Statements

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43. RELATED PARTY TRANSACTIONS (Continued)

(4) Outstanding balances with related parties

	2020 RMB'000	2019 RMB'000
Due from related parties:		
Trade-related:		
Joint ventures	**6,790**	641
Associates	**20,796**	530
Due from related parties:		
Non-trade-related:		
Joint ventures	**5,623,858**	4,455,703
Associates	**1,662,764**	3,358,211
Due to related parties:		
Trade-related:		
Family members of certain directors and/or controlling shareholders (included in the Group's contract liabilities) (note 30)	**–**	150,792
Companies controlled by the ultimate shareholders	**8,299**	–
Due to related parties:		
Non-trade-related:		
Joint ventures	**3,095,708**	4,132,180
Associates	**1,500,192**	779,719

Balances with the above related parties were unsecured and repayable on demand.

(5) Compensation of key management personnel of the Group

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	**17,590**	11,580
Pension scheme contributions	**360**	679
Total compensation paid to key management personnel	**17,950**	12,259

Notes to Financial Statements

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44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2020

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	24,191	–	24,191
Financial assets included in prepayments, other receivables and other assets (note 24)	3,086,144	–	3,086,144
Financial assets at fair value through profit or loss (note 26)	–	144,108	144,108
Due from related parties (note 43)	7,314,208	–	7,314,208
Restricted cash (note 27)	5,420,396	–	5,420,396
Pledged deposits (note 27)	438,433	–	438,433
Cash and cash equivalents (note 27)	20,732,123	–	20,732,123
	37,015,495	144,108	37,159,603

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 28)	12,922,569
Financial liabilities included in other payables and accruals (note 29)	2,515,757
Due to related parties (note 43)	4,604,199
Interest-bearing bank and other borrowings (note 31)	35,602,436
Lease liabilities (note 15)	23,039
Proceeds from asset-backed securities (note 32)	3,461,371
Senior notes (note 33)	5,295,617
Corporate bonds (note 34)	9,414,568
	73,839,556

Notes to Financial Statements

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44. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2019

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	25,360	–	25,360
Financial assets included in prepayments, other receivables and other assets (note 24)	2,541,322	–	2,541,322
Financial assets at fair value through profit or loss (note 26)	–	315,690	315,690
Due from related parties (note 43)	7,815,085	–	7,815,085
Restricted cash (note 27)	3,762,566	–	3,762,566
Pledged deposits (note 27)	418,642	–	418,642
Cash and cash equivalents (note 27)	9,218,547	–	9,218,547
	23,781,522	315,690	24,097,212

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 28)	8,401,573
Financial liabilities included in other payables and accruals (note 29)	2,892,473
Due to related parties (note 43)	4,911,899
Interest-bearing bank and other borrowings (note 31)	33,445,565
Lease liabilities (note 15)	32,611
Proceeds from asset-backed securities (note 32)	4,582,640
Senior notes (note 33)	1,740,198
Corporate bonds (note 34)	9,302,662
	65,309,621

Notes to Financial Statements

31 December 2020

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**144,108**	315,690	**144,108**	315,690
Financial liabilities				
Interest-bearing bank and other borrowings (note 31)	**35,602,436**	33,445,565	**35,532,022**	33,458,978
Proceeds from asset-backed securities (note 32)	**3,461,371**	4,582,640	**3,685,557**	4,750,003
Senior notes (note 33)	**5,295,617**	1,740,198	**5,409,713**	1,744,050
Corporate bonds (note 34)	**9,414,568**	9,302,662	**9,003,493**	9,207,522
	53,773,992	49,071,065	**53,630,785**	49,160,553

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Notes to Financial Statements

31 December 2020

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of interest-bearing bank and other borrowings and certain proceeds from asset-backed securities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 was assessed to be insignificant.

The fair values of certain proceeds from asset-backed securities, corporate bonds and senior notes are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2020				
Financial assets at fair value through profit or loss	**25,837**	**118,271**	**–**	**144,108**
As at 31 December 2019				
Financial assets at fair value through profit or loss	–	315,690	–	315,690

Notes to Financial Statements

31 December 2020

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (Continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2020				
Interest-bearing bank and other borrowings	**–**	**35,532,022**	**–**	**35,532,022**
Proceeds from asset-backed securities	**648,577**	**3,036,980**	**–**	**3,685,557**
Senior notes	**5,409,713**	**–**	**–**	**5,409,713**
Corporate bonds	**9,003,493**	**–**	**–**	**9,003,493**
	15,061,783	**38,569,002**	**–**	**53,630,785**
As at 31 December 2019				
Interest-bearing bank and other borrowings	–	33,458,978	–	33,458,978
Proceeds from asset-backed securities	1,663,194	3,086,809	–	4,750,003
Senior notes	1,744,050	–	–	1,744,050
Corporate bonds	9,207,522	–	–	9,207,522
	12,614,766	36,545,787	–	49,160,553

Notes to Financial Statements

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2020, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, profit before tax for the year of the Group would have decreased/increased by approximately RMB25,380,000 (2019: RMB22,682,000).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from the Group's cash and cash equivalents and senior notes. The currency in which they are denominated is US$. There is no significant impact on foreign currency risk.

	Increase/ (decrease) in US$ or HK$/RMB %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2020			
If the RMB weakens against US$	**(5)%**	**(251,544)**	**(251,544)**
If the RMB strengthens against US$	**5%**	**251,544**	**251,544**
If the RMB weakens against HK$	**(5)%**	**127,427**	**(127,427)**
If the RMB strengthens against HK$	**5%**	**(127,427)**	**127,427**
31 December 2019			
If the RMB weakens against US$	(5)%	(68,613)	(68,613)
If the RMB strengthens against US$	5%	68,613	68,613

Notes to Financial Statements

31 December 2020

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group classified financial assets included in prepayments, other receivables and other assets and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments, other receivables and other assets and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

Notes to Financial Statements

31 December 2020

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	24,191	24,191
Financial assets included in prepayments and other receivables					
– Normal**	3,086,144	–	–	–	3,086,144
Due from related parties	7,314,208	–	–	–	7,314,208
Financial assets at fair value through profit or loss	144,108	–	–	–	144,108
Restricted cash					
– Not yet past due	5,420,396	–	–	–	5,420,396
Pledged deposits					
– Not yet past due	438,433	–	–	–	438,433
Cash and cash equivalents					
– Not yet past due	20,732,123	–	–	–	20,732,123
	37,135,412	–	–	24,191	37,159,603

Notes to Financial Statements

31 December 2020

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	25,360	25,360
Financial assets included in prepayments and other receivables					
– Normal**	2,541,322	–	–	–	2,541,322
Due from related parties	7,815,085	–	–	–	7,815,085
Financial assets at fair value through profit or loss	315,690	–	–	–	315,690
Restricted cash					
– Not yet past due	3,762,566	–	–	–	3,762,566
Pledged deposits					
– Not yet past due	418,642	–	–	–	418,642
Cash and cash equivalents					
– Not yet past due	9,218,547	–	–	–	9,218,547
	24,071,852	–	–	25,360	24,097,212

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Notes to Financial Statements

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2020:					
Trade and bills payables	**12,922,569**	**–**	**–**	**–**	**12,922,569**
Other payables	**2,515,757**	**–**	**–**	**–**	**2,515,757**
Due to related parties	**4,604,199**	**–**	**–**	**–**	**4,604,199**
Lease liabilities	**–**	**5,138**	**12,096**	**9,644**	**26,878**
Interest-bearing bank and other borrowings	**–**	**1,354,355**	**5,704,655**	**32,953,931**	**40,012,941**
Proceeds from asset-backed securities	**–**	**101,645**	**859,698**	**4,408,748**	**5,370,091**
Senior notes	**–**	**181,474**	**2,001,105**	**3,819,921**	**6,002,500**
Corporate bonds	**–**	**469,987**	**4,681,600**	**6,813,465**	**11,965,052**
	20,042,525	**2,112,599**	**13,259,154**	**48,005,709**	**83,419,987**
31 December 2019:					
Trade and bills payables	8,423,085	–	–	–	8,423,085
Other payables	3,300,649	–	–	–	3,300,649
Due to related parties	4,900,333	–	–	–	4,900,333
Lease liabilities	–	7,481	16,041	16,119	39,641
Interest-bearing bank and other borrowings	–	2,111,120	13,858,555	21,259,178	37,228,853
Proceeds from asset-backed securities	–	112,798	1,295,073	2,628,619	4,036,490
Senior notes	–	–	204,926	1,948,976	2,153,902
Corporate bonds	–	138,492	4,497,550	5,668,637	10,304,679
	16,624,067	2,369,891	19,872,145	31,521,529	70,387,632

Notes to Financial Statements

31 December 2020

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a net gearing ratio, which is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%. Total indebtedness represents total interest-bearing bank and other borrowings, corporate bonds and senior notes. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 RMB'000	2019 RMB'000
Interest-bearing bank and other borrowings	**35,602,436**	33,445,565
Proceeds from asset-backed securities	**3,461,371**	4,582,640
Corporate bonds	**9,414,568**	9,302,662
Senior notes	**5,295,617**	1,740,198
Less: Cash and cash equivalents	**(20,732,123)**	(9,218,547)
Restricted cash	**(5,420,396)**	(3,762,566)
Pledged deposits	**(438,433)**	(418,642)
Net debt	**27,183,040**	35,671,310
Total equity	**36,112,406**	21,379,202
Net gearing ratio	**75%**	167%

47. EVENTS AFTER THE REPORTING PERIOD

No information is received after the reporting period about conditions that existed at the end of the reporting period.

Notes to Financial Statements

31 December 2020

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1	–
Total non-current assets	1	–
CURRENT ASSETS		
Cash and cash equivalents	12,484	–
Due from subsidiaries	2,254,319	–
Total current assets	2,266,803	–
CURRENT LIABILITIES		
Other payables and accruals	3,622	17
Total current liabilities	3,622	17
NET CURRENT ASSETS/(LIABILITIES)	2,263,181	(17)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,263,182	(17)
Net assets	2,263,182	(17)
EQUITY		
Share capital	35,095	–
Reserves	2,228,087	(17)
Total equity	2,263,182	(17)

Notes to Financial Statements

31 December 2020

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 17 October 2019 (date of incorporation), 31 December 2019 and 1 January 2020	–	–	(17)	(17)
Total comprehensive income for the year	–	–	638,029	638,029
Issuance of new shares	35,095	2,297,175	–	2,332,270
Dividends and distributions	–	–	(707,100)	(707,100)
Balance at 31 December 2020	**35,095**	**2,297,175**	**(69,088)**	**2,263,182**

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2021.

Financial Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			
	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**34,875,174**	25,963,108	15,971,183	11,776,599
Cost of sales	**(27,162,266)**	(20,300,888)	(11,145,666)	(7,984,939)
Gross profit	**7,712,908**	5,662,220	4,825,517	3,791,660
Finance Income	**95,302**	100,431	213,893	268,686
Other income and gains	**436,406**	187,641	68,577	19,721
Selling and distribution expenses	**(1,152,834)**	(771,495)	(519,332)	(434,319)
Administrative expenses	**(1,196,128)**	(988,052)	(795,006)	(596,821)
Finance costs	**(525,246)**	(494,863)	(571,509)	(344,564)
Other expenses	**(80,592)**	(49,065)	(101,646)	(34,655)
Fair value gains on investment properties	**437,006**	480,869	616,536	317,755
Fair value gains or loss from financial assets at fair value through profit or loss	**(77)**	(266)	3,102	268
Share of profits and losses of:				
Joint ventures	**992,533**	510,165	(24,121)	426,721
Associates	**(182,519)**	(68,769)	(65,674)	54,329
Profit before tax	**6,536,759**	4,568,816	3,650,337	3,468,781
Income tax expense	**(2,717,686)**	(1,878,828)	(1,350,460)	(1,247,438)
Profit for the year	**3,819,073**	2,689,988	2,299,877	2,221,343
Attributable to:				
Owners of the parent	**3,127,526**	2,508,068	2,007,939	2,030,835
Non-controlling interests	**691,547**	181,920	291,938	190,508
	3,819,073	2,689,988	2,299,877	2,221,343

Financial Summary

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December			
	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets	**23,216,150**	19,698,717	18,381,164	15,501,726
Current assets	**162,445,338**	129,645,846	102,231,219	71,257,908
Total assets	**185,661,488**	149,344,563	120,612,383	86,759,634
Equity and liabilities				
Total equity	**36,112,406**	21,379,202	17,532,190	14,596,775
Non-current liabilities	**36,938,270**	32,676,990	22,600,859	23,283,154
Current liabilities	**112,610,812**	95,288,371	80,479,334	48,879,705
Total liabilities	**149,549,082**	127,965,361	103,080,193	72,162,859
Total equity and liabilities	**185,661,488**	149,344,563	120,612,383	86,759,634

The following is the text of a report on the financial information of Radiance Holdings (Group) Company Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Radiance Holdings (Group) Company Limited
ABCI Capital Limited
CLSA Capital Markets Limited
Haitong International Capital Limited

Dear Sirs,

We report on the historical financial information of Radiance Holdings (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-108 which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2020 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at December 31, 2017, 2018 and 2019 and April 30, 2020 and the statements of financial position of the Company as at December 31, 2019 and April 30, 2020 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-108 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 16, 2020 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at December 31, 2017, 2018 and 2019 and April 30, 2020 and of the Company as at December 31, 2019 and April 30, 2020 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended April 30, 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with *Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed* by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
October 16, 2020

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Four months ended April 30,	
	Notes	2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	11,776,599	15,971,183	25,963,108	4,454,113	2,929,200
Cost of sales		(7,984,939)	(11,145,666)	(20,300,888)	(3,206,145)	(2,149,495)
GROSS PROFIT		3,791,660	4,825,517	5,662,220	1,247,968	779,705
Finance income		268,686	213,893	100,431	27,929	21,174
Other income and gains	5	19,721	68,577	187,641	33,558	10,105
Selling and distribution expenses		(434,319)	(519,332)	(771,495)	(228,112)	(144,500)
Administrative expenses		(596,821)	(795,006)	(988,052)	(275,920)	(255,832)
Finance costs	7	(344,564)	(571,509)	(494,863)	(38,928)	(98,494)
Other expenses		(34,655)	(101,646)	(49,065)	(25,099)	(115,390)
Fair value gains on investment properties	15	317,755	616,536	480,869	251,913	101,106
Fair value gains or losses from financial assets at fair value through profit or loss		268	3,102	(266)	(3,161)	176
Share of profits and losses of:						
Joint ventures		426,721	(24,121)	510,165	(60,912)	71,368
Associates		54,329	(65,674)	(68,769)	(6,619)	(19,269)
PROFIT BEFORE TAX	6	3,468,781	3,650,337	4,568,816	922,617	350,149
Income tax expense	10	(1,247,438)	(1,350,460)	(1,878,828)	(390,839)	(168,134)
PROFIT FOR THE YEAR/PERIOD		2,221,343	2,299,877	2,689,988	531,778	182,015
Attributable to						
Owners of the parent		2,030,835	2,007,939	2,508,068	493,071	179,188
Non-controlling interests		190,508	291,938	181,920	38,707	2,827
		2,221,343	2,299,877	2,689,988	531,778	182,015
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	N/A	N/A	N/A	N/A	N/A

	Notes	Year ended December 31, 2017	2018	2019	Four months ended April 30, 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PROFIT FOR THE YEAR/PERIOD		2,221,343	2,299,877	2,689,988	531,778	182,015
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:						
Revaluation gains on transfer from property, plant and equipment to investment properties	15	7,342	—	—	—	—
Income tax effect		(1,835)	—	—	—	—
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods		5,507	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		5,507	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		2,226,850	2,299,877	2,689,988	531,778	182,015
Attributable to:						
Owners of the parent		2,036,122	2,007,939	2,508,068	493,071	179,188
Non-controlling interests		190,728	291,938	181,920	38,707	2,827
		2,226,850	2,299,877	2,689,988	531,778	182,015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2017	2018	2019	April 30, 2020
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	407,353	392,712	375,297	367,918
Right-of-use assets	14	142,248	141,891	133,728	125,783
Investment properties	15	8,725,120	9,735,264	10,506,200	10,616,700
Intangible assets	16	21,724	20,478	18,276	17,243
Investments in joint ventures	17	2,337,637	1,205,068	1,736,684	1,504,331
Investments in associates	18	821,584	1,892,847	2,341,967	2,356,735
Financial assets at fair value through profit or loss	26	122,757	108,481	309,951	312,091
Deferred tax assets	19	1,210,659	2,268,267	2,873,970	3,125,340
Other non-current assets	25	1,712,644	2,616,156	1,402,644	1,402,644
Total non-current assets		15,501,726	18,381,164	19,698,717	19,828,785
CURRENT ASSETS					
Properties under development	20	44,645,814	66,993,973	86,103,704	94,264,396
Completed properties held for sale	21	4,687,880	5,504,494	8,884,710	11,009,463
Trade receivables	22	103,607	144,710	25,360	22,858
Contract cost assets	23	221,228	330,480	481,756	617,497
Due from related parties	42	7,569,098	6,892,735	7,815,085	8,260,533
Prepayments and other receivables	24	7,573,969	6,364,089	12,243,759	9,268,135
Tax recoverable		340,936	583,799	685,978	806,728
Financial assets at fair value through profit or loss	26	12,033	1,217,190	5,739	3,775
Restricted cash	27	1,478,041	3,278,066	3,762,566	4,030,926
Pledged deposits	27	1,069,969	989,627	418,642	303,419
Cash and cash equivalents	27	3,555,333	9,932,056	9,218,547	8,407,534
Total current assets		71,257,908	102,231,219	129,645,846	136,995,264

	Notes	December 31, 2017	December 31, 2018	December 31, 2019	April 30, 2020
		RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables	*28*	4,404,560	6,083,752	8,401,573	7,618,674
Other payables and accruals	*29*	2,415,920	3,739,786	3,300,649	2,895,085
Contract liabilities	*30*	24,602,223	41,935,011	56,685,129	62,074,715
Due to related parties	*42*	3,062,905	2,883,813	4,911,899	4,414,264
Tax payable	*10*	1,545,450	2,466,616	2,763,367	2,689,250
Interest-bearing bank and other borrowings	*31*	8,586,825	15,117,163	13,979,311	14,571,180
Proceeds from asset-backed securities within one year	*32*	88,429	193,077	1,156,041	376,947
Senior notes	*33*	—	—	34,154	168,488
Corporate bonds	*34*	4,159,379	8,042,163	4,035,868	5,875,870
Lease liabilities within one year	*14*	14,014	17,953	20,380	18,322
Total current liabilities		48,879,705	80,479,334	95,288,371	100,702,795
NET CURRENT ASSETS		**22,378,203**	**21,751,885**	**34,357,475**	**36,292,469**
TOTAL ASSETS LESS CURRENT LIABILITIES		**37,879,929**	**40,133,049**	**54,056,192**	**56,121,254**
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*31*	17,173,508	14,167,847	19,466,254	21,282,992
Proceeds from asset-backed securities	*32*	431,786	4,250,876	3,426,599	3,376,912
Senior notes	*33*	—	—	1,706,044	3,812,267
Corporate bonds	*34*	3,586,950	1,396,675	5,266,794	3,121,395
Lease liabilities	*14*	20,225	18,696	12,231	7,145
Deferred tax liabilities	*19*	2,070,685	2,766,765	2,799,068	2,861,326
Total non-current liabilities		23,283,154	22,600,859	32,676,990	34,462,037
NET ASSETS		**14,596,775**	**17,532,190**	**21,379,202**	**21,659,217**
EQUITY					
Equity attributable to owners of the parent					
Share capital	*35*	—	—	—	—
Reserves	*36*	12,314,235	14,322,174	16,830,242	17,009,430
		12,314,235	14,322,174	16,830,242	17,009,430
Non-controlling interests		**2,282,540**	**3,210,016**	**4,548,960**	**4,649,787**
TOTAL EQUITY		**14,596,775**	**17,532,190**	**21,379,202**	**21,659,217**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Capital Reserve	Statutory surplus reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 35	Note 36(a)	Note 36(b)	Note 36(c)				
As at January 1, 2017	—	(144,926)	984,360	—	9,438,679	10,278,113	1,089,132	11,367,245
Profit for the year	—	—	—	—	2,030,835	2,030,835	190,508	2,221,343
Other comprehensive income for the year:								
Revaluation gains on transfer from property, plant and equipment to investment properties, net of tax	—	—	—	5,287	—	5,287	220	5,507
Total comprehensive income for the year	—	—	—	5,287	2,030,835	2,036,122	190,728	2,226,850
Appropriations to statutory surplus reserves	—	—	298,883	—	(298,883)	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	(1,600)	(1,600)
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	1,004,280	1,004,280
As at December 31, 2017 and January 1, 2018	—	(144,926)*	1,283,243*	5,287*	11,170,631*	12,314,235	2,282,540	14,596,775
Profit for the year	—	—	—	—	2,007,939	2,007,939	291,938	2,299,877
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	2,007,939	2,007,939	291,938	2,299,877
Appropriations to statutory surplus reserves	—	—	157,760	—	(157,760)	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	(1,480)	(1,480)
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	637,018	637,018
As at December 31, 2018 and January 1, 2019	—	(144,926)*	1,441,003*	5,287*	13,020,810*	14,322,174	3,210,016	17,532,190
Profit for the year	—	—	—	—	2,508,068	2,508,068	181,920	2,689,988
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	2,508,068	2,508,068	181,920	2,689,988
Appropriations to statutory surplus reserves	—	—	303,178	—	(303,178)	—	—	—
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	1,157,024	1,157,024
As at December 31, 2019	—	(144,926)*	1,744,181*	5,287*	15,225,700*	16,830,242	4,548,960	21,379,202

	Attributable to owners of the parent							
	Share capital	Capital Reserve	Statutory surplus reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 35	Note 36(a)	Note 36(b)	Note 36(c)				
As at December 31, 2019 and January 1, 2020	—	(144,926)*	1,744,181*	5,287*	15,225,700*	16,830,242	4,548,960	21,379,202
Profit for the period	—	—	—	—	179,188	179,188	2,827	182,015
Other comprehensive income for the period	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	179,188	179,188	2,827	182,015
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	98,000	98,000
As at April 30, 2020	—	(144,926)*	1,744,181*	5,287*	15,404,888*	17,009,430	4,649,787	21,659,217
As at December 31, 2018 and January 1, 2019	—	(144,926)	1,441,003	5,287	13,020,810	14,322,174	3,210,016	17,532,190
Profit for the period (unaudited)	—	—	—	—	493,071	493,071	38,707	531,778
Other comprehensive income for the period (unaudited)	—	—	—	—	—	—	—	—
Total comprehensive income for the period (unaudited)	—	—	—	—	493,071	493,071	38,707	531,778
Capital contribution from non-controlling shareholders of subsidiaries (unaudited)	—	—	—	—	—	—	105,525	105,525
As at April 30, 2019 (unaudited)	—	(144,926)	1,441,003	5,287	13,513,881	14,815,245	3,354,248	18,169,493

