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The securities have not been, and will not be, registered under the United States Securities Act of 1993 (the “U.S. Securities Act”), or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities law. There will be no public offering of securities in the United States.

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer 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.

Notice to Hong Kong investors: Each of the Issuer (as defined below), the Subsidiary Guarantors (as defined in the offering memorandum appended herein) and the JV Subsidiary Guarantors (if any) (as defined in the offering memorandum appended herein) confirms that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, each of the Issuer, 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.

PUBLICATION OF THE OFFERING MEMORANDUM



銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

Yincheng International Holding Co., Ltd.

(the “Issuer”)

(Stock Code: 1902)

(Incorporated in the Cayman Islands with limited liability)

U.S.\$110,000,000 12.5 per cent. Senior Notes due 2022 (the “Notes”)

(Stock Code: 40858)

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

Please refer to the offering memorandum dated 16 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 (as defined in Chapter 37 of the Listing Rules) and have been listed on the Hong Kong Stock Exchange on that basis.

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 Issuer, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Memorandum.

Hong Kong, 23 September 2021

As at the date of this announcement, the executive directors of the Issuer are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive directors of the Issuer are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive directors of the Issuer are Mr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Lam Ming Fai.

TABLE OF CONTENTS
APPENDIX — OFFERING MEMORANDUM DATED 16 SEPTEMBER 2021

IMPORTANT NOTICE

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

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

The Offering Memorandum has been prepared in connection with the offer and sale of the securities described therein. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

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

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

The attached Offering Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as implemented in member states of the European Economic Area or of the United Kingdom’s Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. The attached Offering Memorandum has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area and the United Kingdom will be made pursuant to an exemption under the relevant regulations from the requirement to produce a prospectus in connection with offers of the Notes.

Confirmation of Your Representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities, you must comply with the following provisions. By accepting this e-mail and accessing the Offering Memorandum, you shall be deemed to have represented to us, to Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited and Haitong International Securities Company Limited as the joint global coordinators, joint bookrunners and joint lead managers, and Admiralty Harbour Capital Limited, Vision Capital International Holdings Limited, Central Wealth Securities Investment Limited, Shenwan Hongyuan Securities (H.K.) Limited and CRIC Securities Company Limited as the joint bookrunners and joint lead managers, that:

- you and any persons you represent are persons outside the United States (within the meaning of Regulation S under the Securities Act) and, to the extent you purchase the securities, you will be doing so pursuant to Regulation S under the Securities Act;
- the e-mail address that you gave us and to which the Offering Memorandum has been delivered is not located in the United States (within the meaning of Regulation S under the Securities Act); and
- you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the Offering Memorandum 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 any of the Joint Bookrunners and Joint Lead Managers or their respective affiliates thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Bookrunners and Joint Lead Managers or their respective affiliates, as applicable, on behalf of Yincheng International Holding Co., Ltd. in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**IDD**”), 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 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

The Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). The securities are only available to, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such securities will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on the Offering Memorandum or any of its contents.

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

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Bookrunners and Joint Lead Managers or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners and Joint Lead Managers.

OFFERING MEMORANDUM



銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

US\$110,000,000 12.5% Senior Notes due 2022

Issue Price: 98.872%

The US\$110,000,000 senior notes (the "Notes") due 2022 will bear interest at a rate of 12.5% per annum and will mature on September 20, 2022. Interest will be paid on the Notes on March 21, 2022 and September 20, 2022. Unless previously repurchased, cancelled or redeemed, the Notes will mature on September 20, 2022. The Notes will be the unsubordinated senior obligations of Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) (the "Issuer" or the "Company") and will be guaranteed by certain of its existing subsidiaries (the "Subsidiary Guarantors"), other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in the section entitled "Description of the Notes." We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Issuer may be replaced by a limited-recourse guarantee (the "JV Subsidiary Guarantee"). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

At any time and from time to time prior to September 20, 2022, the Issuer may at its option redeem up to 35% of the Notes, at a redemption price of 112.5% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Issuer. In addition, the Issuer may redeem the Notes, in whole but not in part, at any time prior to September 20, 2022 at a 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. Upon the occurrence of a Change of Control (as defined in the indenture governing the Notes (the "Indenture")), the Issuer 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 (but not including) the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness (as defined in the Indenture) of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (3) effectively subordinated to the secured obligations (if any) of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined in "Description of the Notes"). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See "Risk Factors—Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees" of this Offering Memorandum.