* These reserve accounts represent the total consolidated reserves of RMB12,314,235,000, RMB14,322,174,000, RMB16,830,242,000 and RMB17,009,430,000 in the consolidated statements of financial position as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2017	2018	2019	Four months ended April 30, 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		3,468,781	3,650,337	4,568,816	922,617	350,149
Adjustments for:						
Depreciation of items of property, plant and equipment	*6,13*	34,656	43,558	54,878	13,259	13,463
Amortization of land use rights	*6,14(a)*	1,940	3,064	3,680	1,081	1,215
Depreciation of other right-of-use assets	*6,14(b)*	8,634	15,100	22,715	6,871	8,108
Amortization of intangible assets	*6,16*	3,451	3,987	3,767	1,954	1,855
Impairment losses recognized for properties under development	*6,20*	138,090	289,717	183,913	129,507	—
Impairment losses recognized for completed properties held for sale	*6,21*	6,572	18,915	265,295	—	—
Impairment losses recognized for financial assets	*6,22,24*	1,371	437	83	(302)	(220)
Fair value gains or losses from financial assets through profit or loss		(268)	(3,102)	266	3,161	(176)
Gains on bargain purchase	*5*	—	(40,352)	—	—	—
Gains on disposal of subsidiaries	*5*	—	(4,245)	(97,589)	—	—
Share of profits and losses of joint ventures	*17*	(426,721)	24,121	(510,165)	60,912	(71,368)
Share of profits and losses of associates	*18*	(54,329)	65,674	68,769	6,619	19,269
Fair value gains on investment properties	*15*	(317,755)	(616,536)	(480,869)	(251,913)	(101,106)
Net gain or loss on disposal of items of property, plant and equipment		(1,412)	(293)	140	108	66
Finance costs	*7*	344,564	571,509	494,863	38,928	98,494
Finance income		(268,686)	(213,893)	(100,431)	(27,929)	(21,174)
Increase in properties under development and completed properties held for sale		(15,130,636)	(18,816,242)	(19,575,326)	(6,019,871)	(8,851,695)
(Increase)/decrease in prepayments and other receivables		(4,654,281)	1,742,232	(9,214,874)	(2,014,076)	2,974,769
Increase in restricted cash		(717,236)	(1,800,025)	(484,500)	(194,997)	(268,360)
Increase in pledged deposits		(16,291)	(81,617)	(52,040)	(110,097)	(40,171)
Decrease/(increase) in trade receivables		21,768	(40,219)	38,817	9,365	2,331
Increase in contract cost assets		(25,911)	(109,252)	(151,276)	(86,371)	(135,741)
(Decrease)/increase in trade and bills payables		(317,207)	1,397,330	2,589,745	(1,172,918)	(782,899)
(Increase)/decrease in amounts due from related parties		(30)	(5,953)	6,784	7,881	(21,678)
Increase/(decrease) in other payables and accruals		1,168,266	452,657	3,179,343	(692,293)	(287,605)
Increase in contract liabilities		10,007,913	16,414,080	15,676,127	8,866,999	5,284,903
Increase in due to related parties		—	—	—	—	3,382
Cash (used in)/generated from operations		**(6,724,757)**	**2,960,989**	**(3,509,069)**	**(501,505)**	**(1,824,189)**
Interest received		268,686	213,893	100,431	27,929	21,174
Tax paid		(1,300,086)	(1,740,494)	(2,288,415)	(814,778)	(552,113)
Net cash flows (used in)/generated from operating activities		**(7,756,157)**	**1,434,388**	**(5,697,053)**	**(1,288,354)**	**(2,355,128)**

	Notes	Year ended December 31, 2017	2018	2019	Four months ended April 30, 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	*13*	(81,504)	(30,746)	(45,515)	(28,782)	(6,272)
Purchase of intangible assets	*16*	(5,020)	(2,741)	(1,565)	(109)	(822)
Increase in investment properties		(831,902)	(197,263)	(8,150)	(3,557)	(9,394)
Acquisition of subsidiaries	*38*	(60,749)	(612,186)	—	—	—
Disposal of subsidiaries	*39*	—	(16,670)	(45,513)	—	—
Acquisition of financial assets at fair value through profit or loss		(91,300)	(1,200,279)	(218,842)	(445,972)	—
Disposal of financial assets at fair value through profit or loss		—	12,500	1,228,557	53,222	—
Investments in joint ventures and associates		(1,788,649)	(1,333,374)	(517,890)	—	(10,400)
Dividends received from joint ventures		—	402,446	—	—	281,330
Disposal of investments in joint ventures and associates		396,800	748,000	—	—	—
Advances to related parties		(17,413,614)	(8,141,427)	(11,477,734)	(1,551,054)	(3,348,582)
Receipt of advances to related parties		13,197,611	8,823,743	10,548,600	1,371,520	2,924,812
Disposal of items of property, plant and equipment		3,144	2,847	788	700	122
Net cash flows used in investing activities		**(6,675,183)**	**(1,545,150)**	**(537,264)**	**(604,032)**	**(169,206)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of senior notes		—	—	1,706,044	—	2,066,340
Proceeds from issue of corporate bonds		—	3,091,360	3,959,475	—	—
Repayment of proceeds from issue of corporate bonds		(490,900)	(1,990,900)	(4,728,055)	(852,855)	(300,000)
Capital contribution from non-controlling shareholders of the subsidiaries		1,004,280	637,018	611,499	105,525	98,000
Interest paid		(1,627,319)	(2,399,022)	(2,624,436)	(1,011,859)	(1,222,567)
Advances from related parties		5,730,629	7,590,677	6,061,726	3,353,243	1,135,943
Repayment of advances from related parties		(4,832,439)	(7,769,769)	(4,033,640)	(2,896,898)	(1,636,960)
Proceeds from asset-backed securities		—	4,000,150	631,114	—	—
Repayment of proceeds from asset-backed securities		(111,766)	(137,168)	(778,274)	—	(841,958)
(Increase)/decrease in pledged deposits		(297,630)	161,959	623,025	169,412	155,394
Proceeds from interest-bearing bank and other borrowings		23,363,953	21,778,923	27,230,410	9,801,624	8,650,318

	Notes	Year ended December 31, 2017	2018	2019	Four months ended April 30, 2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Repayment of interest-bearing bank and other borrowings		(9,535,620)	(18,456,390)	(23,111,597)	(9,684,270)	(6,381,711)
Payment of lease liabilities		(10,089)	(17,873)	(26,483)	(8,105)	(9,478)
Dividends paid to non-controlling shareholders		(1,600)	(1,480)	—	—	—
Net cash flows generated from/(used in) financing activities		**13,191,499**	**6,487,485**	**5,520,808**	**(1,024,183)**	**1,713,321**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,239,841)**	**6,376,723**	**(713,509)**	**(2,916,569)**	**(811,013)**
Cash and cash equivalents at beginning of year/period		4,795,174	3,555,333	9,932,056	9,932,056	9,218,547
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**3,555,333**	**9,932,056**	**9,218,547**	**7,015,487**	**8,407,534**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*27*	6,103,343	14,199,749	13,399,755	11,418,862	12,741,879
Less: Restricted cash	*27*	1,478,041	3,278,066	3,762,566	3,473,063	4,030,926
Pledged deposits	*27*	1,069,969	989,627	418,642	930,312	303,419
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		**3,555,333**	**9,932,056**	**9,218,547**	**7,015,487**	**8,407,534**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	December 31, 2019	April 30, 2020
		RMB'000	RMB'000
CURRENT LIABILITIES			
Other payables and accruals		17	874
NET LIABILITIES		**17**	874
EQUITY			
Share capital	*35*	—	—
Reserves		(17)	(874)
TOTAL EQUITY		**(17)**	**(874)**

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development and sales, property leasing, the provision of property management services and management consulting services to its joint ventures and associates for the overall operation of property projects (the "Listing Business"). The controlling shareholders of the Group are Mr. Lam Ting Keung, Ms. Lam Fung ying, Radiance Group Holdings Limited (formerly known as Radiance Property Holdings Limited, "Radiance Group Holdings") and Glowing Shine Limited (the "Controlling Shareholders").

The Company and its subsidiaries now comprising the Group underwent the Reorganization which was completed on March 5, 2020 as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

As at the date of the report, the Company had direct or indirect interests in more than 100 subsidiaries, all of which are private limited liability companies, and the particulars of the principal subsidiaries are set out below:

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Jubilance Properties Limited	*(5)*	British Virgin Islands/ May 14, 2013	US$0.003	100.00%	Investment holding
Indirectly held:					
金輝投資(香港)有限公司 Kam Fei Investment (Hong Kong) Limited ("Kam Fei Investment")	*(15)*	Hong Kong ("HK") May 4, 2006	HK$990	100.00%	Investment holding
金輝資本投資有限公司 Radiance Capital Investments Limited ("Radiance Capital Investments")	*(4)*	British Virgin Islands/ June 6, 2017	US$50	96.00%	Financing
金輝北望控股有限公司 Radiance Capital Holdings Co., Limited ("Radiance Capital Holdings")	*(16)*	HK/ May 18, 2017	HK$10	96.00%	Investment holding
金輝集團股份有限公司 Radiance Group Co., Ltd. ("Radiance Group")	*(7)*	People's Republic of China ("PRC")/ Mainland China/ September 2, 1996	RMB1,800,000	96.00%	Property development
北京融輝置業有限公司 Beijing Ronghui Real Estate Co., Ltd. ("Beijing Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ June 15, 2009	RMB300,000	96.00%	Property development
北京金輝居業投資有限公司 Beijing Jinhui Juye Investment Co., Ltd. ("Beijing Jinhui Juye Investment")	*(7)*	PRC/ Mainland China/ December 14, 2009	RMB98,000	96.00%	Investment holding
北京融輝酒店管理有限公司 Beijing Ronghui Hotel Management Co., Ltd. ("Beijing Ronghui Hotel Management")	*(7)*	PRC/ Mainland China/ August 5, 2010	RMB10,000	96.00%	Property management
福州金輝居業房地產有限公司 Fuzhou Jinhui Juye Properties Co., Ltd. ("Fuzhou Jinhui Juye Properties")	*(3,7)*	PRC/ Mainland China/ August 7, 2015	RMB50,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
北京融輝茗業投資有限公司 Beijing Ronghui Mingye Investment Co., Ltd. ("Beijing Ronghui Mingye Investment")	*(7)*	PRC/ Mainland China/ August 15, 2007	RMB30,000	96.00%	Investment holding
北京金輝原山投資發展有限公司 Beijing Jinhui Yuanshan Investment Development Co., Ltd. ("Beijing Jinhui Yuanshan Investment")	*(7)*	PRC/ Mainland China/ January 22, 2013	RMB10,000	96.00%	Property management
北京居業置業有限公司 Beijing Juye Real Estate Co., Ltd. ("Beijing Juye Real Estate")	*(7)*	PRC/ Mainland China/ March 23, 2016	RMB3,309,447	96.00%	Property development and leasing
北京北建陸港國際物流有限公司 Beijing Beijian Lugang International Logistics Co., Ltd. ("Beijing Beijian Lugang International")	*(7)*	PRC/ Mainland China/ March 31, 2008	RMB124,000	96.00%	Property development
天津融輝投資有限公司 Tianjin Ronghui Investment Co., Ltd. ("Tianjin Ronghui Investment")	*(7)*	PRC/ Mainland China/ April 6, 2010	RMB200,000	96.00%	Property development
天津金輝房地產開發有限公司 Tianjin Jinhui Properties Development Co., Ltd. ("Tianjin Jinhui Properties")	*(10)*	PRC/ Mainland China/ September 10, 2018	RMB50,000	96.00%	Property development
天津啓陽企業管理諮詢有限公司 Tianjin Qiyang Enterprise Management Co., Ltd. ("Tianjin Qiyang Enterprise Management")	*(20)*	PRC/ Mainland China/ November 15, 2018	RMB20,000	96.00%	Management consulting
天津居業貿易有限公司 Tianjin Juye Trading Co., Ltd. (Tianjin Juye Trading")	*(20)*	PRC/ Mainland China/ November 30, 2018	RMB550,000	96.00%	Trading
天津居業新材料科技發展有限公司 Tianjin Juye New Materials Technology Development Co., Ltd. ("Tianjin Juye New Materials Technology")	*(20)*	PRC/ Mainland China/ November 29, 2018	RMB520,000	96.00%	Trading
遼寧金輝置業有限公司 Liaoning Jinhui Real Estate Co., Ltd. ("Liaoning Jinhui Real Estate")	*(7)*	PRC/ Mainland China/ July 21, 2010	RMB20,000	96.00%	Property development
瀋陽金輝居業房地產有限公司 Shenyang Jinhui Juye Properties Co., Ltd. ("Shenyang Jinhui Juye Properties")	*(7)*	PRC/ Mainland China/ May 12, 2011	RMB20,000	96.00%	Property development
瀋陽融輝居業房地產開發有限公司 Shenyang Ronghui Juye Properties Development Co., Ltd. ("Shenyang Ronghui Juye Properties")	*(7)*	PRC/ Mainland China/ January 2, 2014	RMB582,080	96.00%	Property development
合肥盛卓房地產開發有限公司 Hefei Shengzhuo Properties Development Co., Ltd. ("Hefei Shengzhuo")	*(2,8)*	PRC/ Mainland China/ March 8, 2017	RMB200,000	22.08%	Property development
瀋陽廣興房地產開發有限公司 Shenyang Guangxing Properties Development Co., Ltd. ("Shenyang Guangxing Properties")	*(7)*	PRC/ Mainland China/ July 18, 2014	RMB21,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
石家莊融輝房地產開發有限公司 Shijiazhuang Ronghui Properties Development Co., Ltd. ("Shijiazhuang Ronghui Properties")	*(10)*	PRC/ Mainland China/ May 18, 2018	RMB10,000	96.00%	Property development
石家莊啓輝房地產開發有限公司 Shijiazhuang Qihui Properties Development Co., Ltd. ("Shijiazhuang Qihui Properties")	*(4)*	PRC/ Mainland China/ October 31, 2018	RMB10,000	64.32%	Property development
福州融輝房地產有限公司 Fuzhou Ronghui Properties Co., Ltd, ("Fuzhou Ronghui Properties")	*(7)*	PRC/ Mainland China/ December 31, 2004	RMB105,000	96.00%	Property development
福州金輝房地產開發有限公司 Fuzhou Jinhui Properties Development Co., Ltd. ("Fuzhou Jinhui Properties")	*(7)*	PRC/ Mainland China/ July 10, 1998	RMB17,150	97.20%	Property development
福州金輝置業有限公司 Fuzhou Jinhui Real Estate Co., Ltd. ("Fuzhou Jinhui Real Estate")	*(7)*	PRC/ Mainland China/ September 23, 2004	RMB50,000	96.00%	Property development
融僑(福州)置業有限公司 Rongqiao (FuZhou) Real Estate Co., Ltd. ("Rongqiao (Fuzhou) Real Estate")	*(7)*	PRC/ Mainland China/ June 24, 1992	US$30,000	57.60%	Property development
福州融宇房地產有限公司 Fuzhou Rongyu Properties Co., Ltd. ("Fuzhou Rongyu Properties")	*(20)*	PRC/ Mainland China/ December 9, 2016	RMB10,000	96.00%	Property development
福清金輝房地產開發有限公司 Fuqing Jinhui Properties Development Co., Ltd. ("Fuqing Jinhui Properties")	*(7)*	PRC/ Mainland China/ October 18, 2005	RMB150,000	96.00%	Property development
福清融輝置業有限公司 Fuqing Ronghui Real Estate Co., Ltd. ("Fuqing Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ July 16, 2009	RMB80,000	96.00%	Property development
福清金利方園房地產有限公司 Fuqing Jinli Fangyuan Properties Co., Ltd. ("Fuqing Jinli Fangyuan Properties")	*(2,8)*	PRC/ Mainland China/ November 10, 2017	RMB50,000	34.56%	Property development
福清金福新茂房地產有限公司 Fuqing Jinfu Xinmao Properties Co., Ltd. ("Fuqing Jinfu Xinmao Properties")	*(2,10)*	PRC/ Mainland China/ September 5, 2018	RMB200,000	37.44%	Property development
福清金輝居業房地產有限公司 Fuqing Jinhui Juye Properties Co., Ltd. ("Fuqing Jinhui Juye Properties")	*(10)*	PRC/ Mainland China/ September 27, 2018	RMB50,000	96.00%	Property development
福建省平潭居業貿易有限公司 Fujian Pingtan Juye Trading Co., Ltd. ("Fujian Pingtan Juye Properties")	*(8)*	PRC/ Mainland China/ May 3, 2017	RMB510,000	96.00%	Trading
福建省平潭築嘉居業建築裝飾有限責任公司 Fujian Pingtan Zhujia Juye Construction Decoration Co., Ltd. ("Fujian Pingtan Zhujia Juye Construction")	*(8)*	PRC/ Mainland China/ May 8, 2017	RMB5,000	96.00%	Construction decoration
深圳市金輝投資有限公司 Shenzhen Jinhui Investment Co., Ltd. ("Shenzhen Jinhui Investment")	*(21)*	PRC/ Mainland China/ May 26, 2017	RMB50,000	96.00%	Investment holding

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
佛山市金輝房地產有限公司 Foshan Jinhui Properties Co., Ltd. ("Foshan Jinhui Properties")	*(8)*	PRC/ Mainland China/ May 8, 2017	RMB10,000	96.00%	Property development
佛山市鵬輝房地產有限公司 Foshan Penghui Properties Co., Ltd. ("Foshan Penghui Properties")	*(3,8)*	PRC/ Mainland China/ June 22, 2017	RMB10,000	96.00%	Property development
佛山市高明區龍光景駿房地產有限公司 Foshan Gaoming Longguang Jingjun Properties Co., Ltd. ("Foshan Longguang Jingjun")	*(1,8)*	PRC/ Mainland China/ September 26, 2017	RMB20,000	48.00%	Property development
惠州市順翔房地產開發有限公司 Huizhou Shunxiang Properties Development Co., Ltd. ("Huizhou Shunxiang Properties")	*(14)*	PRC/ Mainland China/ November 1, 2016	RMB10,000	96.00%	Property development
惠州市恒盛泰房地產開發有限公司 Huizhou Hengshengtai Properties Development Co., Ltd. ("Huizhou Hengshengtai Properties")	*(14)*	PRC/ Mainland China/ September 5, 2017	RMB120,000	96.00%	Property development
重慶金輝錦江房地產有限公司 Chongqing Jinhui Jinjiang Properties Co., Ltd. ("Chongqing Jinhui Jinjiang Properties")	*(7)*	PRC/ Mainland China/ December 8, 2004	RMB596,120	96.00%	Property development
重慶金輝長江房地產有限公司 Chongqing Jinhui Changjiang Properties Co., Ltd. ("Chongqing Jinhui Changjiang")	*(7)*	PRC/ Mainland China/ April 13, 2001	RMB741,701	96.00%	Property development
重慶金輝長江資產管理有限公司 Chongqing Jinhui Changjiang Asset Management Co., Ltd. ("Chongqing Jinhui Changjiang Management")	*(7)*	PRC/ Mainland China/ February 8, 2003	RMB8,000	96.00%	Property Management
重慶融輝房地產有限公司 Chongqing Ronghui Properties Co., Ltd. ("Chongqing Ronghui Properties")	*(7)*	PRC/ Mainland China/ March 24, 2004	RMB173,700	96.00%	Property development
重慶金輝星耀房地產開發有限公司 Chongqing Jinhui Xingyao Properties Development Co., Ltd. ("Chongqing Jinhui Xingyao Properties")	*(2,10)*	PRC/ Mainland China/ June 20, 2018	RMB390,800	48.10%	Property development
成都瑞華企業(集團)有限責任公司 Chengdu Ruihua Enterprise (Group) Co., Ltd. ("Chengdu Ruihua Enterprise")	*(5)*	PRC/ Mainland China/ October 22, 2001	RMB25,000	96.00%	Property development
成都融輝置業有限公司 Chengdu Ronghui Real Estate Co., Ltd. ("Chengdu Ronghui Real Estate")	*(5)*	PRC/ Mainland China/ May 17, 2011	RMB20,000	96.00%	Property development
成都金輝居業置業有限公司 Chengdu Jinhui Juye Real Estate Co., Ltd. ("Chengdu Jinhui Juye Real Estate")	*(5)*	PRC/ Mainland China/ January 9, 2013	RMB10,000	96.00%	Property development
仁壽金輝耀城房地產有限公司 Renshou Jinhui Yaocheng Properties Co., Ltd. ("Renshou Jinhui Yaocheng Properties")	*(4)*	PRC/ Mainland China/ April 26, 2018	RMB20,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
武漢金輝融宇房地產開發有限公司 Wuhan Jinhui Rongyu Properties Development Co., Ltd. ("Wuhan Jinhui Rongyu Properties")	*(9)*	PRC/ Mainland China/ December 21, 2017	RMB102,041	96.00%	Property development
武漢金輝置業有限公司 Wuhan Jinhui Real Estate Co., Ltd. ("Wuhan Jinhui Real Estate")	*(20)*	PRC/ Mainland China/ October 16, 2017	RMB10,000	96.00%	Property development
孝感全洲鴻博置業有限公司 Xiaogan Quanzhou Hongbo Real Estate Co., Ltd. ("Xiaogan Quanzhou Hongbo Real Estate")	*(20)*	PRC/ Mainland China/ January 23, 2013	RMB100,000	96.00%	Investment development
湖南錦逵發房地產有限公司 Hunan Jindafa Properties Co., Ltd. ("Hunan Jindafa Properties")	*(5)*	PRC/ Mainland China/ March 5, 2012	RMB50,000	96.00%	Property development
長沙鴻濤房地產開發有限公司 Changsha Hongtao Properties Development Co., Ltd. ("Changsha Hongtao Properties")	*(5)*	PRC/ Mainland China/ September 21, 2007	RMB50,000	96.00%	Property development
荊州金輝融宇房地產開發有限公司 Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ("Jingzhou Jinhui Rongyu Properties")	*(4)*	PRC/ Mainland China/ August 24, 2018	RMB110,000	96.00%	Property development
西安金輝房地產開發有限公司 Xi'an Jinhui Properties Development Co., Ltd. ("Xi'an Jinhui Properties")	*(7)*	PRC/ Mainland China/ September 1, 2005	RMB746,424	96.00%	Property development
陝西金輝居業房地產有限公司 Shaanxi Jinhui Juye Properties Co., Ltd. ("Shaanxi Jinhui Juye Properties")	*(7)*	PRC/ Mainland China/ June 22, 2006	RMB10,000	96.00%	Property development
西安金輝居業房地產開發有限公司 Xi'an Jinhui Juye Properties Development Co., Ltd. ("Xi'an Jinhui Juye Properties")	*(7)*	PRC/ Mainland China/ December 18, 2007	RMB392,157	96.00%	Property development
西安融輝房地產開發有限公司 Xi'an Ronghui Properties Development Co., Ltd. ("Xi'an Ronghui Properties")	*(7)*	PRC/ Mainland China/ December 31, 2009	RMB100,000	96.00%	Property development
西安興茂房地產開發有限公司 Xi'an Xingmao Properties Development Co., Ltd. ("Xi'an Xingmao Properties")	*(7)*	PRC/ Mainland China/ September 28, 2010	RMB50,000	96.00%	Property development
西安金輝興業房地產開發有限公司 Xi'an Jinhui Xingye Properties Development Co., Ltd. ("Xi'an Jinhui Xingye Properties")	*(7)*	PRC/ Mainland China/ April 8, 2014	RMB50,000	96.00%	Property development
西安曲江原山置業有限公司 Xi'an Qujiang Yuanshan Real Estate Co., Ltd ("Xi'an Qujiang Yuanshan Real Estate")	*(3, 7)*	PRC/ Mainland China/ August 26, 2011	RMB100,000	96.00%	Property development
西安曲江合創房地產開發有限公司 Xi'an Qujiang Hechuang Properties Development Co., Ltd. ("Xi'an Qujiang Hechuang Properties")	*(7)*	PRC/ Mainland China/ August 26, 2011	RMB100,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
西安博朗房地產開發有限公司 Xi'an Bolang Properties Development Co., Ltd. ("Xi'an Bolang Properties Development")	*(7)*	PRC/ Mainland China/ July 16, 2013	RMB20,000	96.00%	Property development
西安金輝融宇房地產開發有限公司 Xi'an Jinhui Rongyu Properties Development Co., Ltd. ("Xi'an Jinhui Rongyu Properties")	*(7)*	PRC/ Mainland China/ January 26, 2016	RMB50,000	96.00%	Property development
西安輝耀房地產開發有限公司 Xi'an Huiyao Properties. Development Co., Ltd. ("Xi'an Huiyao Properties")	*(7)*	PRC/ Mainland China/ August 3, 2016	RMB20,000	96.00%	Property development
西安輝盛房地產開發有限公司 Xi'an Huisheng Properties Development Co., Ltd. ("Xi'an Huisheng Properties")	*(7)*	PRC/ Mainland China/ September 22, 2016	RMB10,000	96.00%	Property development
西安永挺置業有限公司 Xi'an Yongting Real Estate Co., Ltd. ("Xi'an Yongting Real Estate")	*(8)*	PRC/ Mainland China/ April 5, 2017	RMB16,800	96.00%	Property development
陝西楓泓房地產開發有限公司 Shaanxi Fenghong Properties Development Co., Ltd. ("Shaanxi Fenghong Properties")	*(9)*	PRC/ Mainland China/ December 23, 2010	RMB50,000	96.00%	Property development
西咸新區輝盛融宇房地產開發有限公司 Xixian New District Huisheng Rongyu Properties Development Co., Ltd. ("Xixian New District Huisheng Rongyu Properties")	*(10)*	PRC/ Mainland China/ August 28, 2018	RMB50,000	96.00%	Property development
鄭州金輝興業房地產開發有限公司 Zhengzhou Jinhui Xingye Properties Development Co., Ltd. ("Zhengzhou Jinhui Xingye Properties")	*(10)*	PRC/ Mainland China/ May 9, 2018	RMB102,040	96.00%	Property development
上海融輝置業有限公司 Shanghai Ronghui Real Estate Co., Ltd. ("Shanghai Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ December 10, 2009	RMB100,000	96.00%	Property development
上海融港置業有限公司 Shanghai Ronggang Real Estate Co., Ltd. ("Shanghai Ronggang Real Estate")	*(7)*	PRC/ Mainland China/ January 4, 2010	RMB100,000	96.00%	Property development
上海融輝房地產有限公司 Shanghai Ronghui Properties Co., Ltd. ("Shanghai Ronghui Properties")	*(7)*	PRC/ Mainland China/ October 30, 2013	RMB200,000	96.00%	Property development
上海天萃房地產開發有限公司 Shanghai Tiancui Properties Development Co., Ltd. ("Shanghai Tiancui Properties")	*(7)*	PRC/ Mainland China/ December 8, 2015	RMB100,000	96.00%	Property development
蘇州金輝居業有限公司 Suzhou Jinhui Juye Co., Ltd. ("Suzhou Jinhui Juye")	*(7)*	PRC/ Mainland China/ September 8, 2009	RMB100,000	96.00%	Investment development
蘇州金輝房地產開發有限公司 Suzhou Jinhui Properties Development Co., Ltd. ("Suzhou Jinhui Properties")	*(7)*	PRC/ Mainland China/ January 9, 2015	RMB100,000	96.00%	Property development
蘇州輝耀房地產開發有限公司 Suzhou Huiyao Properties Development Co., Ltd. ("Suzhou Huiyao Properties")	*(7)*	PRC/ Mainland China/ December 2, 2015	RMB100,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
蘇州融輝房地產開發有限公司 Suzhou Ronghui Properties Development Co., Ltd. ("Suzhou Ronghui Properties")	*(3,8)*	PRC/ Mainland China/ February 24, 2017	RMB100,000	96.00%	Property development
太倉金輝房地產開發有限公司 Taicang Jinhui Properties Development Co., Ltd. ("Taicang Jinhui Properties")	*(9)*	PRC/ Mainland China/ November 1, 2017	RMB100,000	96.00%	Property development
蘇州金輝華園置業有限公司 Suzhou Jinhui Huayuan Real Estate Co., Ltd. ("Jinhui Huayuan")	*(6)*	PRC/ Mainland China/ December 19, 2014	RMB20,000	96.00%	Property development
蘇州金輝新園置業有限公司 Suzhou Jinhui Xinyuan Real Estate Co., Ltd. ("Jinhui Xinyuan")	*(6)*	PRC/ Mainland China/ May 12, 2014	RMB20,000	96.00%	Property development
杭州融輝置業有限公司 Hangzhou Ronghui Real Estate Co., Ltd. ("Hangzhou Ronghui Real Estate")	*(3,12)*	PRC/ Mainland China/ January 16, 2017	RMB50,000	96.00%	Property development
杭州啓盈企業管理諮詢有限公司 Hangzhou Qiying Enterprise Management Consulting Co., Ltd. ("Hangzhou Qiying Enterprise Management")	*(3,4)*	PRC/ Mainland China/ June 9, 2017	RMB300,000	96.00%	Management consulting
杭州京輝置業有限公司 Hangzhou Jinghui Real Estate Co., Ltd. ("Hangzhou Jinghui Real Estate")	*(11)*	PRC/ Mainland China/ September 19, 2017	RMB50,000	96.00%	Property development
杭州融輝銘著實業有限公司 Hangzhou Ronghui Mingzhu Industrial Co., Ltd. ("Hangzhou Ronghui Mingzhu Industrial")	*(11)*	PRC/ Mainland China/ December 12, 2017	RMB100,000	96.00%	Property development
無錫金輝房地產開發有限公司 Wuxi Jinhui Properties Development Co., Ltd. ("Wuxi Jinhui Properties")	*(7)*	PRC/ Mainland China/ June 3, 2011	RMB100,000	96.00%	Property development
南京輝耀房地產開發有限公司 Nanjing Huiyao Properties Development Co., Ltd. ("Nanjing Huiyao Properties")	*(3,8)*	PRC/ Mainland China/ February 27, 2017	RMB110,000	96.00%	Property development
句容弘源房地產開發有限公司 Jurong Hongyuan Properties Development Co., Ltd. ("Jurong Hongyuan Properties")	*(7)*	PRC/ Mainland China/ July 3, 2009	RMB466,100	96.00%	Property development
句容恭華房地產開發有限公司 Jurong Gonghua Properties Development Co., Ltd. ("Jurong Gonghua Properties")	*(7)*	PRC/ Mainland China/ October 21, 2016	RMB20,000	96.00%	Property development
揚州金輝置業有限公司 Yangzhou Jinhui Real Estate Co., Ltd. ("Yangzhou Jinhui Real Estate")	*(7)*	PRC/ Mainland China/ October 12, 2011	RMB386,098	96.00%	Property development
揚州融輝置業有限公司 Yangzhou Ronghui Real Estate Co., Ltd. ("Yangzhou Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ February 26, 2016	RMB50,000	96.00%	Property development
揚州萬景置業有限公司 Yangzhou Wanjing Real Estate Co., Ltd. ("Yangzhou Wanjing Real Estate")	*(2,9)*	PRC/ Mainland China/ November 15, 2017	RMB555,000	32.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
淮安金輝置業有限公司 Huaian Jinhui Real Estate Co., Ltd. ("Huaian Jinhui Real Estate")	*(13)*	PRC/ Mainland China/ December 17, 2010	RMB100,000	96.00%	Property development
淮安融輝房地產有限公司 Huai'an Ronghui Properties Co., Ltd. ("Huai'an Ronghui Properties")	*(13)*	PRC/ Mainland China/ June 8, 2011	RMB200,000	97.43%	Property development
淮安融輝居業房地產有限公司 Huai'an Ronghui Juye Properties Co., Ltd. ("Huai'an Ronghui Juye Properties")	*(13)*	PRC/ Mainland China/ June 2, 2011	RMB392,749	96.00%	Property development
淮安金輝房地產有限公司 Huai'an Jinhui Properties Co., Ltd. ("Huai'an Jinhui Properties")	*(13)*	PRC/ Mainland China/ March 23, 2011	RMB100,000	96.00%	Property development
連雲港融輝置業有限公司 Lianyungang Ronghui Real Estate Co., Ltd. ("Lianyungang Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ December 20, 2010	RMB100,000	96.00%	Property development
鹽城金輝居業房地產開發有限公司 Yancheng Jinhui Juye Properties Development Co., Ltd. ("Yancheng Jinhui Juye Properties")	*(7)*	PRC/ Mainland China/ March 9, 2011	RMB100,000	96.00%	Property development
福建金輝安徽房地產有限公司 Fujian Jinhui Anhui Properties Co., Ltd. ("Fujian Jinhui Anhui Properties")	*(7)*	PRC/ Mainland China/ February 16, 2011	RMB100,000	96.00%	Property development
安徽融輝置業有限公司 Anhui Ronghui Real Estate Co., Ltd. ("Anhui Ronghui Real Estate")	*(7)*	PRC/ Mainland China/ May 11, 2011	RMB100,000	96.00%	Property development
安徽啟輝置業有限公司 Anhui Qihui Real Estate. Co., Ltd. ("Anhui Qihui Real Estate")	*(8)*	PRC/ Mainland China/ September 15, 2017	RMB100,000	96.00%	Property development
安徽皖輝置業有限公司 Anhui Wanhui Real Estate Co., Ltd. ("Anhui Wanhui Real Estate")	*(10)*	PRC/ Mainland China/ August 1, 2018	RMB100,000	67.20%	Property development
鎮江融輝置業有限公司 Zhengjiang Ronghui Real Estate Co., Ltd. ("Zhengjiang Ronghui Real Estate")	*(10)*	PRC/ Mainland China/ June 22, 2018	RMB100,000	96.00%	Property development
徐州輝耀房地產開發有限公司 Xuzhou Huiyao Properties Development Co., Ltd. ("Xuzhou Huiyao Properties")	*(10)*	PRC/ Mainland China/ June 25, 2018	RMB20,000	96.00%	Property development
天津啟輝房地產開發有限公司 Tianjin Qihui Properties Development Co., Ltd ("Tianjin Qihui Properties")	*(17)*	PRC/ Mainland China/ February 11, 2019	RMB50,000	96.00%	Property development
天津祥輝房地產開發有限公司 Tianjin Xianghui Properties Development Co., Ltd. ("Tianjin Xianghui Properties")	*(17)*	PRC/ Mainland China/ April 1,2019	RMB50,000	96.00%	Property development
揚州融宇房地產開發有限公司 Yangzhou Rongyu Properties Development Co., Ltd. ("Yangzhou Rongyu Properties")	*(17)*	PRC/ Mainland China/ February 1, 2019	RMB50,000	96.00%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital ('000)	Effective percentage of equity interest attributable to the Company	Principal activities
蘇州啟輝置業有限公司 Suzhou Qihui Real Estate Co., Ltd. ("Suzhou Qihui Real Estate")	*(18)*	PRC/ Mainland China/ January 24, 2019	RMB300,000	67.20%	Property development
鹽城啟輝置業有限公司 Yancheng Qihui Real Estate Co., Ltd. ("Yancheng Qihui Real Estate")	*(17)*	PRC/ Mainland China/ April 11, 2019	RMB150,000	96.00%	Property development
惠州市恒興業房地產開發有限公司 Huizhou Hengxingye Properties Development Co., Ltd. ("Huizhou Hengxingye Properties")	*(22)*	PRC/ Mainland China/ September 5, 2017	RMB37,500	96.00%	Property development
武漢耀星房地產開發有限責任公司 Wuhan Yaoxing Properties Development Co., Ltd. ("Wuhan Yaoxing Properties")	*(17)*	PRC/ Mainland China/ March 27, 2019	RMB1,000,000	62.40%	Property development
鎮江融宇房地產開發有限公司 Zhenjiang Rongyu Properties Development Co., Ltd. ("Zhenjiang Rongyu Properties Development")	*(17)*	PRC/ Mainland China/ April 17, 2019	RMB50,000	96.00%	Property development
重慶金永禾房地產開發有限公司 Chongqing Jinyonghe Real Estate Development Co., Ltd. ("Chongqing Jinyonghe Real Estate")	*(17,23)*	PRC/ Mainland China/ October 10, 2019	RMB200,000	48.96%	Property development
安徽金輝房地產開發有限公司 Anhui Jinhui Real Estate Development Co., Ltd. ("Anhui Jinhui Real Estate")	*(17)*	PRC/ Mainland China/ July 12, 2019	RMB50,000	96.00%	Property development
天津金輝啓陽投資有限公司 Tianjin Jinhui Qiyang Investment Co., Ltd. ("Tianjin Jinhui Qiyang Investment")	*(19)*	PRC/ Mainland China/ December 19, 2019	US$500,000	100.00%	Investment Management
福建鑫聯輝房地產開發有限公司 Fujian Xinlianhui Properties Development Co., Ltd. ("Fujian Xinlianhui Properties")	*(17)*	PRC/ Mainland China/ February 18, 2019	RMB10,000	81.60%	Property development
武漢三江匯物流投資有限公司 Wuhan Sanjianghui Logistics Investment Co., Ltd. ("Wuhan Sanjianghui")	*(2,20)*	PRC/ Mainland China/ January 28, 2013	RMB500,000	38.40%	Property development
紹興啟輝置業有限公司 Shaoxing Qihui Real Estate Co., Ltd. ("Shaoxing Qihui Real Estate")	*(24)*	PRC/ Mainland China/ March 2, 2020	RMB50,000	96.00%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the above disclosed principal subsidiaries are limited liability companies.

Notes:

(1) Foshan Longguang Jingjun is accounted for as a subsidiary of the Group by holding 48% of equity interest because the Group has been delegated 50% of the equity holder's right from the other equity holder to control and operate Foshan Longguang Jingjun.

(2) Pursuant to articles of association, the Group has been entitled with enough voting right to control and operate these entities. Thus, these entities are accounted for as subsidiaries of the Group by holding less than 50% of equity interest in them, such as the Group has 51% voting right in Hefei Shengzhuo to control and operate it.

(3) The Group legally transferred partial equity interests of these subsidiaries as collateral to trust financing companies during the Relevant Periods. Under such trust financing arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

In addition, the Group retains the power to control these companies in the ordinary course of business by confirmations from the legal equity holders. In this regard, considering the facts that the substance of the arrangements is to collateralize some equity interests in these companies for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies, the directors of the Company are of the view that the financial position and operating results of these companies should be consolidated into the Group's financial statements.

As at the date of the report, Xi'an Qujiang Yuanshan Real Estate, Nanjing Huiyao Properties, Fuzhou Jinhui Juye Properties, Hangzhou Ronghui Real Estate, Foshan Penghui Properties and Suzhou Ronghui Properties, Hangzhou Qiying Enterprise Management have fully settled the outstanding principal and interest to the trust financing companies. However, Fuzhou Jinhui Juye Properties was in the administrative process of updating Business Registration.

(4) No audited financial statements have been prepared for these entities since incorporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

(5) No audited financial statements have been prepared and issued for the years ended December 31, 2017, 2018 and 2019, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in these years.

(6) On December 28, 2018, Jinhui Huayuan and Jinhui Xinyuan became indirect wholly-owned subsidiaries of the Group. For more details, refer to note 38.

The statutory financial statements of these entities for the year ended December 31, 2018 prepared in accordance with generally accepted accounting principles in the People's Republic of China ("PRC GAAP") and regulations were audited by Jiangsu Tin Certified Public Accountants Co., Ltd. (江蘇天寧會計師事務所有限公司), a certified public accounting firm registered in the PRC.

The statutory financial statements of these entities for the year ended December 31, 2019 prepared in accordance with generally accepted accounting principles in the People's Republic of China ("PRC GAAP") and regulations were audited by Jiangsu ARK Certified Public Accountants Co., Ltd. (江蘇海天會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(7) The statutory financial statements of these entities for the year ended December 31, 2017 prepared in accordance with PRC GAAP and regulations were audited by Fujian Huacheng Certified Public Accountants Co., Ltd. (福建華成會計師事務所有限公司), a certified public accounting firm registered in the PRC.

The statutory financial statements of these entities for the years ended December 31, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(8) The statutory financial statements of these entities for the period from the date of their incorporation to December 31, 2017 prepared in accordance with PRC GAAP and regulations were audited by Fujian Huacheng Certified Public Accountants Co., Ltd. (福建華成會計師事務所有限公司), a certified public accounting firm registered in the PRC.

The statutory financial statements of these entities for the years ended December 31, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(9) The statutory financial statements of these entities for the years ended December 31, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared and issued for the year ended December 31, 2017.

(10) The statutory financial statements of these entities for the period from the date of their incorporation to December 31, 2018 and for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(11) The statutory financial statements of these entities for the year ended December 31, 2018 prepared in accordance with PRC GAAP and regulations were audited by Z Pan-China Certified Public Accountants (天健會計師事務所), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared and issued for the year ended December 31, 2017.

The statutory financial statements of these entities for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(12) The statutory financial statements of this entity for the period from the date of its incorporation to December 31, 2017 prepared in accordance with PRC GAAP and regulations were audited by Zhejiang Henghui Certified Public Accountants (浙江恒惠會計師事務所), a certified public accounting firm registered in the PRC.

The statutory financial statements of this entity for the year ended December 31, 2018 prepared in accordance with PRC GAAP and regulations were audited by Z Pan-China Certified Public Accountants (天健會計師事務所), a certified public accounting firm registered in the PRC.

The statutory financial statements of this entity for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(13) The statutory financial statements of these entities for the years ended December 31, 2017 and 2018 prepared in accordance with PRC GAAP and regulations were audited by Beijing Huatongjian Certified Public Accountants Jiangsu branch (北京華通鑒會計師事務所有限責任公司江蘇分所), a certified public accounting firm registered in the PRC.

The statutory financial statements of these entities for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Huaian Zhongzhenhuaxin Certified Public Accountants (淮安中振華信會計師事務所), a certified public accounting firm registered in the PRC.

(14) The statutory financial statements of these entities for the years ended December 31, 2018 and 2019 prepared in accordance with PRC GAAP and regulations were audited by Huizhoushi Anxin Certified Public Accountants Co., Ltd. (惠州市安信會計師事務所有限公司), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared and issued for the year ended December 31, 2017.

(15) The statutory financial statements of this entity for the years ended December 31, 2017, 2018 and 2019 prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") and regulations were audited by K.F.YAU&CO. Certified Public Accountants Hong Kong (丘家輝會計師事務所), a certified public accounting firm registered in Hong Kong.

(16) The statutory financial statements of this entity for the year ended December 31, 2019 prepared in accordance with HKFRS and regulations were audited by K.F.YAU&CO. Certified Public Accountants Hong Kong (丘家輝會計師事務所), a certified public accounting firm registered in Hong Kong. No audited financial statements have been prepared and issued for the years ended December 31, 2017 and 2018.

(17) The statutory financial statements of these entities for the period from the date of their incorporation to December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC.

(18) The statutory financial statements of this entity for the period from the date of its incorporation to December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Jiangsu Haitian certified public accountants Co., Ltd (江蘇海天會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(19) The statutory financial statements of this entity for the period from the date of its incorporation to December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Tianjin Jianxin Certified Public Accountants LLP. (天津健信會計師事務所（普通合夥)), a certified public accounting firm registered in the PRC.

(20) The statutory financial statements of these entities for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Mazars Certified Public Accountants LLP. Fujian Branch (中審眾環會計師事務所(特殊普通合夥)福建分所), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared and issued for the years ended December 31, 2017 and 2018.

(21) The statutory financial statements of this entity for the year ended December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Huizhoushi Anxin Certified Public Accountants Co., Ltd. (惠州市安信會計師事務所有限公司), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared and issued for the years ended December 31, 2017 and 2018.

(22) The statutory financial statements of this entity for the period from the date of its incorporation to December 31, 2019 prepared in accordance with PRC GAAP and regulations were audited by Huizhoushi Anxin Certified Public Accountants Co., Ltd. (惠州市安信會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(23) Chongqing Jinyonghe Real Estate is accounted for as a subsidiary of the Group by holding 48.96% of equity interest because a non-wholly owned subsidiary of the Company, Chongqing Ronghui Properties, holds its 51% equity interest to control and operate it.

(24) No audited financial statements have been audited for this entity, as this entity is newly established in 2020.

2.1 Basis of Presentation

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on March 5, 2020. As the Reorganization involved inserting new holding companies at the top of an existing company and has not resulted in a change in economic substance, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the then holding company by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2017, 2018 and 2019 and April 30, 2020 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than the controlling shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The Group has adopted IFRS 9, IFRS 15, IFRS 16, IFRIC 23, amendments to IFRS 9, IAS 39 and IFRS 7, amendments to IFRS 3 and amendments to IAS 1 and IAS 8 on a consistent basis throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value.

2.3 Issued but not yet Effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 37	*Onerous Contract – Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16*[3]

1 Effective for annual periods beginning on or after June 1, 2020

2 Effective for annual periods beginning on or after January 1, 2021

3 Effective for annual periods beginning on or after January 1, 2022

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments clarify the situations that are considered settlement of a liability. The new guidance will be effective for annual periods starting on or after January 1, 2022. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

For the other amendments not abovementioned, the directors of the Company are in the view of that application of these amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's statements of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business Combinations and Goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in Associates and Joint Ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statements of profit or loss and other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair Value Measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of Non-Financial Assets

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

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

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

Related Parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.25–4.75%
Motor vehicles	11.25–31.67%
Office equipment and electronic devices	18.00–32.33%
Leasehold improvements	Over the shorter of the lease terms and benefit period

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statements of profit or loss and other comprehensive income in the year the asset Derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment Properties

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

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the profit or loss.

Transfers to or from Investment Property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties Under Development

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

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

Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realizable value. Cost comprises development costs attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Allocation of Property Development Costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite live are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortized on the straight-line basis over its estimated useful life of 2 to 10 years. The Group usually classifies the internet software with higher turnover rate and lower cost like application based on WeChat to a shorter useful life as 2 years and the system software with high compatibility and stable service output which satisfies the operation well and has no need for frequent technological updates and maintenance, like ERP system to a longer useful life as 10 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-Use Assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 50 years
Office buildings	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realizable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease Liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and electronic devices that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a Lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalized at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognized in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the statement of financial position recognition exemption, the Group classifies the sublease as an operating lease.

Investments and Other Financial Assets

Initial Recognition and Measurement

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

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

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at FVTPL

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statements of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of Financial Assets

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified Approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities (collectively called "loans and borrowings"), trade and bills payables, other payables, and amounts due to related parties.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at Amortized Cost (Loans and Borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statements of profit or loss and other comprehensive income.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

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

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods in which the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a. *Sale of Properties*

Revenues are recognized when or as the control of the asset is transferred to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

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

b. *Property Management Services*

Property management service income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

c. *Management Consulting Services*

Consulting services income derived from the provision of support services in connection with development of property projects is recognized when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from Other Sources

Rental Income

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

Interest Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Contract Liabilities

A contract liability is recognized when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract Cost Assets

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract cost assets are amortized and charged to profit or loss on a systematic basis that is consistent with the pattern of the recognition of revenue to which the asset relates. Other contract costs are expensed as incurred.

Employee Retirement Benefits

Pension Scheme

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized.

All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs include interest expense, finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are adjustments to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign Currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Company's functional currency, because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification of Subsidiaries, Joint Ventures and Associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgments through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means that each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements. The interests in joint ventures and associates are equity accounted for as investments on the consolidated statements of financial position.

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

Significant Financing Component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Estimation Uncertainty

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

Provision for Properties Under Development and Completed Properties Held for Sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease, and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC Corporate Income Tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

PRC Land Appreciation Tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalized its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realize.

Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of Fair Value of Investment Properties

Investment properties carried at fair value are revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, and the provision of property management services. Property leasing, and the provision of property management services are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Geographical Information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about Major Customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers	11,650,931	15,692,154	25,610,326	4,347,782	2,809,168
Revenue from other sources					
Property lease income	125,668	279,029	352,782	106,331	120,032
	11,776,599	15,971,183	25,963,108	4,454,113	2,929,200

Revenue from Contracts with Customers

(a) Disaggregated Revenue Information

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Type of goods or services:					
Sale of properties	11,285,961	15,149,795	25,037,479	4,152,298	2,773,249
Property management services	357,095	480,542	517,219	172,114	—
Management consulting services	7,875	61,817	55,628	23,370	35,919
Total revenue from contracts with customers	11,650,931	15,692,154	25,610,326	4,347,782	2,809,168

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Timing of revenue recognition					
Properties transferred at a point in time	11,285,961	15,149,795	25,037,479	4,152,298	2,773,249
Services transferred over time	364,970	542,359	572,847	195,484	35,919
Total revenue from contracts with customers	11,650,931	15,692,154	25,610,326	4,347,782	2,809,168

Refer to note 30 for information relating to the amounts of revenue recognized in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods.

(b) Performance Obligations

Information about the Group's performance obligations is summarized below:

Sale of Properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or have the right to receive the payment probably.

Property Management Services

For property management services, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Management Consulting Services

For management consulting services, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

An analysis of other income and gains is as follows:

	Year ended December 31,			**Four months ended April 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Gain on bargain purchase (note 38)	—	40,352	—	—	—
Gain on disposal of subsidiaries (note 39)	—	4,245	97,589	—	—
Subsidy income	393	2,392	8,419	909	222
Deposit forfeiture	9,867	6,353	14,247	3,260	1,898
Investment income from financial assets at fair value through profit or loss	5,731	13,156	63,330	28,566	6,395
Gain on disposal of items of property, plant and equipment	1,823	499	16	4	—
Others	1,907	1,580	4,040	819	1,590
	19,721	68,577	187,641	33,558	10,105

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold (excluding impairment losses recognized for properties under development and properties held for sale) (notes 20, note 21)	7,520,133	10,419,947	19,407,407	2,915,148	2,139,695
Cost of services provided and others	320,144	417,087	444,273	161,490	9,800
Impairment losses recognized for properties under development (note 20)	138,090	289,717	183,913	129,507	—
Impairment losses recognized for properties held for sale (note 21)	6,572	18,915	265,295	—	—
Impairment of financial assets (notes 22, 24)	1,371	437	83	(302)	(220)
Depreciation of property, plant and equipment (note 13)	34,656	43,558	54,878	13,259	13,463
Amortization of intangible assets (note 16)	3,451	3,987	3,767	1,954	1,855
Amortization of land use rights (note 14(a))	1,940	3,064	3,680	1,081	1,215
Depreciation of other right-of-use assets (note 14(b))	8,634	15,100	22,715	6,871	8,108
Rental expenses (note 14(d))	2,865	4,424	4,653	1,121	1,429
Auditor's remuneration	2,017	2,548	5,413	—	1,700
Employee benefit expense (including directors' and chief executive's remuneration in note 8):					
Wages and salaries	359,037	473,761	583,756	162,090	132,942
Pension scheme contributions and social welfare	62,045	84,511	97,893	29,104	15,938

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on loans and borrowings	2,192,856	3,070,800	3,647,405	1,103,505	1,427,561
Interest expense arising from revenue contracts	401,548	538,953	553,127	54,198	104,683
Total interest expense on financial liabilities not at FVTPL	2,594,404	3,609,753	4,200,532	1,157,703	1,532,244
Less: Interest capitalized	(2,249,840)	(3,038,244)	(3,705,669)	(1,118,775)	(1,433,750)
	344,564	571,509	494,863	38,928	98,494

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before October 17, 2019, the date of incorporation of the Company.

Mr. Lam Ting Keung, Mr. Lam Yu, Mr. Chen Chaorong and Mr. Huang Junquan were appointed as directors of the Company on October 17, 2019 and were redesignated as executive directors on March 16, 2020. Mr. Tse Yat Hong, Mr. Chung Chong Sun and Mr. Zhang Huaqiao were appointed as independent non-executive directors of the Company on October 5, 2020. Mr. Lam Ting Keung is currently the chairman of the Board and the chief executive officer of the Group.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	3,900	3,770	3,766	1,255	1,278
Pension scheme contributions and social welfare	228	250	246	88	50
Total	4,128	4,020	4,012	1,343	1,328

(a) Independent Non-Executive Directors

	Salaries, Allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2017			
Independent non-executive directors:			
— Mr. Tse Yat Hong	—	—	—
— Mr. Chung Chong Sun	—	—	—
— Mr. Zhang Huaqiao	250	—	250
	250	—	250
Year ended December 31, 2018			
Independent non-executive directors:			
— Mr. Tse Yat Hong	—	—	—
— Mr. Chung Chong Sun	—	—	—
— Mr. Zhang Huaqiao	250	—	250
	250	—	250
Year ended December 31, 2019			
Independent non-executive directors:			
— Mr. Tse Yat Hong	—	—	—
— Mr. Chung Chong Sun	—	—	—
— Mr. Zhang Huaqiao	250	—	250
	250	—	250
Four months ended April 30, 2019 (unaudited)			
Independent non-executive directors:			
— Mr. Tse Yat Hong	—	—	—
— Mr. Chung Chong Sun	—	—	—
— Mr. Zhang Huaqiao	83	—	83
	83	—	83
Four months ended April 30, 2020			
Independent non-executive directors:			
— Mr. Tse Yat Hong	—	—	—
— Mr. Chung Chong Sun	—	—	—
— Mr. Zhang Huaqiao	83	—	83
	83	—	83

There was no emolument payable to Mr. Tse Yat Hong and Mr. Chung Chong Sun during the Relevant Periods and the four months ended April 30, 2019.

(b) Executive directors and non-executive directors

	Salaries, Allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2017			
Executive directors:			
— Mr. Lam Ting Keung	361	—	361
— Mr. Lam Yu	361	—	361
— Mr. Chen Chaorong	1,573	114	1,687
— Mr. Huang Junquan	1,355	114	1,469
	3,650	228	3,878
Year ended December 31, 2018			
Executive directors:			
— Mr. Lam Ting Keung	361	—	361
— Mr. Lam Yu	361	—	361
— Mr. Chen Chaorong	1,624	125	1,749
— Mr. Huang Junquan	1,174	125	1,299
	3,520	250	3,770
Year ended December 31, 2019			
Executive directors:			
— Mr. Lam Ting Keung	361	—	361
— Mr. Lam Yu	361	—	361
— Mr. Chen Chaorong	1,622	123	1,745
— Mr. Huang Junquan	1,172	123	1,295
	3,516	246	3,762
Four months ended April 30, 2019 (unaudited)			
Executive directors:			
— Mr. Lam Ting Keung	120	—	120
— Mr. Lam Yu	120	—	120
— Mr. Chen Chaorong	541	44	585
— Mr. Huang Junquan	391	44	435
	1,172	88	1,260
Four months ended April 30, 2020			
Executive directors:			
— Mr. Lam Ting Keung	120	—	120
— Mr. Lam Yu	120	—	120
— Mr. Chen Chaorong	551	25	576
— Mr. Huang Junquan	404	25	429
	1,195	50	1,245

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended April 30, 2019.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2019 and 2020 included one director, one director, one director, one director and nil director, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2019 and 2020 of the remaining four, four, four, four and five highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	9,239	9,302	9,437	3,029	3,216
Pension scheme contributions and social welfare	374	557	555	194	117
Total	9,613	9,859	9,992	3,223	3,333

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019 (unaudited)	2020
Nil to HK$1,000,000	—	—	—	4	5
HK$1,000,001 to HK$2,000,000	—	1	—	—	—
HK$2,000,001 to HK$3,000,000	4	3	4	—	—
Total	4	4	4	4	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the Relevant Periods except for the following subsidiaries:

Company name	Corporate income tax rate
Chongqing Jinhui Changjiang*	15%
Chongqing Jinhui Changjiang Management*	15%

* According to the Announcement on Further Implementation of Corporate Income Tax Policy for the development of the Western Regions issued by State Taxation Administration (2012 No.12) issued by State Taxation Administration and the extension of Corporate Income Tax Policy for the development of the Western Regions（2020 No.23） jointly issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, Chongqing Jinhui Changjiang and Chongqing Jinhui Changjiang Management, subsidiaries of the Group, are qualified to enjoy the preferential tax policy of western regions enterprise income tax of 15% from 2011 to 2030.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
Corporate income tax	920,395	1,314,035	1,375,919	445,342	279,153
LAT	690,879	726,731	1,107,069	162,812	78,093
Deferred tax (note 19)	(363,836)	(690,306)	(604,160)	(217,315)	(189,112)
Total tax charge for the year/period	1,247,438	1,350,460	1,878,828	390,839	168,134

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the four months ended April 30, 2019 is as follows:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	3,468,781	3,650,337	4,568,816	922,617	350,149
At the statutory income tax rate	867,195	912,584	1,142,204	230,654	87,537
Lower tax rates for specific provinces or enacted by local authority	(38,091)	(71,501)	(40,271)	6,874	1,368
Expenses not deductible for tax	10,017	10,193	12,863	2,279	2,506
Profits and losses attributable to joint ventures and associates	(120,263)	22,449	(110,349)	16,883	(13,025)
Deductible temporary differences and Tax losses utilized from previous years	(29,561)	(123,758)	(88,539)	(46,650)	(31,467)
Unrecognised deductible temporary differences and tax losses	39,737	57,423	130,863	56,935	64,461
Adjustment of current tax for previous years	245	(1,979)	1,755	1,755	(1,816)
Provision for LAT	690,879	726,731	1,107,069	162,812	78,093
Tax effect on LAT	(172,720)	(181,682)	(276,767)	(40,703)	(19,523)
Tax charge at the Group's effective rate	1,247,438	1,350,460	1,878,828	390,839	168,134

The share of tax charges attributable to joint ventures and associates amounted to RMB193,987,000, RMB22,254,000, RMB212,078,000, RMB1,891,000 and RMB34,020,000 for the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2019 and 2020, respectively. The share of tax credit attributable to joint ventures and associates amounted to RMB33,637,000, RMB52,186,000, RMB64,946,000, RMB24,401,000 and RMB16,654,000 for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statements of profit or loss and other comprehensive income.

Tax payables in the consolidated statements of financial position represent the following:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax payables:				
Corporate income tax	418,294	750,756	660,586	629,004
LAT	1,127,156	1,715,860	2,102,781	2,060,246
	1,545,450	2,466,616	2,763,367	2,689,250

11. DIVIDENDS

The Company did not declare or pay dividends during the Relevant Periods. On July 2, 2020, the Company declared dividends in the amount of USD100 million, of which US$50.0 million and US$50.0 million had been paid in July and September 2020, respectively.

Going forward, the Company will re-evaluate the dividend policy in light of financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Directors, depending on results of operation, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2017						
At December 31, 2016 and January 1, 2017:						
Cost	370,166	162,340	62,368	11,442	6,941	613,257
Accumulated depreciation	(63,515)	(136,100)	(42,236)	—	(1,750)	(243,601)
Net carrying amount	306,651	26,240	20,132	11,442	5,191	369,656
At January 1, 2017, net of accumulated depreciation	306,651	26,240	20,132	11,442	5,191	369,656
Additions	37,708	5,059	12,201	3,823	22,713	81,504
Transferred from construction in progress	14,668	—	—	(14,668)	—	—
Disposals	—	(1,341)	(391)	—	—	(1,732)
Transferred to investment properties (note 15)	(7,419)	—	—	—	—	(7,419)
Depreciation provided during the year (note 6)	(10,912)	(6,823)	(7,805)	—	(9,116)	(34,656)
At December 31, 2017, net of accumulated depreciation	340,696	23,135	24,137	597	18,788	407,353
At December 31, 2017:						
Cost	414,308	150,404	72,476	597	29,654	667,439
Accumulated depreciation	(73,612)	(127,269)	(48,339)	—	(10,866)	(260,086)
Net carrying amount	340,696	23,135	24,137	597	18,788	407,353
December 31, 2018						
At December 31, 2017 and January 1, 2018:						
Cost	414,308	150,404	72,476	597	29,654	667,439
Accumulated depreciation	(73,612)	(127,269)	(48,339)	—	(10,866)	(260,086)
Net carrying amount	340,696	23,135	24,137	597	18,788	407,353
At January 1, 2018, net of accumulated depreciation	340,696	23,135	24,137	597	18,788	407,353
Additions	194	3,705	8,171	32	18,644	30,746
Acquisition of subsidiaries (note 38)	—	—	725	—	—	725
Transferred from construction in progress	—	—	629	(629)	—	—
Disposals	—	(780)	(842)	—	(932)	(2,554)
Depreciation provided during the year (note 6)	(14,344)	(5,711)	(8,858)	—	(14,645)	(43,558)
At December 31, 2018, net of accumulated depreciation	326,546	20,349	23,962	—	21,855	392,712
At December 31, 2018:						
Cost	414,502	147,438	78,239	—	47,108	687,287
Accumulated depreciation	(87,956)	(127,089)	(54,277)	—	(25,253)	(294,575)
Net carrying amount	326,546	20,349	23,962	—	21,855	392,712

	Buildings	Motor vehicles	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2019						
At December 31, 2018 and January 1, 2019:						
Cost	414,502	147,438	78,239	—	47,108	687,287
Accumulated depreciation	(87,956)	(127,089)	(54,277)	—	(25,253)	(294,575)
Net carrying amount	326,546	20,349	23,962	—	21,855	392,712
At January 1, 2019, net of accumulated depreciation	326,546	20,349	23,962	—	21,855	392,712
Additions	15,407	6,050	7,507	—	16,551	45,515
Disposals	—	(732)	(196)	—	—	(928)
Disposal of subsidiaries (note 39)	—	(813)	(4,877)	—	(1,434)	(7,124)
Depreciation provided during the year (note 6)	(20,267)	(5,612)	(10,048)	—	(18,951)	(54,878)
At December 31, 2019, net of accumulated depreciation	321,686	19,242	16,348	—	18,021	375,297
At December 31, 2019:						
Cost	429,909	147,161	69,802	—	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	—	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	—	18,021	375,297
April 30, 2020						
At December 31, 2019 and January 1, 2020:						
Cost	429,909	147,161	69,802	—	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	—	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	—	18,021	375,297
At January 1, 2020, net of accumulated depreciation	321,686	19,242	16,348	—	18,021	375,297
Additions	—	—	4,678	—	1,594	6,272
Disposals	—	(138)	(50)	—	—	(188)
Depreciation provided during the period (note 6)	(6,575)	(1,559)	(1,535)	—	(3,794)	(13,463)
At April 30, 2020, net of accumulated depreciation	315,111	17,545	19,441	—	15,821	367,918
At April 30, 2020:						
Cost	429,909	145,710	74,115	—	63,455	713,189
Accumulated depreciation	(114,798)	(128,165)	(54,674)	—	(47,634)	(345,271)
Net carrying amount	315,111	17,545	19,441	—	15,821	367,918

Certain of the Group's property, plant and equipment with amounts of approximately RMB34,196,000, RMB30,338,000, RMB28,088,000 and RMB26,742,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 31).

Certain of the Group's property, plant and equipment with amounts of nil, RMB24,047,000, RMB24,071,000 and RMB23,870,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's asset-backed securities (note 32).

Certain of the Group's property, plant and equipment with amounts of RMB24,631,000, nil, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's corporate bonds (note 34).

14. LEASES

The Group as a Lessee

The Group has lease contracts for office buildings. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 3 and 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-Use Assets — Land Use Rights

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	110,387	108,318	105,254	100,379
Additions	3,303	—	—	—
Disposal	—	—	(395)	—
Disposal of subsidiaries (note 39)	—	—	(800)	—
Transfer to investment properties (note 15)	(3,432)	—	—	—
Amortization provided during the year/period (note 6)	(1,940)	(3,064)	(3,680)	(1,215)
Carrying amount at end of the year/period	108,318	105,254	100,379	99,164

Certain of the Group's land use rights with amounts of RMB4,143,000, RMB4,003,000, RMB4,902,000 and RMB4,744,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's interest-bearing bank and other borrowings (note 31).

Certain of the Group's land use rights with amounts of nil, RMB21,361,000, RMB20,854,000 and RMB20,670,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's asset-backed securities (note 32).

Certain of the Group's land use rights with amounts of RMB21,913,000, nil, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's corporate bonds (note 34).

(b) Other Right-of-Use Assets

The carrying amounts of the Group's other right-of-use assets and the movements during the Relevant Periods are as follows:

	Office buildings			
	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	8,649	33,930	36,637	33,349
Additions	33,915	17,807	19,427	1,378
Depreciation charge during the year/period (note 6)	(8,634)	(15,100)	(22,715)	(8,108)
Carrying amount at end of the year/period	33,930	36,637	33,349	26,619

(c) Lease Liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	8,670	34,239	36,649	32,611
New leases	33,915	17,807	19,427	1,378
Accretion of interest recognized during the year/period	1,743	2,476	3,018	956
Payments	(10,089)	(17,873)	(26,483)	(9,478)
Carrying amount at end of the year/period	34,239	36,649	32,611	25,467
Analyzed into:				
Current portion	14,014	17,953	20,380	18,322
Non-current portion	20,225	18,696	12,231	7,145

(d) The amounts recognized in profit or loss in relation to leases are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	1,743	2,476	3,018	956
Depreciation charge of other right-of-use assets	8,634	15,100	22,715	8,108
Expense relating to short-term leases (note 6)	2,796	4,220	4,257	1,254
Expense relating to leases of low-value assets (note 6)	69	204	396	175
Total amount recognized in profit or loss	13,242	22,000	30,386	10,493

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 37 to the Historical Financial Information.

The Group as a Lessor

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognized by the Group during the Relevant Periods was RMB125,668,000, RMB279,029,000, RMB352,782,000 and RMB120,032,000 for the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2020, respectively, details of which are included in note 5 to the History Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	267,388	314,492	415,328	330,044
After one year but within two years	238,766	289,314	279,154	223,511
After two years but within three years	199,362	174,811	232,987	155,711
After three years but within four years	94,639	123,976	164,437	105,593
After four years but within five years	42,279	93,847	119,570	85,528
After five years	129,476	250,799	180,599	179,385
	971,910	1,247,239	1,392,075	1,079,772

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1, 2017	6,729,224	1,055,206	7,784,430
Additions	—	604,742	604,742
Transferred	342,300	(342,300)	—
Fair value gains on investment properties	245,745	72,010	317,755
Transferred from owner-occupied property (notes 13,14)	10,851	—	10,851
Revaluation gains on transfer from property, plant and equipment to investment properties	7,342	—	7,342
Carrying amount at December 31, 2017 and January 1, 2018	7,335,462	1,389,658	8,725,120
Additions	—	199,783	199,783
Transfer from properties under development (note 20)	—	185,048	185,048
Transfer from completed properties held for sale (note 21)	8,777	—	8,777
Transferred	1,161,138	(1,161,138)	—
Fair value gains on investment properties	364,811	251,725	616,536
Carrying amount at December 31, 2018 and January 1, 2019	8,870,188	865,076	9,735,264
Additions	—	8,150	8,150
Transfer from properties under development (note 20)	—	93,652	93,652
Transfer from completed properties held for sale (note 21)	188,265	—	188,265
Transferred	254,118	(254,118)	—
Fair value gains on investment properties	420,629	60,240	480,869
Carrying amount at December 31, 2019 and January 1, 2020	9,733,200	773,000	10,506,200
Additions	—	9,394	9,394
Transferred	140,394	(140,394)	—
Fair value gains on investment properties	100,106	1,000	101,106
Carrying amount at April 30, 2020	9,973,700	643,000	10,616,700

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on December 31, 2017, 2018 and 2019 and April 30, 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professionally qualified valuer, at RMB8,725,120,000, RMB9,735,264,000, RMB10,506,200,000 and RMB10,616,700,000, respectively. The Group's senior finance manager and the group financial controller decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager have discussions with the valuer on the valuation assumptions and valuation results when the valuations is performed for financial reporting.

Certain of the Group's investment properties with fair values of approximately RMB2,881,218,000, RMB1,903,320,000, RMB2,092,171,000 and RMB2,521,929,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 31).

Certain of the Group's investment properties with fair values of approximately nil, RMB4,435,500,000, RMB4,811,200,000 and RMB4,877,500,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure the Group's asset-backed securities (note 32).

Certain of the Group's investment properties with fair values of approximately RMB4,347,700,000, nil, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure corporate bonds granted to the Group (note 34).

Fair Value Hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at December 31, 2017 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Under construction	—	—	1,389,658	1,389,658
Completed	—	—	7,335,462	7,335,462
	—	—	8,725,120	8,725,120

	Fair value measurement as at December 31, 2018 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Under construction	—	—	865,076	865,076
Completed	—	—	8,870,188	8,870,188
	—	—	9,735,264	9,735,264

	Fair value measurement as at December 31, 2019 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Under construction	—	—	773,000	773,000
Completed	—	—	9,733,200	9,733,200
	—	—	10,506,200	10,506,200

	Fair value measurement as at April 30, 2020 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties				
Under construction	—	—	643,000	643,000
Completed	—	—	9,973,700	9,973,700
	—	—	10,616,700	10,616,700

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average December 31, 2017	2018	2019	April 30, 2020
Commercial properties completed	Income approach	Expected rental value (per square meter and per day)	RMB0.5-13.0	RMB0.6-13.4	RMB0.6-13.5	RMB0.6-13.9
		Capitalization rate	3%-6%	3%-6%	3%-6%	3%-6%
Commercial properties under construction	Residual method	Expected rental value (per square meter and per day)	RMB1.7-7.4	RMB2.5-5.0	RMB1.7-5.6	NA
		Capitalization rate	3.5%-5.5%	3.5%-5.5%	3.5%-5.5%	NA
		Expected profit margin	10-20%	10-20%	10-20%	NA
	Asset based approach	Expected selling price (per square meter)	RMB7,020-8,151	RMB7,888-8,701	RMB8,306-9,102	RMB8,281-9,075

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalization rate would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of most of commercial properties under construction is determined using the cost approach, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance costs and professional fees to be expensed to complete the properties that would be incurred by a market participant;

- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

A higher expected profit margin would result in a lower fair value of the investment properties under construction.

The fair value of commercial properties under construction which are at the initial construction stage is determined using the asset-based method. The asset-based method is to use the market comparison method to evaluate the fair value of the land use right and consider the book value of the construction and installation costs incurred to obtain the fair value of the project under construction. A higher expected value would result in a higher fair value of these investment properties under construction at the initial construction stage.

16. INTANGIBLE ASSETS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Software:				
At the beginning of the year/period:				
Cost	24,695	29,715	32,456	34,021
Accumulated amortization	(4,540)	(7,991)	(11,978)	(15,745)
Net carrying amount	20,155	21,724	20,478	18,276
Carrying amount at the beginning of the year/period:	20,155	21,724	20,478	18,276
Additions	5,020	2,741	1,565	822
Amortization provided during the year/period (note 6)	(3,451)	(3,987)	(3,767)	(1,855)
Carrying amount at the end of the year/period	21,724	20,478	18,276	17,243
At the end of the year/period:				
Cost	29,715	32,456	34,021	34,843
Accumulated amortization	(7,991)	(11,978)	(15,745)	(17,600)
Net carrying amount	21,724	20,478	18,276	17,243

17. INVESTMENTS IN JOINT VENTURES

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	2,337,637	1,205,068	1,736,684	1,504,331

The Group's receivable and payable balances with joint ventures are disclosed in note 42 to the Historical Financial Information.

Management considered that there were no impairment indicators for the investments in joint ventures, as these joint ventures are in the start-up stage and operated in line with the original plan, so the directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2017, 2018 and 2019 and April 30, 2020.

(a) Particulars of the Group's principal joint ventures

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activity
蘇州金輝華園置業有限公司* Suzhou Jinhui Huayuan Real Estate Co., Ltd. ("Jinhui Huayuan")	Suzhou, PRC 2014	20,000	70.00%	Property development
蘇州金輝新園置業有限公司* Suzhou Jinhui Xinyuan Real Estate Co., Ltd. ("Jinhui Xinyuan")	Suzhou, PRC 2014	20,000	51.00%	Property development
揚州啟輝置業有限公司** Yangzhou Qihui Real Estate Co., Ltd. ("Yangzhou Qihui")	Yangzhou, PRC 2017	100,000	18.98%	Property development
南京乾景房地產開發有限公司 Nanjing Qianjing Properties Development Co., Ltd. ("Nanjing Qianjing Properties")	Nanjing, PRC 2015	170,000	60.00%	Property development
太倉輝盛房地產開發有限公司 Taicang Huisheng Properties Development Co., Ltd. ("Taicang Huisheng Properties")	Taicang, PRC 2017	300,000	16.00%	Property development
重慶金佳禾房地產開發有限公司 Chongqing Jinjiahe Properties Development Co., Ltd. ("Chongqing Jinjiahe Properties")	Chongqing, PRC 2017	1,300,000	49.00%	Property development
重慶金碧雅居房地產開發有限公司 Chongqing Jinbi Yaju Properties Development Co., Ltd. ("Chongqing Jinbi Yaju Properties")	Chongqing, PRC 2017	400,000	34.00%	Property development

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the Relevant Periods.

* Jinhui Huayuan and Jinhui Xinyuan were joint ventures of the Group in 2017 and became the subsidiaries of the Group since December 28, 2018. For more details, refer to note 38.

** Pursuant to the investment framework agreement and the articles of association of this company, all shareholder resolutions of Yangzhou Qihui shall be resolved by all shareholders on a unanimous basis. Therefore, this entity was accounted for as joint venture of the Group by holding a 18.98% equity interest in it during the Relevant Periods. Meanwhile, according to the contract between the Group and the other equity interest holders of Yangzhou Qihui ("Contract A") and the profit sharing arrangement stated in Contract A, the Group is entitled to 50% returns from some specified assets, and according to IAS 28, the Group recoginized its share of profit or loss of Yangzhou Qihui under the equity method.

(b) Jinhui Huayuan, Jinhui Xinyuan, Chongqing Jinjiahe Properties, and Yangzhou Qihui, which are considered as material joint ventures of the Group during the Relevant Periods, co-develop a property development project with the other joint venture partners in Mainland China and the joint ventures are accounted for using the equity method.

The following table illustrates the summarized financial information of Jinhui Huayuan:

	December 31, 2017
	RMB'000
Cash and cash equivalents	110,935
Other current assets	1,529,355
Current assets	1,640,290
Non-current assets	1,922
Current liabilities	(485,733)
Non-current financial liabilities, excluding trade and other payables and provisions	—
Net assets	1,156,479
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	70%
Group's share of net assets of the joint venture	809,535
Carrying amount of the investment	809,535
Revenue	2,102,777
Expenses	(1,449,273)
Tax	(163,819)
Profit for the year	489,685
Total comprehensive income for the year	489,685

The following table illustrates the summarized financial information of Jinhui Xinyuan:

	December 31, 2017
	RMB'000
Cash and cash equivalents	101,378
Other current assets	848,888
Current assets	950,266
Non-current assets	3,385
Current liabilities	(484,260)
Non-current financial liabilities, excluding trade and other payables and provisions	(60,549)
Net assets	408,842
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	51%
Group's share of net assets of the joint venture	208,509
Carrying amount of the investment	208,509
Revenue	1,071,047
Expenses	(562,080)
Tax	(214,714)
Profit for the year	294,253
Total comprehensive income for the year	294,253

The following table illustrates the summarized financial information of Chongqing Jinjiahe Properties:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	143,950	43,172	343,100	326,267
Other current assets	3,008,219	5,129,532	6,987,951	6,416,553
Current assets	3,152,169	5,172,704	7,331,051	6,742,820
Non-current assets	13,736	77,588	107,902	103,166
Current liabilities	(1,474,463)	(3,548,982)	(4,595,488)	(4,567,466)
Non-current financial liabilities, excluding trade and other payables and provisions	(429,333)	(309,355)	(709,345)	(699,990)
Net assets	1,262,109	1,391,955	2,134,120	1,578,530
Reconciliation to the Group's interest in the joint venture:				
Proportion of the Group's ownership	49%	49%	49%	49%
Group's share of net assets of the joint venture	618,433	682,058	1,045,719	773,480
Carrying amount of the investment	618,433	682,058	1,045,719	773,480
Revenue	370	832,832	3,110,268	14,820
Expenses	(50,891)	(664,185)	(2,197,686)	(23,269)
Tax	12,630	(38,801)	(170,416)	1,267
(Loss)/profit for the year/period	(37,891)	129,846	742,166	(7,182)
Total comprehensive (loss)/income for the year/period	(37,891)	129,846	742,166	(7,182)

The following table illustrates the summarised financial information of Yangzhou Qihui:

	April 30, 2020
	RMB'000
Cash and cash equivalents	53,375
Other current assets	860,664
Current assets	914,039
Non-current assets	12,312
Current liabilities	(671,139)
Non-current financial liabilities, excluding trade and other payables and provisions	(100,000)
Net assets	155,212
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership **	50%
Group's share of net assets of the joint venture	77,606
Carrying amount of the investment	77,606
Revenue	455,710
Expenses	(334,881)
Tax	(34,315)
Profit for the period	86,514
Total comprehensive income for the period	86,514

(c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' profits and losses for the year/period	(47,561)	(87,746)	146,504	31,630
Share of the joint ventures' total comprehensive (loss)/income	(47,561)	(87,746)	146,504	31,630
Aggregate carrying amount of the Group's investments in the joint ventures	701,160	523,010	690,965	653,245

The joint ventures have been accounted for using the equity method in this financial information.

18. INVESTMENTS IN ASSOCIATES

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	821,584	1,892,847	2,341,967	2,356,735

The Group's receivable and payable balances with associates are disclosed in note 42 to the Historical Financial Information.

The Group prepared profit forecast for each underlying project operated by these associates, and closely monitor the status of such projects. Based on the foregoing, the directors of the Company are of the view that these associates operated in line with the original plan, there was no indication of impairment for investments in associates and thus no impairment testing was needed at the end of each period during the Track Record Period. No provision for impairment was necessary as at December 31, 2017, 2018 and 2019 and April 30, 2020.

(a) Particulars of the Group's Principal Associates

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activities
杭州鑫建輝實業有限公司*1 Hangzhou Xinjianhui Industrial Co., Ltd. ("Hangzhou Xinjianhui")	Hangzhou, PRC 2017	1,500,000	51.00%	Investment management
成都融輝橋宇置業有限公司*2 Chengdu Ronghui Qiaoyu Real Estate Co., Ltd. ("Chengdu Ronghui Qiaoyu")	Chengdu, PRC 2017	900,000	50.00%	Property development
南京弘潤房地產開發有限公司 Nanjing Hongrun Properties Development Co., Ltd. ("Nanjing Hongrun Properties")	Nanjing, PRC 2019	280,000	49.00%	Property development
太倉輝耀房地產開發有限公司 Taicang Huiyao Properties Development Co., Ltd. ("Taicang Huiyao Properties")	Taicang, PRC 2017	700,000	49.00%	Property development
蘇州正潤房地產開發有限公司 Suzhou Zhengrun Properties Development Co., Ltd. ("Suzhou Zhengrun Properties")	Suzhou, PRC 2017	100,000	49.00%	Property development
西安耀葳置業有限公司*3 Xi'an Yaowei Real Estate Limited ("Xi'an Yaowei")	Xi'an, PRC 2016	550,000	51.00%	Property development

*1 Pursuant to the articles of association, the other shareholder of Hangzhou Xinjianhui has been entitled 51% of voting power with holding 49% of equity interests in it, which was negotiated and agreed by all shareholders, the Group only have significant influence on this entity as the other shareholder of Hangzhou Xinjianhui have the enough voting power to control and operate this entity. Thus, Hangzhou Xinjianhui is accounted for as an associate by the Group with holding 51% of equity interests in it.

*2 Pursuant to the articles of association, the other shareholder of Chengdu Ronghui Qiaoyu has been entitled 51% of voting power with holding 50% of equity interests in it, which was negotiated and agreed by all shareholders, the Group only have significant influence on this entity as the other shareholder of Chengdu Ronghui Qiaoyu have the enough voting power to control and operate this entity. Thus, Chengdu Ronghui Qiaoyu is accounted for as an associate by the Group with holding 50% of equity interests in it.

*3 Pursuant to the investment framework agreement between the Group and the other shareholder of Xi'an Yaowei, the Group and the other shareholder are entitled to operate certain specified assets and enjoy the returns from the respective assets, separately. Neither of the shareholders can control or jointly control this entity, Xi'an Yaowei is accounted for as an associate by the Group which is holding 51% of equity interests in it.

(b) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates' profits and losses for the year/period	54,329	(65,674)	(68,769)	(19,269)
Share of the associates' total comprehensive income or losses	54,329	(65,674)	(68,769)	(19,269)
Aggregate carrying amount of the Group's investments in the associates	821,584	1,892,847	2,341,967	2,356,735

The associates have been accounted for using the equity method in this financial information.

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred Tax Assets

	Losses available for offsetting against future taxable profits	Expenses for offsetting against future taxable profits	Impairment of assets	Unrealized revenue in contract liabilities	Accrued LAT	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2017	89,443	82,087	78,571	327,204	146,543	2,168	726,016
Deferred tax credited to profit or loss during the year (note 10)	18,926	40,249	11,280	324,165	92,009	6,392	493,021
At December 31, 2017 and January 1, 2018	108,369	122,336	89,851	651,369	238,552	8,560	1,219,037
Acquisition of subsidiaries (note 38)	15,157	14,059	966	4,799	80,717	—	115,698
Disposal of subsidiaries (note 39)	—	(10)	—	—	—	—	(10)
Deferred tax credited to profit or loss during the year (note 10)	87,401	176,985	30,705	599,747	47,235	602	942,675
At December 31, 2018 and January 1, 2019	210,927	313,370	121,522	1,255,915	366,504	9,162	2,277,400
Disposal of subsidiaries (note 39)	(1,106)	—	(1,281)	(28,373)	—	—	(30,760)
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(22,090)	128,081	12,165	421,127	96,913	(1,010)	635,186
At December 31, 2019 and January 1, 2020	187,731	441,451	132,406	1,648,669	463,417	8,152	2,881,826
Deferred tax (charged)/credited to profit or loss during the period (note 10)	32,931	19,055	(11,769)	220,878	(9,511)	(1,582)	250,002
At April 30, 2020	220,662	460,506	120,637	1,869,547	453,906	6,570	3,131,828

Deferred Tax Liabilities

	Accrued financial income	Fair value adjustments arising from financial assets at FVTPL	Fair value adjustments arising from investment properties	Fair value adjustments arising from business combinations	Depreciation of investment properties	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2017	—	—	1,101,949	811,499	21,258	2,162	1,936,868
Acquisition of subsidiaries (note 38)	—	—	—	11,175	—	—	11,175
Other comprehensive income	—	—	—	1,835	—	—	1,835
Deferred tax charged/(credited) to profit or loss during the year (note 10)	38,735	—	83,321	(8,080)	8,892	6,317	129,185
At December 31, 2017 and January 1, 2018	38,735	—	1,185,270	816,429	30,150	8,479	2,079,063
Acquisition of subsidiaries (note 38)	—	—	—	444,466	—	—	444,466
Deferred tax charged/(credited) to profit or loss during the year (note 10)	80,993	458	174,226	(38,844)	34,881	655	252,369
At December 31, 2018 and January 1, 2019	119,728	458	1,359,496	1,222,051	65,031	9,134	2,775,898
Deferred tax charged/(credited) to profit or loss during the year (note 10)	(70,427)	297	148,613	(66,717)	20,417	(1,157)	31,026
At December 31, 2019 and January 1, 2020	49,301	755	1,508,109	1,155,334	85,448	7,977	2,806,924
Deferred tax charged/(credited) to profit or loss during the period (note 10)	1,595	44	58,625	(9,074)	11,106	(1,406)	60,890
At April 30, 2020	50,896	799	1,566,734	1,146,260	96,554	6,571	2,867,814

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB8,378,000, RMB9,133,000, RMB7,856,000 and RMB6,488,000 have been offset in the consolidated statements of financial position as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. The following is an analysis of the deferred tax balances for financial reporting purposes:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statements of financial position	1,210,659	2,268,267	2,873,970	3,125,340
Net deferred tax liabilities recognized in the consolidated statements of financial position	(2,070,685)	(2,766,765)	(2,799,068)	(2,861,326)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2017, 2018 and 2019 and April 30, 2020, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company and the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totalled approximately RMB478,209,000, RMB608,765,000, RMB747,362,000 and RMB800,399,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

Deferred tax assets have not been recognized in respect of the following items:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	1,092,482	788,603	1,290,168	1,377,774
Deductible temporary differences	350,355	388,894	198,755	243,125
	1,442,837	1,177,497	1,488,923	1,620,899

Deferred tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through future taxable profits is probable. As at December 31, 2017, 2018 and 2019 and April 30, 2020, the Group did not recognize deferred tax assets of approximately RMB273,121,000, RMB197,151,000, RMB322,542,000 and RMB344,444,000 in respect of losses amounting to approximately RMB1,092,482,000, RMB788,603,000, RMB1,290,168,000 and RMB1,377,774,000, respectively, that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025, respectively.

20. PROPERTIES UNDER DEVELOPMENT

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	26,525,704	44,645,814	66,993,973	86,103,704
Additions	24,020,071	31,256,643	43,566,323	12,382,987
Acquisition of subsidiaries (note 38)	293,243	2,716,580	—	—
Disposal of subsidiaries (note 39)	—	(325)	(1,273,831)	—
Transferred to investment properties (note 15)	—	(185,048)	(93,652)	—
Transferred to completed properties held for sale (note 21)	(6,055,114)	(11,149,974)	(23,247,505)	(4,222,295)
Impairment losses (note 6)	(138,090)	(289,717)	(183,913)	—
Impairment losses transferred to complete properties held for sale (note 21)	—	—	342,309	—
At the end of the year/period	44,645,814	66,993,973	86,103,704	94,264,396

The movements in provision for impairment of properties under development are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	—	(138,090)	(427,807)	(269,411)
Impairment losses (note 6)	(138,090)	(289,717)	(183,913)	—
Impairment losses transferred to completed properties held for sale (note 21)	—	—	342,309	—
At the end of the year/period	(138,090)	(427,807)	(269,411)	(269,411)

The Group's properties under development are situated on leasehold land in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB25,329,316,000, RMB31,143,384,000, RMB47,785,794,000 and RMB49,139,425,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 31).

21. COMPLETED PROPERTIES HELD FOR SALE

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	6,054,880	4,687,880	5,504,494	8,884,710
Transferred from properties under development (note 20)	6,055,114	11,149,974	23,247,505	4,222,295
Transferred to investment properties (note 15)	—	(8,777)	(188,265)	—
Transferred to cost of inventories sold (note 6)	(7,520,133)	(10,419,947)	(19,407,407)	(2,139,695)
Impairment losses transferred from properties under development (note 20)	—	—	(342,309)	—
Impairment losses (note 6)	(6,572)	(18,915)	(265,295)	—
Impairment losses written off	104,591	114,279	335,987	42,153
At the end of the year/period	4,687,880	5,504,494	8,884,710	11,009,463

The movements in provision for impairment of completed properties held for sale are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	(445,547)	(347,528)	(252,164)	(523,781)
Impairment losses written off	104,591	114,279	335,987	42,153
Impairment losses transferred from properties under development (note 20)	—	—	(342,309)	—
Impairment losses (note 6)	(6,572)	(18,915)	(265,295)	—
At the end of the year/period	(347,528)	(252,164)	(523,781)	(481,628)

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB885,002,000, RMB1,096,549,000, RMB686,870,000 and RMB1,300,168,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 31).

The value of completed properties held for sale was assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds its net realizable value. The net realizable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. TRADE RECEIVABLES

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	108,003	147,927	26,725	24,394
Impairment	(4,396)	(3,217)	(1,365)	(1,536)
At the end of the year/period	103,607	144,710	25,360	22,858

The Group's trade receivables primarily consist of receivables from its property sales, property lease, and property management services provided. Proceeds from property sales and property lease are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers. Trade receivables from property management services is received in accordance with the terms of the relevant agreements, which is due for payment upon the issuance of demand note. Trade receivables are settled based on the progress payment schedule stipulated in the contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	92,574	114,935	19,092	17,674
1 to 3 years	7,583	27,697	3,551	2,477
Over 3 years	3,450	2,078	2,717	2,707
	103,607	144,710	25,360	22,858

The movements in the loss allowance for impairment of trade receivables are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	3,603	4,396	3,217	1,365
Impairment losses (note 6)	1,109	(884)	(1,120)	171
Amount written off as uncollectible	(316)	(295)	(732)	—
At the end of the year/period	4,396	3,217	1,365	1,536

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2017:

	Ageing			
	Less than 1-year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	1.7%	14.9%	30.0%	4.1%
Gross carrying amount	94,160	8,914	4,929	108,003
Expected credit losses	1,586	1,331	1,479	4,396

As at December 31, 2018:

	Ageing			
	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.7%	3.2%	41.6%	2.2%
Gross carrying amount	115,743	28,626	3,558	147,927
Expected credit losses	808	929	1,480	3,217

As at December 31, 2019:

	Ageing			
	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	0.4%	5.0%	28.8%	5.1%
Gross carrying amount	19,172	3,739	3,814	26,725
Expected credit losses	80	187	1,098	1,365

As at April 30, 2020:

	Ageing			
	Less than 1 year	1 to 3 years	Over 3 years	Total
Expected credit loss rate	1.0%	6.8%	30.4%	6.3%
Gross carrying amount	17,845	2,658	3,891	24,394
Expected credit losses	171	181	1,184	1,536

23. CONTRACT COST ASSETS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs arising from sale of properties	221,228	330,480	481,756	617,497

Management expected that the contract acquisition costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognized. As at December 31, 2017, 2018 and 2019 and April 30, 2020, the amounts charged to profit or loss were RMB111,179,000, RMB124,536,000, RMB308,834,000, and RMB40,105,000, respectively, and there was no impairment loss in relation to the remaining balance.

24. PREPAYMENTS AND OTHER RECEIVABLES

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for acquisition of land use rights	2,882,079	765,189	5,593,922	2,673,395
Deposits for land auction	1,711,750	1,038,160	254,453	218,153
Deposits related to land use rights to be jointly acquired with third parties	1,292,945	633,895	702,435	454,877
Prepaid taxes and other tax recoverables	946,102	1,732,299	2,690,222	2,905,624
Other deposits	467,612	564,751	565,820	577,817
Prepayments for construction cost	83,727	183,473	216,700	145,107
Due from non-controlling shareholders of the subsidiaries	—	1,224,304	1,926,002	2,023,209
Other receivables	190,222	223,807	297,197	272,554
	7,574,437	6,365,878	12,246,751	9,270,736
Less: Impairment	(468)	(1,789)	(2,992)	(2,601)
	7,573,969	6,364,089	12,243,759	9,268,135

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in provision for impairment of receivables are as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	206	468	1,789	2,992
Impairment losses (note 6)	262	1,321	1,203	(391)
At the end of the year/period	468	1,789	2,992	2,601

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other deposits was regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB468,000, RMB1,789,000, RMB2,992,000 and RMB2,601,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

Certain of the Group's prepayments and other receivables with a carrying value of approximately RMB796,850,000 and nil as at December 31, 2019 and April 30, 2020 have been pledged to secure the Group's interest-bearing bank and other borrowings (note 31).

25. OTHER NON-CURRENT ASSETS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for equity investments	1,712,644	2,616,156	1,402,644	1,402,644

Shenzhen Jinhui Investment Co., Ltd. signed an agreement with 葉卓迪 (Mr. Zhuodi Ye), 葉海景 (Mr. Haijing Ye), 鍾勇新 (Mr. Yongxin Zhong), on October 10, 2017 to purchase a subsidiary of Huizhou Hengshengtai Properties Development Co., Ltd. The total agreed purchase price was RMB120,000,000. According to the agreement, the Group has already paid RMB30,000,000 as at December 31, 2017. The equity transaction has completed as at December 31, 2018.

Fuzhou Jinhui Real Estate Co., Ltd. signed an agreement with 泉州市億民建設發展有限公司 ("Quanzhou Yimin Construction Development Co., Ltd.", "Quanzhou Yimin") on February 25, 2016 with the purpose of acquiring land parcels through the purchase of the equity interest in project companies. The total agreed purchase price was RMB2,295,000,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB940,000,000, RMB940,000,000, RMB940,000,000, and RMB940,000,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. The equity transaction has not completed as at April 30, 2020.

Xi'an Jinhui Properties signed an property development cooperation agreement with 陝西世紀春天房地產有限公司 ("Shaanxi Shiji Chuntian Real Estate Co., Ltd.") on January 25, 2017 with the purpose of acquiring land parcels through the purchase of the equity interest in a project company, namely Xi'an Zhencui Properties Co., Ltd. ("Xi'an Zhencui Properties"). The total transfer price was RMB966,944,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB462,643,500, RMB462,643,500, RMB462,643,500 and RMB462,643,500 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. The equity transaction has not completed as at April 30, 2020.

Beijing Juye Investment Co., Ltd. signed an agreement, with 福建友鑫投資有限公司 ("Fujian Youxin Investment Co., Ltd."), 福建東威投資有限公司 ("Fujian Dongwei Investment Co., Ltd."), 福建都鑫華投資發展有限公司 ("Fujian Duxinhua Investment Development Co., Ltd.") and 福清市鴻霖投資有限公司 ("Fuqing Honglin Investment Co., Ltd.") on January 27, 2017 to purchase equity interests in Wuhan Sanjianghui. The total transfer price was RMB1,213,512,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB280,000,000 and RMB1,213,512,000 as at December 31, 2017 and 2018, respectively. The equity transaction has completed as at December 31, 2019.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at fair value	134,790	1,325,671	315,690	315,866
Analyzed into:				
Current portion	12,033	1,217,190	5,739	3,775
Non-current portion	122,757	108,481	309,951	312,091

The above unlisted investments at the end of each of the Relevant Periods were wealth management products issued by financial institutions in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	6,103,343	14,199,749	13,399,755	12,741,879
Less: Restricted cash	1,478,041	3,278,066	3,762,566	4,030,926
Pledged deposits	1,069,969	989,627	418,642	303,419
Cash and cash equivalents	3,555,333	9,932,056	9,218,547	8,407,534

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at December 31, 2017, 2018, 2019 and as at April 30, 2020, such restricted cash amounted to RMB1,471,471,000, RMB3,268,356,000, RMB3,697,599,000 and RMB3,857,435,000, respectively. As at December 31, 2017, 2018, 2019 and as at April 30, 2020, the restricted cash included construction loan mortgages amounting to RMB6,570,000, RMB8,995,000, RMB64,967,000 and RMB172,891,000, respectively. As at December 31, 2017, 2018, 2019 and as at April 30, 2020, the restricted cash amounting to nil, RMB715,000, RMB1,341,000 and RMB570,000 was frozen by the People's Court due to lawsuits, respectively.

Bank deposits of RMB388,705,000, RMB226,745,000, RMB211,873,000 and RMB93,363,000 were pledged as security for bank and other borrowings as at December 31, 2017, 2018, 2019 and as at April 30, 2020 (note 31), respectively. Bank deposits of RMB681,264,000, RMB762,882,000, RMB206,769,000 and RMB210,056,000 were pledged as security for purchasers' mortgage loans, construction of projects and notes payable as at December 31, 2017, 2018, 2019 and April 30, 2020, respectively.

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	3,529,611	9,906,620	8,845,189	8,231,049
Denominated in US$	16,307	17,167	367,932	170,052
Denominated in HK$	9,415	8,269	5,426	6,433
	3,555,333	9,932,056	9,218,547	8,407,534

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and it has measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

28. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	3,789,508	5,532,974	7,936,020	7,179,118
Over 1 year	615,052	550,778	465,553	439,556
	4,404,560	6,083,752	8,401,573	7,618,674

Trade and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

29. OTHER PAYABLES AND ACCRUALS

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Outstanding payables arising from the acquisition of equity interests	724,617	962,781	486,492	205,219
Due to non-controlling shareholders of subsidiaries	662,425	1,197,027	1,274,563	1,360,129
Deposits	376,271	597,933	569,790	528,916
Payroll and welfare payable	205,384	279,743	263,144	132,999
Retention deposits related to construction	127,167	100,883	120,950	104,899
Interest payable	85,252	101,749	169,295	191,336
Other tax and surcharges	73,768	257,166	138,828	64,498
Accrued expenses	51,068	110,660	145,032	140,824
Others	109,968	131,844	132,555	166,265
	2,415,920	3,739,786	3,300,649	2,895,085

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

30. CONTRACT LIABILITIES

The Group recognized the following revenue-related contract liabilities:

	December 31,			April 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contract liabilities	24,602,223	41,935,011	56,685,129	62,074,715

Included in the Group's contract liabilities are amounts due to the Group's related parties of RMB11,682,000, RMB72,857,000, RMB150,792,000 and RMB154,112,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively (note 42(4)).

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

The following table shows the revenue recognized during the Relevant Periods related to contract liabilities which are carried forward.

	December 31,			April 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue recognized that was included in the contract liability balance at the beginning of the year/period				
Sale of properties	9,660,150	13,906,142	20,091,303	2,019,579

The following table includes the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sale of properties as at the end of each of the Relevant Periods.

	December 31,			April 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Expected to be satisfied				
within 1 year	14,456,754	21,994,146	33,250,619	34,134,894
after 1 year	14,847,077	26,206,052	33,207,634	34,934,086
	29,303,831	48,200,198	66,458,253	69,068,980

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	December 31, 2017			December 31, 2018			December 31, 2019			April 30, 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank borrowings — secured			—	4.48	2019	100,000	4.96	2020	8,000			—
Other borrowings — secured	7.98-9.00	2018	3,166,405	8.50-10.85	2019	2,760,420	9.80-10.70	2020	4,219,500	9.50-11.00	2021	4,441,067
Other borrowings-unsecured			—			—	6.50	2020	818,192	6.50	2021	363,310
Current portion of long term bank borrowings — secured	4.75-7.50	2018	1,580,730	4.42-7.60	2019	2,671,493	4.99-8.08	2020	3,885,829	4.75-8.10	2021	4,282,291
Current portion of other borrowings — secured	5.40-9.00	2018	3,839,690	7.13-10.39	2019	9,585,250	7.03-11.30	2020	5,047,790	7.03-11.30	2021	5,484,512
			8,586,825			15,117,163			13,979,311			14,571,180
Non-current												
Bank borrowings — secured	4.42-7.98	2019-2021	5,126,040	4.75-8.08	2020-2023	8,355,547	5.30-8.20	2021-2024	13,307,054	4.75-8.20	2021-2024	15,881,892
Other borrowings — secured	5.40-9.50	2019-2020	12,047,468	6.18-11.50	2020	5,812,300	8.74-11.50	2021-2022	6,159,200	9.70-11.50	2021-2022	5,401,100
			17,173,508			14,167,847			19,466,254			21,282,992
			25,760,333			29,285,010			33,445,565			35,854,172

Bank and Other Borrowings

	December 31,			April 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Analyzed into:				
Bank borrowings repayable:				
Within one year	1,580,730	2,771,493	3,893,829	4,282,291
In the second year	1,490,000	2,137,480	4,569,985	9,531,399
In the third to fifth years, inclusive	3,636,040	6,218,067	8,737,069	6,350,493
	6,706,770	11,127,040	17,200,883	20,164,183
Other borrowings repayable:				
Within one year	7,006,095	12,345,670	10,085,482	10,288,889
In the second year	12,047,468	5,812,300	5,192,000	4,810,700
In the third to fifth years, inclusive	—	—	967,200	590,400
	19,053,563	18,157,970	16,244,682	15,689,989
	25,760,333	29,285,010	33,445,565	35,854,172

The Group's borrowings are denominated in RMB.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

		December 31,			April 30,
	Notes	**2017**	**2018**	**2019**	**2020**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Property, plant and equipment	*13*	34,196	30,338	28,088	26,742
Land use rights	*14*	4,143	4,003	4,902	4,744
Investment properties	*15*	2,881,218	1,903,320	2,092,171	2,521,929
Properties under development	*20*	25,329,316	31,143,384	47,785,794	49,139,425
Completed properties held for sale	*21*	885,002	1,096,549	686,870	1,300,168
Prepayments and other receivables	*24*	—	—	796,850	—
Pledged deposits	*27*	388,705	226,745	211,873	93,363

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

A controlling shareholder, Ms. Lam Fung Ying, has guaranteed certain of the bank and other borrowings of up to RMB600,000,000, RMB307,500,000, RMB669,000,000 and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

Xi'an Yaowei Real Estate Co., Ltd. has guaranteed certain of the bank and other borrowings of up to nil, nil, RMB300,000,000 and RMB300,000,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

金科地產集團股份有限公司 (Jinke Real Estate Group Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to RMB98,897,000, RMB281,815,000, RMB52,204,000 and RMB52,204,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

合肥新城創置房地產有限公司 (Hefei Xincheng Chuangzhi Properties Co., Ltd.) , 安徽融僑置業有限公司 (Anhui Rongqiao Properties Co.,Ltd), 合肥旭輝企業管理有限公司 (Hefei Xuhui Corporate Management Co., Ltd.), 安徽保利房地產開發有限公司 (Anhui Poly Real Estate Development Co., Ltd.), 北京東興聯永同昌投資管理有限公司 (Beijing Dongxinglianyongtongchang Investment Management Ltd.) and 湖北清能投資發展集團有限公司 (Hubei Qingneng Investment Development Group Limited) have guaranteed certain of the bank and other borrowings of up to RMB700,000,000 and RMB100,000,000, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

碧桂園地產集團有限公司 (Country Garden Real Estate Group Co., Ltd) has guaranteed certain of the bank and other borrowings of up to nil, RMB262,659,000 and RMB62,400,000 and RMB 52,800,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

揚州萬科房地產有限公司 (Yangzhou Vanke Properties Co., Ltd) has guaranteed certain of the bank and other borrowings of up to nil, RMB77,896,000, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

深圳市龍光控股有限公司 (Shenzhen Longguang Holdings Limited) has guaranteed certain of the bank and other borrowings of up to nil, RMB100,000,000, RMB70,000,000 and RMB55,000,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

中新蘇州工業園區市政公用發展集團有限公司 (China Singapore Suzhou industrial park Public Utilities Development Group Limited) has guaranteed certain of the bank and other borrowings of up to nil, RMB99,050,000, nil and nil as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

上海中梁地產集團有限公司 (Shanghai Zhongliang Real Estate Group Co., Ltd) has guaranteed certain of the bank and other borrowings of up to nil, RMB48,000,000, RMB330,000,000 and RMB52,800,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

湖北三峽華翔集團有限公司 (Hubei Sanxia Hua Xiang Group Co., Ltd) and 福建友興投資有限公司 (Fujian Youxing Investment Co., Ltd) have guaranteed certain of the bank and other borrowings of up to nil and nil, RMB984,000,000 and RMB983,000,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

重慶置盛泓熠企業管理有限公司 (Chongqing Zhisheng Hongyi Corporate Management Co., Ltd.) has guaranteed certain of the bank and other borrowings of up to nil, nil, RMB715,500,000 and RMB657,490,000 as at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

32. PROCEEDS FROM ASSET-BACKED SECURITIES ("ABS")

Name of ABSs	Principal	Contractual interest rate per annum (%)	Maturity	December 31, 2017 Closing balance
	RMB'000			RMB'000
Beijing Jinhui Jinjiang Property Services	521,000	4.3-5.9	2017-2022	520,215
Less: Current portion				88,429
Non-current portion				431,786

Name of ABSs	Principal	Contractual interest rate per annum (%)	Maturity	December 31, 2018 Closing balance
	RMB'000			RMB'000
Beijing Jinhui Jinjiang Property Services	434,000	4.3-5.9	2017-2022	436,057
Jinhui Group Housing Residual Payment	1,020,000	7.2-8.2	2020	1,029,259
Jinhui Group Jinhui Building	2,979,000	6	2018-2036	2,978,637
				4,443,953
Less: Current portion				193,077
Non-current portion				4,250,876

Name of ABSs	Principal	Contractual interest rate per annum (%)	Maturity	December 31, 2019 Closing balance
	RMB'000			RMB'000
Jinhui Group Housing Residual Payment	1,020,000	7.2-8.2	2020	1,030,824
Jinhui Group Jinhui Building	2,911,500	6	2018-2036	2,917,482
Dongxing Mingzhu	650,000	7.5 -8.5	2021	634,334
				4,582,640
Less: Current portion				1,156,041
Non-current portion				3,426,599

Name of ABSs	Principal	Contractual interest rate per annum (%)	Maturity	April 30, 2020 Closing balance
	RMB'000			RMB'000
Jinhui Group Housing Residual Payment	218,042	7.2-8.2	2020	217,974
Jinhui Group Jinhui Building	2,871,500	6	2018-2036	2,894,424
Dongxing Mingzhu	650,000	7.5 -8.5	2021	641,461
				3,753,859
Less: Current portion				376,947
Non-current portion				3,376,912

The balance represented proceeds received from special purpose entities ("SPE") set up by financial institutions in the PRC for issuance of asset-backed securities, to which the Group has collateralized certain future trade receivables for the remaining receipts from the provision of property management services, the sale of properties and property lease income. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

Certain of the Group's asset-backed securities are secured by the pledges of property, plant and equipment of nil, RMB24,047,000, RMB24,071,000 and RMB23,870,000 (note 13), right-of-use assets of nil, RMB21,361,000, RMB20,854,000 and RMB20,670,000 (note 14), and investment properties of nil, RMB4,435,500,000, RMB4,811,200,000 and RMB4,877,500,000 (note 15) at December 31, 2017, 2018 and 2019 and April 30, 2020, respectively.

33. SENIOR NOTES

Name of senior note	January 1, 2019 Opening balance	Issued in 2019	Interest expense	Payment	December 31, 2019 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021 Notes	—	1,706,044	34,154	—	1,740,198
Analysed into:					
Non-current portion					1,706,044
Current portion					34,154

Name of senior notes	January 1, 2020 Opening balance	Issued in 2020	Interest expense	Payment	April 30, 2020 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021 Notes	1,740,198	—	95,606	—	1,835,804
2022 Notes	—	2,066,340	78,611	—	2,144,951
					3,980,755
Analysed into:					
Non-current portion					3,812,267
Current portion					168,488

On October 31, 2019, Radiance Capital Investments has completed to issue senior notes due in 2021 (the "2021 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. The 2021 Notes are denominated in USD amounting to US$250,000,000 and bear interest at a rate of 11.75% per annum, payable every six months in arrears on November 1 and May 1 or on the business day nearest hereto each half year, beginning on November 1, 2019.

At any time prior to October 31, 2021, Radiance Capital Investments may at its option redeem the 2021 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2021 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2021 Notes in the year 2020.

On January 16, 2020, Radiance Capital Investments has completed to issue senior notes due in 2022 (the "2022 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. 2022 Notes are denominated in USD amounting to US$300,000,000 and bear interest at a rate of 10.5% per annum, payable every six months in arrears on January 16 and July 16 or on the business day nearest hereto each half year, beginning on January 17, 2020.

At any time prior to January 16, 2022, Radiance Capital Investments may at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2022 Notes in the year of 2020.

34. CORPORATE BONDS

Name of bonds	January 1, 2017 Opening balance	Issued in 2017	Interest expense	Payment	December 31, 2017 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
16 Jinhui 01 (note 1)	531,669	—	38,159	(36,500)	533,328
16 Jinhui 02 (note 2)	1,568,263	—	100,434	(97,500)	1,571,197
16 Jinhui 03 (note 3)	1,040,284	—	66,629	(65,000)	1,041,913
16 Jinhui 04 (note 4)	621,718	—	48,105	(45,000)	624,823
16 Jinhui 05 (note 5)	1,549,268	—	114,145	(111,000)	1,552,413
16 Jinhui 06 (note 6)	914,728	—	61,868	(59,400)	917,196
16 Jing Juye Real Estate ZR001 (note 7)	802,462	—	41,250	(40,800)	802,912
16 Jing Juye Real Estate ZR002 (note 8)	702,075	—	36,172	(35,700)	702,547
	7,730,467	—	506,762	(490,900)	7,746,329

Name of bonds	January 1, 2018 Opening balance	Issued in 2018	Interest expense	Payment	December 31, 2018 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
16 Jinhui 01 (note 1)	533,328	—	38,291	(36,500)	535,119
16 Jinhui 02 (note 2)	1,571,197	—	100,636	(97,500)	1,574,333
16 Jinhui 03 (note 3)	1,041,913	—	66,742	(65,000)	1,043,655
16 Jinhui 04 (note 4)	624,823	—	48,366	(45,000)	628,189
16 Jinhui 05 (note 5)	1,552,413	—	113,779	(111,000)	1,555,192
16 Jinhui 06 (note 6)	917,196	—	61,509	(59,400)	919,305
16 Jing Juye Real Estate ZR001 (note 7)	802,912	—	37,888	(840,800)	—
16 Jing Juye Real Estate ZR002 (note 8)	702,547	—	33,153	(735,700)	—
18 Jinhui 01 (note 9)	—	995,500	54,075	—	1,049,575
18 Jinhui 02 (note 10)	—	1,696,260	32,943	—	1,729,203
18 Jinhui 03 (note 11)	—	399,600	4,667	—	404,267
	7,746,329	3,091,360	592,049	(1,990,900)	9,438,838

Name of bonds	January 1, 2019 Opening balance	Issued in 2019	Interest expense	Payment	December 31, 2019 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
16 Jinhui 01 (note 1)	535,119	—	34,630	(69,355)	500,394
16 Jinhui 02 (note 2)	1,574,333	—	104,359	(167,500)	1,511,192
16 Jinhui 03 (note 3)	1,043,655	—	33,866	(815,000)	262,521
16 Jinhui 04 (note 4)	628,189	—	16,811	(645,000)	—
16 Jinhui 05 (note 5)	1,555,192	—	55,808	(1,611,000)	—
16 Jinhui 06 (note 6)	919,305	—	40,095	(959,400)	—
18 Jinhui 01 (note 9)	1,049,575	—	78,323	(75,000)	1,052,898
18 Jinhui 02 (note 10)	1,729,203	—	122,689	(355,800)	1,496,092
18 Jinhui 03 (note 11)	404,267	—	30,115	(30,000)	404,382
19 Jinhui 01 (note 12)	—	1,991,150	93,795	—	2,084,945
19 Jinhui 02 (note 13)	—	842,450	14,301	—	856,751
19 Jinhui 03 (note 14)	—	1,125,875	7,612	—	1,133,487
	9,438,838	3,959,475	632,404	(4,728,055)	9,302,662

Name of bonds	January 1, 2020 Opening balance	Issued in 2020	Interest expense	Payment	April 30, 2020 Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
16 Jinhui 01 (note 1)	500,394	—	11,368	(34,102)	477,660
16 Jinhui 02 (note 2)	1,511,192	—	34,797	(104,390)	1,441,599
16 Jinhui 03 (note 3)	262,521	—	6,083	(18,250)	250,354
18 Jinhui 01 (note 9)	1,052,898	—	25,415	(375,000)	703,313
18 Jinhui 02 (note 10)	1,496,092	—	36,633	—	1,532,725
18 Jinhui 03 (note 11)	404,382	—	10,034	—	414,416
19 Jinhui 01 (note 12)	2,084,945	—	51,446	—	2,136,391
19 Jinhui 02 (note 13)	856,751	—	22,019	—	878,770
19 Jinhui 03 (note 14)	1,133,487	—	28,550	—	1,162,037
	9,302,662	—	226,345	(531,742)	8,997,265

As at the end of each of the Relevant Periods, the Group's corporate bonds were repayable as follows:

	December 31, 2017	December 31, 2018	December 31, 2019	April 30, 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Repayable within one year	4,159,379	8,042,163	4,035,868	5,875,870
Repayable within two to four years	3,586,950	1,396,675	5,266,794	3,121,395
	7,746,329	9,438,838	9,302,662	8,997,265

Note 1: On January 14, 2016, Radiance Group has completed to issue five-year corporate bonds with a principal amount of RMB500,000,000 ("16 Jinhui 01"), which was publicly listed on the Shanghai Stock Exchange on February 2, 2016. 16 Jinhui 01 is denominated in RMB and bears interest at a rate of 7.3% per annum, is payable annually in arrears on January 13, or on the business day nearest hereto each year, beginning on January 13, 2016. Radiance Group is entitled to adjust upwards to the interest rate on the

date which is 30 days of trading prior to the third interest repayment date for the 16 Jinhui 01. Upon the adjustment, bond holders may at their options ("Put Options") sell back 16 Jinhui 01 to Radiance Group on the third interest repayment date.

In year 2019, Radiance Group chose not to adjust the interest rate of 16 Jinhui 01 and certain bond holders have sold back 16 Jinhui 01 to Radiance Group at par value of their principal amount amounting to RMB32,855,000.

Note 2: On March 24, 2016, Radiance Group has completed to issue five-year corporate bonds with a principal amount of RMB1,500,000,000 ("16 Jinhui 02"), which was publicly listed on the Shanghai Stock Exchange on April 12, 2016. 16 Jinhui 02 is denominated in RMB and bears interest at a rate of 6.5% per annum, payable annually in arrears on March 23, or on the business day nearest hereto each year, beginning on March 23, 2016. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 30 days of trading prior to the third interest repayment date for the 16 Jinhui 02. Upon the adjustment, bond holders may at their options ("Put Options") sell back 16 Jinhui 02 to Radiance Group on the third interest repayment date.

In year 2019, Radiance Group chose to adjust the interest rate of 16 Jinhui 02 to 7.3% per annum from March 23, 2019 and certain bond holders have sold back 16 Jinhui 02 to Radiance Group at par value of their principal amount amounting to RMB70,000,000.

Note 3: On April 26, 2016, Radiance Group has completed to issue five-year corporate bonds with a principal amount of RMB1,000,000,000 ("16 Jinhui 03"), which was publicly listed on the Shanghai Stock Exchange on May 20, 2016. 16 Jinhui 03 is denominated in RMB and bears interest at a rate of 6.5% per annum, payable annually in arrears on April 25, or on the business day nearest hereto each year, beginning on April 25, 2016. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 30 days of trading prior to the third interest repayment date for the 16 Jinhui 03. Upon the adjustment, bond holders may at their options ("Put Options") sell back 16 Jinhui 03 to Radiance Group on the third interest repayment date.

In year 2019, Radiance Group chose to adjust the interest rate of 16 Jinhui 03 to 7.3% per annum from March 23, 2019 and some bond holders have sold back 16 Jinhui 03 to Radiance Group at par value of their principal amount amounting to RMB750,000,000.

Note 4: On May 5, 2016, Radiance Group issued three-year corporate bonds with a principal amount of RMB600,000,000 ("16 Jinhui 04"), which was privately issued on the Shanghai Stock Exchange. 16 Jinhui 04 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on May 5, or on the business day nearest hereto each year, beginning on May 5, 2016.

Note 5: On July 5, 2016, Radiance Group issued three-year corporate bonds with a principal amount of RMB1,500,000,000 ("16 Jinhui 05"), which was privately issued on the Shanghai Stock Exchange. 16 Jinhui 05 is denominated in RMB and bears interest at a rate of 7.4% per annum, payable annually in arrears on July 5, or on the business day nearest hereto each year, beginning on July 5, 2016. Radiance Group is entitled to adjust upwards to the interest rate at the end of the second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 16 Jinhui 05 to Radiance Group on the second interest repayment date.

In year 2018, Radiance Group chose not to adjust the interest rate of 16 Jinhui 05 and no bond holders have sold back 16 Jinhui 05 to Radiance Group.

Note 6: On September 5, 2016, Radiance Group issued three-year corporate bonds with a principal amount of RMB900,000,000 ("16 Jinhui 06"), which was privately issued on the Shanghai Stock Exchange. 16 Jinhui 06 is denominated in RMB and bears interest at a rate of 6.6% per annum, payable annually in arrears on September 5, or on the business day nearest hereto each year, beginning on September 5, 2016. Radiance Group is entitled to adjust upwards to the interest rate at the end of the second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 16 Jinhui 06 to Radiance Group on the second interest repayment date.

In year 2018, Radiance Group chose not to adjust the interest rate of 16 Jinhui 06 and no bond holders have sold back 16 Jinhui 06 to Radiance Group.

Note 7: On November 2, 2016, one subsidiary of the Group, Beijing Juye Real Estate, issued two-year debt financing plans with a principal amount of RMB800,000,000 ("16 Jing Juye Real Estate ZR001"), which was privately issued on the Beijing Financial Assets Exchange. 16 Jing Juye Real Estate ZR001 is denominated in RMB and bears interest at a rate of 5.1% per annum, payable every six months in arrears on November 2, and May 2, or on the business day nearest hereto each half year, beginning on November 2, 2016.

Note 8: On November 9, 2016, one subsidiary of the Group, Beijing Juye Real Estate, issued two-year debt financing plans with a principal amount of RMB700,000,000 ("16 Jing Juye Real Estate ZR002"), which was privately issued on the Beijing Financial Assets Exchange. 16 Jing Juye Real Estate ZR002 is denominated in RMB and bears interest at a rate of 5.1% per annum, payable every six months in arrears on November 9, and May 9, or on the business day nearest hereto each half year, beginning on November 9, 2016.

Note 9: On April 23, 2018, Radiance Group issued three-year corporate bonds with a principal amount of RMB1,000,000,000 ("18 Jinhui 01"), which was privately issued on the Shanghai Stock Exchange. 18 Jinhui 01 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on April 23, or on the business day nearest hereto each year, beginning on April 23, 2018. Radiance Group is entitled to adjust upwards to the interest rate at the end of the second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 18 Jinhui 01 to Radiance Group on the second interest repayment date.

In year 2020, Radiance Group chose not to adjust the interest rate of 18 Jinhui 01 and certain bond holders have sold back 18 Jinhui 01 to Radiance Group at par value of their principal amount amounting to RMB300,000,000.

Note 10: On September 28, 2018, Radiance Group has completed to issue three-year corporate bonds with a principal amount of RMB1,700,000,000 ("18 Jinhui 02"), which was privately issued on the Shanghai Stock Exchange. 18 Jinhui 02 is denominated in RMB and bears interest at a rate of 7.4% per annum, payable annually in arrears on September 28, or on the business day nearest hereto each year, beginning on September 28, 2018. Radiance Group is entitled to adjust upwards to the interest rate at the end of the first and second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 18 Jinhui 02 to Radiance Group on the first and second interest repayment date.

In year 2019, Radiance Group chose not to adjust the interest rate of 18 Jinhui 02 and certain Bond holders have sold back 18 Jinhui 02 to Radiance Group at par value of their principal amount amounting to RMB320,000,000.

Note 11: On November 5, 2018, Radiance Group has completed to issue three-year corporate bonds with a principal amount of RMB400,000,000 ("18 Jinhui 03"), which was privately issued on the Shanghai Stock Exchange. 18 Jinhui 03 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on November 5, or on the business day nearest hereto each year, beginning on November 5, 2018. Radiance Group is entitled to adjust upwards to the interest rate at the end of the second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 18 Jinhui 03 to Radiance Group on the second interest repayment date.

Note 12: On May 23, 2019, Radiance Group has completed to issue four-year corporate bonds with a principal amount of RMB2,000,000,000 ("19 Jinhui 01"), which was publicly listed on the Shanghai Stock Exchange on May 31, 2019. 19 Jinhui 01 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on May 23, or on the business day nearest hereto each year, beginning on May 23, 2019. Radiance Group is entitled to adjust upwards to the interest rate on the date 20 days of trading prior to the second interest repayment date for 19 Jinhui 01. Upon the adjustment, bond holders may at their options ("Put Options") sell back 19 Jinhui 01 to Radiance Group on the third interest repayment date.

Note 13: On October 14, 2019, Radiance Group issued three-year corporate bonds with a principal amount of RMB850,000,000 ("19 Jinhui 02"), which was privately issued on the Shanghai Stock Exchange. 19 Jinhui 02 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on October 14, or on the business day nearest hereto each year, beginning on October 14, 2019. Radiance Group is entitled to adjust upwards to the interest rate at the end of the first and second year. Upon the adjustment, bond holders may at their options ("Put Options") sell back 19 Jinhui 02 to Radiance Group on the first and second interest repayment date.

Note 14: On November 29, 2019, Radiance Group has completed to issue four-year corporate bonds with a principal amount of RMB1,130,000,000 ("19 Jinhui 03"), which was publicly listed on the Shanghai Stock Exchange on November 5, 2019. 19 Jinhui 03 is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on November 29, or on the business day nearest hereto each year, beginning on November 29, 2019. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 15 days of trading prior to the second interest repayment date for 19 Jinhui 03. Upon the adjustment, bond holders may at their options ("Put Options") sell back 19 Jinhui 03 to Radiance Group on the third interest repayment date.

Except for 16 Jing Juye Real Estate ZR001 and 16 Jing Juye Real Estate ZR002 pledged by property, plant and equipment of RMB24,631,000 (note 13), right-of-use assets of RMB21,913,000 (note 14) and investment properties of RMB4,347,700,000 (note 15) as at December 31, 2017, all the corporate bonds were unsecured during the Relevant Periods.

After initial recognition, the corporate bonds are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

35. SHARE CAPITAL

Shares

	December 31, 2019	April 30, 2020
	HK$	HK$
Authorized:		
38,000,000 ordinary shares of HK$0.01 each	380,000	380,000

A summary of movements in the Company's issued shares and fully paid share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At October 17, 2019 (date of incorporation)	—	—
Issuance of new shares	1	—
At December 31, 2019 and January 1, 2020	1	—
Issuance of new shares	1	—
At April 30, 2020	2	—

The Company was incorporated in the Cayman Islands with limited liability on October 17, 2019 with authorized share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 at par value each.

On the date of incorporation, 1 ordinary share of HK$0.01 was allotted by the Company to a subscriber, and was transferred to Glowing Shine Limited, a company controlled by Mr. Lam Ting Keung and Ms. Lam Fung Ying, on October 17, 2019.

On March 5, 2020, the Company acquired the entire issued shares of Jubilance Properties Limited from Radiance Group Holdings at a consideration of USD3.00, which was settled by the Company allotting and issuing of one share to Glowing Shine Limited, being the direct wholly-owned subsidiary of Radiance Group Holdings, on March 5, 2020.

On October 5, 2020, the Company increased its authorized share capital to HK$100,000,000 by the creation of 9,962,000,000 additional shares of nominal value of HK$0.01 each.

Pursuant to the resolutions of Shareholders passed on October 5, 2020, conditional on the share premium account of the Company being credited as a result of the its listing on the Stock Exchange of Hong Kong Limited, the directors are authorized to capitalize HK$33,999,999.98 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 3,399,999,998 shares for issue and allotment to holders of shares whose names appear on the register of members of the Company on the date of passing such resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholdings in the Company. The shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued shares.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 are presented in the consolidated statements of changes in equity.

(a) Capital Reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

(b) Statutory Surplus Reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Asset Revaluation Reserve

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major Non-Cash Transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB33,915,000, RMB17,807,000, RMB19,427,000 and RMB1,378,000 for the years ended December 31, 2017, 2018 and 2019, and the four months ended April 30, 2020, respectively, in respect of lease arrangements for office buildings.

The non-controlling shareholders of one subsidiary of the Group, Wuhan Sanjianghui, namely, 湖北三峽華翔集團有限公司 ("Hubei Sanxia Huaxiang Group Co., Ltd.") and 福建友興投資有限公司 ("Fujian Youxing Investment Co., Ltd."), have made a debt-for-equity swap to contribute to capital of RMB172,762,000 and RMB172,762,000 in 2019; the non-controlling shareholder of one subsidiary of the Group, Wuhan Yaoxing Properties, namely, 福建友興投資有限公司 ("Fujian Youxing Investment Co., Ltd."), has made a debt-for-equity swap to contribute to capital of RMB200,000,000 in 2019.

(b) Changes in Liabilities Arising from Financing Activities

	Proceeds from asset-based securities	Interest-bearing bank and other borrowings	Senior notes and corporate bonds	Due to related parties	Lease liabilities	Total liabilities from financing activities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2017	595,951	11,932,000	7,730,467	2,164,715	8,670	22,431,803
Cash flows (used in)/from financing activities	(111,766)	13,828,333	(490,900)	898,190	(10,089)	14,113,768
New operating leases	—	—	—	—	33,915	33,915
Accrual of interest	36,030	—	506,762	—	1,743	544,535
At December 31, 2017	520,215	25,760,333	7,746,329	3,062,905	34,239	37,124,021
Cash flows from/(used in) financing activities	3,862,982	3,322,533	1,100,460	(179,092)	(17,873)	8,089,010
New operating leases	—	—	—	—	17,807	17,807
Accrual of interest	60,756	—	592,049	—	2,476	655,281
Cash flows from non-financing activities	—	202,144	—	—	—	202,144
At December 31, 2018	4,443,953	29,285,010	9,438,838	2,883,813	36,649	46,088,263
Cash flows (used in)/from financing activities	(147,160)	4,118,813	937,464	2,028,086	(26,483)	6,910,720
New operating leases	—	—	—	—	19,427	19,427
Accrual of interest	285,847	—	666,558	—	3,018	955,423
Cash flows from non-financing activities	—	41,742	—	—	—	41,742
At December 31, 2019	4,582,640	33,445,565	11,042,860	4,911,899	32,611	54,015,575
Cash flows (used in)/from financing activities	(841,958)	2,268,607	1,766,340	(501,017)	(9,478)	2,682,494
New operating leases	—	—	—	—	1,378	1,378
Accrual of interest	13,177	—	168,820	—	956	182,953
Cash flows from non-financing activities	—	140,000	—	3,382	—	143,382
At April 30, 2020	3,753,859	35,854,172	12,978,020	4,414,264	25,467	57,025,782

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	4,610	6,897	7,670	2,385
Within financing activities	8,634	15,100	22,715	8,522
	13,244	21,997	30,385	10,907

38. BUSINESS COMBINATIONS

(a) Acquisition of Changsha Hongtao Properties

On December 15, 2017, one subsidiary of the Group, Changsha Jinhui Real Estate Co., Ltd., acquired a 100% equity interest in Changsha Hongtao Properties from Changsha Runtao Import and Export Trading Co., Ltd. and Huaihua Runtao Design and Decoration Co., Ltd. Changsha Hongtao Properties is mainly engaged in real estate development and operation. The acquisition was part of the Group's strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB62,400,000 at the acquisition date.

Since the acquisition, Changsha Hongtao Properties has contributed an amount of nil to the Group's revenue and a profit of nil to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2017. Had the combination taken place at January 1, 2017, the revenue and net profit of the Group would have been RMB11,776,599,000 and RMB2,216,691,000, respectively.

The fair values of the identifiable assets and liabilities of Changsha Hongtao Properties as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Properties under development (note 20)	293,243
Cash and cash equivalents	1,651
Prepayments and other receivables	95,932
Trade and bills payables	(15,851)
Other payables and accruals	(246,988)
Contract liabilities	(55,352)
Tax payable	940
Deferred tax liabilities (note 19)	(11,175)
Total identifiable net assets at fair value	62,400
Satisfied by cash	62,400

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(62,400)
Cash and cash equivalents acquired	1,651
Net outflow of cash and cash equivalents included in cash flows from investing activities	(60,749)

(b) Acquisition of Shaanxi Fenghong Properties

On February 4, 2018, one subsidiary of the Group, Xi'an Qitai Real Estate Co., Ltd., acquired a 100% equity interest in Shaanxi Fenghong Properties from Shaanxi Fenghe Real Estate Development Co., Ltd., Shenzhen Qianhai Oriental Venture Finance Holdings Co., Ltd. and Daye Trust Co., Ltd. Shaanxi Fenghong Properties is mainly engaged in real estate development and operation. The acquisition was part of the Group's strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB723,373,000 at the acquisition date and RMB432,214,000 was paid in year 2019, and the remaining RMB147,505,000 was paid in March 2020.

Since the acquisition, Shaanxi Fenghong Properties has contributed an amount of nil to the Group's revenue and a loss of RMB23,568,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018. Had the combination taken place at January 1, 2018, the revenue and net profit of the Group would have been RMB15,971,183,000 and RMB2,290,475,000, respectively.

The fair values of the identifiable assets and liabilities of Shaanxi Fenghong Properties as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Properties under development (note 20)	2,287,166
Cash and cash equivalents	1,108
Prepayments and other receivables	9,455
Deferred tax assets (note 19)	15,157
Trade and bills payables	(112,641)
Other payables and accruals	(264,237)
Contract liabilities	(173,275)
Tax payable	(16,020)
Deferred tax liabilities (note 19)	(443,621)
Total identifiable net assets at fair value	1,303,092
Total purchase consideration	(1,303,092)
Less:	
Deferred payment	579,719
Cash and cash equivalents acquired	1,108
Net outflow of cash and cash equivalents included in cash flows from investing activities	(722,265)

(c) Acquisition of Jinhui Huayuan

On December 28, 2018, one subsidiary of the Group, Suzhou Jinhui Juye, further acquired a 30% equity interest in Jinhui Huayuan from Zhongxin Suzhou Industrial Park Municipal Public Development Group Co., Ltd. ("CSSD"), and had a 100% equity interest in Jinhui Huayuan upon completion of the acquisition. Prior to the share transfer, Jinhui Huayuan is a joint venture of the Group and CSSD. CSSD was in its A share listing application process and sold its 30% equity interest in Jinhui Huayuan to the Group to dispose of its property development business according to CSSD's business strategy. The share transfer has been approved by Suzhou Industry Park office of State-owned Assets Supervision and Administration Commission and went through Suzhou Property Exchange for the public bidding process. Benefit from the quick decision process and the synergy achieved, Suzhou Jinhui Juye, as the sole bidder, was able to complete the share purchase with a starting bidding price which constitutes a bargain purchase. The acquisition was part of the Group's strategy to expand its market share of property development and operation. The acquisition was satisfied by cash of RMB34,721,000 at the acquisition date.

Since the acquisition, Jinhui Huayuan has contributed an amount of nil to the Group's revenue and a loss of nil to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2018. Had the combination taken place at January 1, 2018, the revenue and net profit of the Group would have been RMB16,005,723,000 and RMB2,293,780,000, respectively.

The fair values of the identifiable assets and liabilities of Jinhui Huayuan as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment (note 13)	11
Properties under development (note 20)	1,808
Cash and cash equivalents	146,207
Prepayments and other receivables	248,290
Deferred tax assets (note 19)	61,868
Trade and bills payables	(75,307)
Other payables and accruals	(559)
Contract liabilities	(1,439)
Tax payable	(249,916)
Total identifiable net assets at fair value	130,963
Remeasurement of a previously held equity interest at fair value at acquisition date	(91,674)
Net assets acquired	39,289
Gains on bargain purchase recognized in other income and gains in profit or loss	(4,568)
Satisfied by cash	34,721

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(34,721)
Cash and cash equivalents acquired	146,207
Net inflow of cash and cash equivalents included in cash flows from investing activities	111,486

(d) Acquisition of Jinhui Xinyuan

On December 28, 2018, one subsidiary of the Group, Suzhou Jinhui Juye, further acquired an additional 49% equity interest in Jinhui Xinyuan, from CSSD, and had a 100% equity interest in Jinhui Xinyuan upon completion of the acquisition. Prior to the share transfer, Jinhui Xinyuan is a joint venture of the Group and CSSD. CSSD was in its A share listing application process and sold its 49% equity interest in Jinhui Xinyuan to the Group to dispose of its property development business according to CSSD's business strategy. The share transfer has been approved by Suzhou Industry Park office of State-owned Assets Supervision and Administration Commission and went through Suzhou Property Exchange for the public bidding process. Benefit from the quick decision process and the synergy achieved, Suzhou Jinhui Juye, as the sole bidder, was able to complete the share purchase with a starting bidding price which constitutes a bargain purchase. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Jinhui Xinyuan is mainly engaged in real estate development and operation. The acquisition was satisfied by cash of RMB24,523,000 at the acquisition date.

Since the acquisition, Jinhui Xinyuan has contributed an amount of nil to the Group's revenue and a loss of nil to the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2018. Had the combination taken place at January 1, 2018, the revenue and profit of the Group would have been RMB15,974,731,000 and RMB2,306,847,000, respectively.

The fair values of the identifiable assets and liabilities of Jinhui Xinyuan as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment (note 13)	714
Properties under development (note 20)	427,606
Cash and cash equivalents	23,116
Prepayments and other receivables	304,699
Deferred tax assets (note 19)	38,673
Trade and bills payables	(148,468)
Other payables and accruals	(3,143)
Contract liabilities	(205,041)
Tax payable	(112,095)
Deferred tax liabilities (note 19)	(845)
Interest-bearing bank and other borrowings	(202,144)
Total identifiable net assets at fair value	123,072
Remeasurement of previously held equity interest at fair value at acquisition date	(62,765)
Net assets acquired	60,307
Gains on bargain purchase recognized in other income and gains in profit or loss	(35,784)
Satisfied by cash	24,523

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(24,523)
Cash and cash equivalents acquired	23,116
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,407)

39. DISPOSAL OF SUBSIDIARIES

(a) 福清金森緣房地產有限公司 ("Fuqing Jinsenyuan Properties Co., Ltd.", "Fuqing Jinsenyuan")

Pursuant to the resolutions of shareholders and amendments to the articles of association dated January 31, 2018, the registered capital of Fuqing Jinsenyuan increased from RMB16,670,000 to RMB50,000,000. The additional capital of RMB33,330,000 was injected by the new shareholder. One subsidiary of the Group, Fuqing Jinhui Properties' equity interest in Fuqing Jinsenyuan decreased from 100% to 33.34%. Upon the completion of the capital injection, the Group lost control over Fuqing Jinsenyuan thereafter. This transaction is accounted for as deemed disposal a subsidiary.

The carrying values of the assets and liabilities on the date of the deemded disposal were as follows:

	RMB'000
Net assets disposed of:	
Properties under development (note 20)	325
Cash and cash equivalents	16,670
Deferred tax assets	10
Other payables and accruals	(6,709)
	10,296
Net gain on deemed disposal of Fuqing Jinsenyuan	4,245
Investment in an associate	14,541
Satisfied by cash	—

An analysis of the cash flows of cash and cash equivalents in respect of the deemed disposal of Fuqing Jinsenyuan is as follows:

	December 31, 2018
	RMB'000
Cash consideration	—
Cash and cash equivalents of Fuqing Jinsenyuan disposed of	(16,670)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(16,670)

(b) 北京金輝錦江物業服務有限公司 ("Beijing Jinhui Jinjiang Property Services Co., Ltd")

Pursuant to the share transfer agreement dated December 23, 2019, one subsidiary of the Group, Radiance Group, disposed of its 100% equity interest in Beijing Jinhui Jinjiang Property Services Co., Ltd. together with its subsidiaries and branches to a related party, 福州金惠物業管理有限公司 ("Fuzhou Jinhui Property Management Co., Ltd.") for a consideration of RMB27,000,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at the date of disposal.

The carrying values of the assets and liabilities on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 13)	6,739
Right-of-use assets (note 14)	800
Properties under development (note 20)	1,174
Prepayments and other receivables	30,587
Deferred tax assets (note 19)	2,377
Cash and cash equivalents	63,939
Trade receivables	81,153
Trade and bills payables	(41,568)
Contract liabilities	(110,197)
Other payables and accruals	(17,111)
	17,893
Gain on disposal of a subsidiary	9,107
	27,000
Satisfied by cash	27,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	RMB'000
Cash consideration	27,000
Cash and cash equivalents disposed of	(63,939)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(36,939)

(c) 連雲港天峻置地有限公司 ("Lianyungang Tianjun Real Estate Co., Ltd.")

Pursuant to the share transfer agreement dated July 13, 2019, one subsidiary of the Group, Shanghai Ronghui Real Estate, disposed of its 100% equity interest in Lianyungang Tianjun Real Estate Co., Ltd. to 福建通明瑞達實業有限公司 ("Fujian Tongmingruida Industrial Co., Ltd.") for a consideration of RMB211,500,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at June 30, 2019.

The carrying values of the assets and liabilities on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 13)	385
Properties under development (note 20)	1,272,657
Prepayments and other receivables	1,270,012
Deferred tax assets (note 19)	28,383
Cash and cash equivalents	198,541
Trade and bills payables	(230,356)
Contract liabilities	(1,369,369)
Interest-bearing bank and other borrowings	(1,047,230)
	123,023
Gain on disposal of a subsidiary	88,477
	211,500
Satisfied by cash	211,500

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	RMB'000
Cash consideration	211,500
Cash and cash equivalents disposed of	(198,541)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	12,959

(d) 杭州鴻煊企業管理諮詢有限公司 ("Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd." "Hangzhou Hongxuan")

Pursuant to the share transfer agreement dated October 28, 2019, one subsidiary of the Group, Suzhou Jinhui Juye, 浙江寶龍星匯企業管理有限公司 ("Zhejiang Baolongxinghui Enterprise Management Co. , Ltd.") and 杭州暨美企業管理有限公司 ("Hangzhou Jimei Enterprise Management Co., Ltd.") made capital injection into Hangzhou Hongxuan amounting to RMB21,450,000, RMB22,100,000 and RMB21,450,000, respectively. Suzhou Jinhui Juye's equity interest in Hangzhou Hongxuan changed from 100% to 33%. Upon the completion of the capital injection, the Group lost control over Hangzhou Hongxuan thereafter. This transaction is accounted for as deemed disposal of a subsidiary.

The carrying values of the assets and liabilities on the date of the deemed disposal were as follows:

	RMB'000
Net assets disposed of:	
Prepayments and other receivables	187,751
Cash and cash equivalents	21,533
Other payables and accruals	(187,841)
	21,443
Net gain on deemed disposal of Hangzhou Hongxuan	5
Investment in a associate	21,448
Satisfied by cash	—

An analysis of the cash flows of cash and cash equivalents in respect of the deemed disposal of Hangzhou Hongxuan is as follows:

	December 31, 2019
	RMB'000
Cash consideration	—
Cash and cash equivalents of Hangzhou Hongxuan disposed of	(21,533)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(21,533)

40. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the Historical Financial Information were as follows:

		December 31,			April 30,
	Notes	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	*(1)*	22,496,954	20,188,917	29,957,604	30,371,103
Guarantees given to banks in connection with facilities granted to related parties and third parties	*(2)*	9,191,794	12,618,514	8,659,883	7,047,313

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realize the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates and mortgage certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related parties and third parties. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the related parties as of December 31, 2017, 2018 and 2019 and April 30, 2020 since the fair value is not significant.

Except as disclosed above, during the Relevant Periods and up to the end of the Relevant Periods, neither the Group nor the Company was involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

41. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property development activities	12,752,516	15,298,075	23,806,693	26,926,149
Acquisition of land use right	3,277,365	1,962,238	2,611,510	2,491,960
Capital contribution for acquisition of equity interests	3,298,156	2,274,644	2,274,644	2,274,644
Capital contribution payable to joint ventures and associates	587,004	448,853	733,554	733,554
	19,915,041	19,983,810	29,426,401	32,426,307

42. RELATED PARTY TRANSACTIONS

(1) Significant Related Party Transactions

The following transactions were carried out with related parties during the Relevant Periods:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Advances from related parties:					
Joint ventures	5,262,712	6,190,110	3,535,412	819,311	244,059
Associates	467,917	1,400,567	2,526,314	2,533,932	891,884
Repayment of advances from related parties:					
Joint ventures	4,295,436	6,427,489	1,991,425	1,816,222	1,192,477
Associates	537,003	1,342,280	2,042,215	1,080,676	444,483
Property management services provided to					
Joint ventures	6,182	9,038	10,137	694	—
Associates	175	4,503	4,773	—	—
Management consulting services provided to					
Joint ventures	7,875	42,987	52,074	9,194	24,578
Associates	—	18,830	3,554	—	14,821
Sales of properties to family members of certain directors and/or the controlling shareholder	30,000	12,082	9,080	—	—
Financial Income from					
Joint ventures	200,105	83,358	332	—	—
Associates	47,587	69,269	18,891	4,522	—

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Advances to related parties:					
Joint ventures	11,708,359	3,901,027	5,910,142	1,314,690	1,606,641
Associates	5,705,285	4,246,353	5,567,592	237,881	1,764,790
Receipt of advances to related parties:					
Joint ventures	9,728,873	5,075,785	5,611,591	479,899	1,686,535
Associates	3,468,738	3,747,958	4,943,793	901,019	1,239,448
Property management services provided by Companies controlled by the ultimate controlling shareholders	—	—	—	—	34,413
Property lease income from a company controlled by the ultimate controlling shareholders	—	—	—	—	204

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

(2) Disposal of Subsidiaries

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration of disposal of Subsidiaries (note 39(b))	—	—	27,000	—

(3) Other Transactions with Related Parties

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Guarantees provided to related parties:					
Joint ventures	6,716,794	7,325,464	4,028,292	5,722,160	3,606,075
Associates	2,475,000	5,293,050	3,971,591	5,767,037	3,241,238
Guarantees provided by related parties:					
Controlling shareholders	600,000	307,500	669,000	899,000	—
Associates	—	—	300,000	—	300,000

Guarantees provided by the Controlling Shareholders has been fully released in April 2020.

(4) Outstanding Balances with Related Parties

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties:				
Trade-related:				
Joint ventures	2,002	30	641	22,849
Associates	—	7,925	530	—
Due from related parties:				
Non-trade-related*:				
Joint ventures	5,330,549	4,157,763	4,455,703	4,353,601
Associates	2,236,547	2,727,017	3,358,211	3,884,083
Due to related parties:				
Trade-related:				
Family members of certain directors and/ or controlling shareholders (note 30)	11,682	72,857	150,792	154,112
Companies controlled by the ultimate shareholders	—	—	—	3,382
Due to related parties:				
Non-trade-related*:				
Joint ventures	2,825,572	2,588,193	4,132,180	3,183,762
Associates	237,333	295,620	779,719	1,227,120

Balances with the above related parties were unsecured and repayable on demand.

* These non-trade-related balances due from/to related parties will not be settled before listing, as that intercompany transactions which cause the non-trade-related balances between the Group or its joint ventures and associates are in relation to the business operations of the relevant entities, and will be recurring in the future during the ordinary course of the Group's business, because the joint developments of property projects with third-party property developers occur in the ordinary course of the Group's business, and is one of the Group's methods of expanding its development activities and geographical coverage.

(5) Compensation of Key Management Personnel of the Group

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term employee benefits	11,566	11,448	11,580	4,495
Pension scheme contributions	489	682	679	167
Total compensation paid to key management personnel	12,055	12,130	12,259	4,662

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

December 31, 2017

Financial Assets

	Financial assets at amortized cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade receivables (note 22)	103,607	—	103,607
Financial assets included in prepayments and other receivables (note 24)	467,612	—	467,612
Financial assets at fair value through profit or loss (note 26)	—	134,790	134,790
Due from related parties (note 42)	7,569,098	—	7,569,098
Restricted cash (note 27)	1,478,041	—	1,478,041
Pledged deposits (note 27)	1,069,969	—	1,069,969
Cash and cash equivalents (note 27)	3,555,333	—	3,555,333
	14,243,660	134,790	14,378,450

Financial Liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables (note 28)	4,404,560
Financial liabilities included in other payables and accruals (note 29)	2,159,468
Due to related parties (note 42)	3,062,905
Interest-bearing bank and other borrowings (note 31)	25,760,333
Lease liabilities (note 14)	34,239
Proceeds from asset-backed securities (note 32)	520,215
Corporate bonds (note 34)	7,746,329
	43,688,049

December 31, 2018

Financial Assets

	Financial assets at amortized cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade receivables (note 22)	144,710	—	144,710
Financial assets included in prepayments and other receivables (note 24)	1,789,055	—	1,789,055
Financial assets at fair value through profit or loss (note 26)	—	1,325,671	1,325,671
Due from related parties (note 42)	6,892,735	—	6,892,735
Restricted cash (note 27)	3,278,066	—	3,278,066
Pledged deposits (note 27)	989,627	—	989,627
Cash and cash equivalents (note 27)	9,932,056	—	9,932,056
	23,026,249	1,325,671	24,351,920

Financial Liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables (note 28)	6,083,752
Financial liabilities included in other payables and accruals (note 29)	3,349,383
Due to related parties (note 42)	2,883,813
Interest-bearing bank and other borrowings (note 31)	29,285,010
Lease liabilities (note 14)	36,649
Proceeds from asset-backed securities (note 32)	4,443,953
Corporate bonds (note 34)	9,438,838
	55,521,398

December 31, 2019

Financial Assets

	Financial assets at amortized cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade receivables (note 22)	25,360	—	25,360
Financial assets included in prepayments and other receivables (note 24)	2,541,322	—	2,541,322
Financial assets at fair value through profit or loss (note 26)	—	315,690	315,690
Due from related parties (note 42)	7,815,085	—	7,815,085
Restricted cash (note 27)	3,762,566	—	3,762,566
Pledged deposits (note 27)	418,642	—	418,642
Cash and cash equivalents (note 27)	9,218,547	—	9,218,547
	23,781,522	315,690	24,097,212

Financial Liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables (note 28)	8,401,573
Financial liabilities included in other payables and accruals (note 29)	2,892,473
Due to related parties (note 42)	4,911,899
Interest-bearing bank and other borrowings (note 31)	33,445,565
Lease liabilities (note 14)	32,611
Proceeds from asset-backed securities (note 32)	4,582,640
Senior notes (note 33)	1,740,198
Corporate bonds (note 34)	9,302,662
	65,309,621

April 30, 2020

Financial assets

	Financial assets at amortized cost	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
Trade receivables (note 22)	22,858	—	22,858
Financial assets included in prepayments and other receivables (note 24)	2,601,026	—	2,601,026
Financial assets at fair value through profit or loss (note 26)	—	315,866	315,866
Due from related parties (note 42)	8,260,533	—	8,260,533
Restricted cash (note 27)	4,030,926	—	4,030,926
Pledged deposits (note 27)	303,419	—	303,419
Cash and cash equivalents (note 27)	8,407,534	—	8,407,534
	23,626,296	315,866	23,942,162

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade and bills payables (note 28)	7,618,674
Financial liabilities included in other payables and accruals (note 29)	2,621,262
Due to related parties (note 42)	4,414,264
Interest-bearing bank and other borrowings (note 31)	35,854,172
Lease liabilities (note 14)	25,467
Proceeds from asset-backed securities (note 32)	3,753,859
Senior notes (note 33)	3,980,755
Corporate bonds (note 34)	8,997,265
	67,265,718

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	December 31, 2017	December 31, 2018	December 31, 2019	April 30, 2020	December 31, 2017	December 31, 2018	December 31, 2019	April 30, 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Financial assets through profit or loss (note 26)	134,790	1,325,671	315,690	315,866	134,790	1,325,671	315,690	315,866
Financial liabilities								
Interest-bearing bank and other borrowings (note 31)	25,760,333	29,285,010	33,445,565	35,854,172	25,762,663	29,307,126	33,458,978	35,880,685
Proceeds from asset-backed securities (note 32)	520,215	4,443,953	4,582,640	3,753,859	508,922	4,620,165	4,750,003	4,036,975
Corporate bonds (note 34)	7,746,329	9,438,838	9,302,662	8,997,265	7,452,090	9,012,137	9,207,522	8,690,332
Senior notes (note 33)	—	—	1,740,198	3,980,755	—	—	1,744,050	3,804,659
	34,026,877	43,167,801	49,071,065	52,586,051	33,723,675	42,939,428	49,160,553	52,412,651

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, an amount due to the ultimate holding company, amounts due to related parties and guarantees given to banks in connection with facilities granted to related parties and third parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the group financial controller and the board of directors. At each reporting date, the corporate finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the group financial controller. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of interest-bearing bank and other borrowings and certain proceeds from asset-backed securities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at December 31, 2017, 2018 and 2019 and April 30, 2020 was assessed to be insignificant.

The fair values of certain proceeds from asset-backed securities, corporate bonds and senior notes are based on quoted market prices.

Fair Value Hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets Measured at Fair Value:

Financial Assets at FVTPL

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2017	—	134,790	—	134,790
As at December 31, 2018	—	1,325,671	—	1,325,671
As at December 31, 2019	—	315,690	—	315,690
As at April 30, 2020	—	315,866	—	315,866

Liabilities for which Fair Values are Disclosed:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2017				
Interest-bearing bank and other borrowings	—	25,762,663	—	25,762,663
Proceeds from asset-backed securities	—	508,922	—	508,922
Corporate bonds	7,452,090	—	—	7,452,090
	7,452,090	26,271,585	—	33,723,675
As at December 31, 2018				
Interest-bearing bank and other borrowings	—	29,307,126	—	29,307,126
Proceeds from asset-backed securities	1,058,686	3,561,479	—	4,620,165
Corporate bonds	9,012,137	—	—	9,012,137
	10,070,823	32,868,605	—	42,939,428
As at December 31, 2019				
Interest-bearing bank and other borrowings	—	33,458,978	—	33,458,978
Proceeds from asset-backed securities	1,663,194	3,086,809	—	4,750,003
Corporate bonds	9,207,522	—	—	9,207,522
Senior notes	1,744,050	—	—	1,744,050
	12,614,766	36,545,787	—	49,160,553
As at April 30, 2020				
Interest-bearing bank and other borrowings	—	35,880,685	—	35,880,685
Proceeds from asset-backed securities	868,425	3,168,550	—	4,036,975
Corporate bonds	8,690,332	—	—	8,690,332
Senior notes	3,804,659	—	—	3,804,659
	13,363,416	39,049,235	—	52,412,651

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank equivalents, restricted cash, pledged deposits, trade receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate bonds, lease liabilities, proceeds from asset-backed securities, and deferred tax liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest Rate Risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB16,383,000, RMB22,503,000, RMB22,682,000 and RMB10,373,888 for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, respectively.

(b) Foreign Currency Risk

The Group has transactional currency exposures. Such exposures mainly arise from the Group's senior notes. The currency in which they are denominated is USD. There is no significant impact on foreign currency risk.

	Increase/ (decrease) in USD rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	**RMB'000**	**RMB'000**
December 31, 2017			
If the RMB weakens against USD	-5%	125	125
If the RMB strengthens against USD	+5%	(125)	(125)
December 31, 2018			
If the RMB weakens against USD	-5%	858	858
If the RMB strengthens against USD	+5%	(858)	(858)
December 31, 2019			
If the RMB weakens against USD	-5%	(68,613)	(68,613)
If the RMB strengthens against USD	+5%	68,613	68,613
April 30, 2020			
If the RMB weakens against USD	-5%	(190,535)	(190,535)
If the RMB strengthens against USD	+5%	190,535	190,535

(c) Credit Risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Maximum Exposure and Year-End Staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2017, 2018 and 2019 and April 30, 2020. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2017					
Trade receivables*	—	—	—	103,607	103,607
Due from related parties	7,569,098	—	—	—	7,569,098
Financial assets included in prepayments and other receivables					
— Normal**	467,612	—	—	—	467,612
Financial assets at fair value through profit or loss	134,790	—	—	—	134,790
Restricted cash					
— Not yet past due	1,478,041	—	—	—	1,478,041
Pledged deposits					
— Not yet past due	1,069,969	—	—	—	1,069,969
Cash and cash equivalents					
— Not yet past due	3,555,333	—	—	—	3,555,333
	14,274,843	—	—	103,607	14,378,450

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2018					
Trade receivables*	—	—	—	144,710	144,710
Financial assets included in prepayments and other receivables					
— Normal**	1,789,055	—	—	—	1,789,055
Due from related parties	6,892,735	—	—	—	6,892,735
Financial assets at fair value through profit or loss	1,325,671	—	—	—	1,325,671
Restricted cash					
— Not yet past due	3,278,066	—	—	—	3,278,066
Pledged deposits					
— Not yet past due	989,627	—	—	—	989,627
Cash and cash equivalents					
— Not yet past due	9,932,056	—	—	—	9,932,056
	24,207,210	—	—	144,710	24,351,920
As at December 31, 2019					
Trade receivables*	—	—	—	25,360	25,360
Financial assets included in prepayments and other receivables					
— Normal**	2,541,322	—	—	—	2,541,322
Due from related parties	7,815,085	—	—	—	7,815,085
Financial assets at fair value through profit or loss	315,690	—	—	—	315,690
Restricted cash					
— Not yet past due	3,762,566	—	—	—	3,762,566
Pledged deposits					
— Not yet past due	418,642	—	—	—	418,642
Cash and cash equivalents					
— Not yet past due	9,218,547	—	—	—	9,218,547
	24,071,852	—	—	25,360	24,097,212
As at April 30, 2020					
Trade receivables*	—	—	—	22,858	22,858
Financial assets included in prepayments and other receivables					
— Normal**	2,601,026	—	—	—	2,601,026
Due from related parties	8,260,533	—	—	—	8,260,533
Financial assets at fair value through profit or loss	315,866	—	—	—	315,866
Restricted cash					
— Not yet past due	4,030,926	—	—	—	4,030,926
Pledged deposits					
— Not yet past due	303,419	—	—	—	303,419
Cash and cash equivalents					
— Not yet past due	8,407,534	—	—	—	8,407,534
	23,919,304	—	—	22,858	23,942,162

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the Historical Financial Information. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(d) Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2017					
Trade and bills payables	4,452,124	—	—	—	4,452,124
Other payables	2,415,920	—	—	—	2,415,920
Due to related parties	3,062,905	—	—	—	3,062,905
Lease liabilities	—	3,873	11,305	24,900	40,078
Interest-bearing bank and other borrowings	—	5,597,762	4,464,235	18,358,463	28,420,460
Proceeds from asset-backed securities	—	7,281	108,842	521,304	637,427
Corporate bonds	—	134,000	4,256,900	3,978,000	8,368,900
	9,930,949	5,742,916	8,841,282	22,882,667	47,397,814
December 31, 2018					
Trade and bills payables	6,014,043	—	—	—	6,014,043
Other payables	3,739,786	—	—	—	3,739,786
Due to related parties	2,883,813	—	—	—	2,883,813
Lease liabilities	—	5,553	15,025	22,175	42,753
Interest-bearing bank and other borrowings	—	1,930,340	14,979,019	15,520,718	32,430,077
Proceeds from asset-backed securities	—	99,819	342,829	6,335,756	6,778,404
Corporate bonds	—	134,000	8,611,200	1,075,000	9,820,200
	12,637,642	2,169,712	23,948,073	22,953,649	61,709,076
December 31, 2019					
Trade and bills payables	8,423,085	—	—	—	8,423,085
Other payables	3,300,649	—	—	—	3,300,649
Due to related parties	4,900,333	—	—	—	4,900,333
Lease liabilities	—	7,481	16,041	16,119	39,641
Interest-bearing bank and other borrowings	—	2,111,120	13,858,555	21,259,178	37,228,853
Senior notes	—	—	204,926	1,948,976	2,153,902
Proceeds from asset-backed securities	—	112,798	1,295,073	2,628,619	4,036,490
Corporate bonds	—	138,492	4,497,550	5,668,637	10,304,679
	16,624,067	2,369,891	19,872,145	31,521,529	70,387,632
April 30, 2020					
Trade and bills payables	7,618,674	—	—	—	7,618,674
Other payables	2,621,262	—	—	—	2,621,262
Due to related parties	4,414,264	—	—	—	4,414,264
Lease liabilities	—	6,728	13,450	11,585	31,763
Interest-bearing bank and other borrowings	—	5,237,931	11,236,047	23,154,412	39,628,390
Senior notes	—	103,651	325,950	4,331,006	4,760,607
Proceeds from asset-backed securities	—	290,524	224,011	5,189,223	5,703,758
Corporate bonds	—	150,000	6,310,687	3,364,750	9,825,437
	14,654,200	5,788,834	18,110,145	36,050,976	74,604,155

(e) Capital Management

The primary Objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings, senior notes, corporate bonds, proceeds from asset-backed securities and lease liabilities. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	December 31,			April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	4,404,560	6,083,752	8,401,573	7,618,674
Other payables and accruals	2,415,920	3,739,786	3,300,649	2,895,085
Due to related parties	3,062,905	2,883,813	4,911,899	4,414,264
Interest-bearing bank and other borrowings	25,760,333	29,285,010	33,445,565	35,854,172
Senior notes	—	—	1,740,198	3,980,755
Proceeds from asset-backed securities	520,215	4,443,953	4,582,640	3,753,859
Corporate bonds	7,746,329	9,438,838	9,302,662	8,997,265
Lease liabilities	34,239	36,649	32,611	25,467
Less: Cash and cash equivalents	(3,555,333)	(9,932,056)	(9,218,547)	(8,407,534)
Net debt	40,389,168	45,979,745	56,499,250	59,132,007
Equity attributable to owners of the parent	12,314,235	14,322,174	16,830,242	17,009,430
Capital and net debt	52,703,403	60,301,919	73,329,492	76,141,437
Gearing ratio	76.63%	76.25%	77.05%	77.66%

46. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Year ended December 31,			Four months ended April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests				
Rongqiao (FuZhou) Real Estate*	40%	40%	40%	40%
Radiance Group	4%	4%	4%	4%

* Rongqiao (FuZhou) Real Estate is a subsidiary of Radiance Group, and the financial information set out below only reflects the direct non-controlling interests in this entity, and the indirect non-controlling interests has not been included.

	Year ended December 31,			Four months ended April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year/period allocated to non-controlling interests:				
Rongqiao (FuZhou) Real Estate	121,034	259,132	138,809	(1,244)
Radiance Group	84,749	83,654	104,827	10,028
Accumulated balances of non-controlling interests:				
Rongqiao (FuZhou) Real Estate	783,009	1,042,141	1,180,950	1,179,706
Radiance Group	510,036	592,210	697,037	707,065

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

For the Year Ended December 31, 2017

	Rongqiao (FuZhou) Real Estate	Radiance Group
	RMB'000	RMB'000
Revenue	1,350,239	11,776,599
Total expenses	(1,047,653)	(9,551,891)
Profit for the year	302,586	2,224,708
Total comprehensive income for the year	302,586	2,224,708
Attributable to:		
Owners of the parent	302,586	2,118,731
Non-controlling interests	—	105,977
	302,586	2,224,708
Current assets	7,095,058	71,230,723
Non-current assets	215,304	15,501,043
Current liabilities	(902,712)	(48,878,457)
Non-current liabilities	(4,450,126)	(23,283,094)
	1,957,524	14,570,215
Attributable to:		
Owners of the parent	1,957,524	12,750,888
Non-controlling interests	—	1,819,327
	1,957,524	14,570,215
Net cash flows used in operating activities	(3,707,323)	(6,949,215)
Net cash flows used in investing activities	(7,276)	(7,496,989)
Net cash flows generated from financing activities	4,085,085	13,183,151
Net increase/(decrease) in cash and cash equivalents	370,486	(1,263,053)

For the Year Ended December 31, 2018

	Rongqiao (FuZhou) Real Estate	Radiance Group
	RMB'000	RMB'000
Revenue	2,964,740	15,971,183
Total expenses	(2,316,910)	(13,671,866)
Profit for the year	647,830	2,299,317
Total comprehensive income for the year	647,830	2,299,317
Attributable to:		
Owners of the parent	647,830	2,091,360
Non-controlling interests	—	207,957
	647,830	2,299,317
Current assets	6,926,149	102,204,376
Non-current assets	210,303	18,379,811
Current liabilities	(2,088,539)	(80,478,915)
Non-current liabilities	(2,442,560)	(22,600,201)
	2,605,353	17,505,071
Attributable to:		
Owners of the parent	2,605,353	14,805,247
Non-controlling interests	—	2,699,824
	2,605,353	17,505,071
Net cash flows generated from operating activities	1,449,084	2,951,754
Net cash flows used in investing activities	(2,857)	(3,253,546)
Net cash flows (used in)/generated from financing activities	(1,752,379)	6,678,850
Net (decrease)/increase in cash and cash equivalents	(306,152)	6,377,058

For the Year Ended December 31, 2019

	Rongqiao (FuZhou) Real Estate	Radiance Group
	RMB'000	RMB'000
Revenue	1,985,082	25,963,108
Total expenses	(1,638,059)	(23,267,238)
Profit for the year	347,023	2,695,870
Total comprehensive income for the year	347,023	2,695,870
Attributable to:		
Owners of the parent	347,023	2,620,669
Non-controlling interests	—	75,201
	347,023	2,695,870
Current assets	5,860,849	129,624,403
Non-current assets	224,609	19,698,112
Current liabilities	(1,304,405)	(95,287,682)
Non-current liabilities	(1,828,677)	(32,676,867)
	2,952,376	21,357,966
Attributable to:		
Owners of the parent	2,952,376	17,425,916
Non-controlling interests	—	3,932,050
	2,952,376	21,357,966
Net cash flows generated from/(used in) operating activities	117,117	(7,899,463)
Net cash flows (used in)/generated from investing activities	(10)	389,930
Net cash flows (used in)/generated from financing activities	(33,633)	6,802,127
Net increase/(decrease) in cash and cash equivalents	83,474	(707,406)

April 30, 2020

	Rongqiao (FuZhou) Real Estate	Radiance Group
	RMB'000	RMB'000
Revenue	103,245	2,929,200
Total expenses	(106,356)	(2,685,345)
Profit for the year period	(3,111)	243,855
Total comprehensive income for the period	(3,111)	243,855
Attributable to:		
Owners of the parent	(3,111)	250,698
Non-controlling interests	—	(6,843)
	(3,111)	243,855
Current assets	5,986,992	136,981,100
Non-current assets	243,413	19,827,805
Current liabilities	(2,258,934)	(100,647,088)
Non-current liabilities	(1,022,206)	(34,461,996)
	2,949,265	21,699,821
Attributable to:		
Owners of the parent	2,949,265	17,676,615
Non-controlling interests	—	4,023,206
	2,949,265	21,699,821
Net cash flows generated from/(used in) operating activities	477,597	(2,347,588)
Net cash flows used in investing activities	(378)	(169,206)
Net cash flows (used in)/generated from financing activities	(448,466)	1,713,321
Net increase/(decrease) in cash and cash equivalents	28,753	(803,473)

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to April 30, 2020.

48. EVENTS AFTER THE RELEVANT PERIODS

There has been an outbreak of COVID-19 around the world. The management of the Company believe that, based on the information available as of October 16, 2020, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or material impact on the financial position or financial performance of the Group. It is uncertain when and whether COVID-19 could be contained globally. The above analysis is made by the management of the Company based on the currently available information concerning COVID-19.

On June 17, 2020, Radiance Capital Investments issued 8.80% senior notes due in 2023 with a principal amount of US$250 million (the "2023 Notes"). Radiance Capital Investments is an indirect subsidiary of, and a special purpose vehicle set up for the financing purposes by Radiance Group.

On June 16, 2020, Radiance Group completed to issue five-year corporate bonds with a principal amount of RMB650,000,000 ("20 Jinhui 01"), which were publicly listed on the Shanghai Stock Exchange on June 23, 2020. 20 Jinhui 01 is denominated in RMB and bears interest at a rate of 6.95% per annum.

On July 29, 2020, Radiance Group completed to issue three-year corporate bonds with a principal amount of RMB500,000,000 ("20 Jinhui 02"), which were privately issued on the Shanghai Stock Exchange on August 4, 2020. 20 Jinhui 02 is denominated in RMB and bears interest at a rate of 7.00% per annum.

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