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 174.

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 20 of the Offering Memorandum for risks relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees.

The Notes are expected to be rated "B+" by Lianhe Ratings Global ("Lianhe Global"). We have been assigned a corporate credit rating of "B2" with a negative outlook by Moody's and "B+" with a stable outlook by Lianhe Global. These ratings do not constitute a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by Moody's and Lianhe Global.

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

Notice to Hong Kong investors: Each of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirms that the Notes are intended for purchase by Professional Investors only and have been listed on HKSE on that basis. Accordingly, each of the Issuer, 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 HKSE 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 Offering Memorandum. Listing of the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or quality of disclosure in this Offering Memorandum. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents 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 "Securities Act"), or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being issued and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions."

The Notes will be evidenced by one or more global note (the "Global Note") in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective account holders. Except in the limited circumstances set forth herein, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Note. It is expected that delivery of the Notes will be made on or about September 21, 2021.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Guotai Junan International

CMB International

Haitong International

Joint Bookrunners and Joint Lead Managers

Admiralty
Harbour

Vision Capital
International

Central Wealth
Securities
Investment
Limited

Shenwan
Hongyuan (H.K.)

CRIC Securities

The date of this Offering Memorandum is September 16, 2021.

TABLE OF CONTENTS

| | PAGE |
|--|-------------|
| SUMMARY | 1 |
| THE OFFERING | 7 |
| SUMMARY CONSOLIDATED FINANCIAL DATA | 13 |
| RISK FACTORS | 20 |
| USE OF PROCEEDS | 60 |
| EXCHANGE RATE INFORMATION | 61 |
| CAPITALIZATION AND INDEBTEDNESS | 63 |
| RECENT DEVELOPMENTS | 64 |
| CORPORATE STRUCTURE | 78 |
| BUSINESS | 79 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 106 |
| REGULATION | 132 |
| DIRECTOR AND SENIOR MANAGEMENT | 158 |
| PRINCIPAL SHAREHOLDERS | 164 |
| RELATED PARTY TRANSACTIONS | 165 |
| DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS | 168 |
| DESCRIPTION OF THE NOTES | 174 |
| TAXATION | 242 |
| PLAN OF DISTRIBUTION | 245 |
| TRANSFER RESTRICTIONS | 251 |
| RATINGS | 252 |
| LEGAL MATTERS | 253 |
| INDEPENDENT ACCOUNTANTS | 254 |
| GENERAL INFORMATION | 255 |
| INDEX TO CONSOLIDATED FINANCIAL STATEMENTS | F-1 |

This Offering Memorandum includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Notes. Each of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) accepts full responsibility for the accuracy of the information contained in this Offering Memorandum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Offering 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.

IN CONNECTION WITH THIS OFFERING, ANY INITIAL PURCHASER, AS THE STABILIZING MANAGER, OR ANY PERSON ACTING ON ITS BEHALF, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE 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 ACCOUNTS OF THE JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS (AS DEFINED HEREIN), AND NOT FOR OR ON BEHALF OF THE COMPANY.

This Offering Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as implemented in member states of the European Economic Area or of the United Kingdom's Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. This Offering Memorandum has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area and the United Kingdom will be made pursuant to an exemption under the relevant regulations from the requirement to produce a prospectus in connection with offers of the Notes.

We, having made all reasonable enquiries, confirm that: (i) this Offering Memorandum contains all information with respect to us and our subsidiaries referred to in this Offering Memorandum and the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Offering Memorandum relating to us and our subsidiaries are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Memorandum with regard to us and our subsidiaries 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 and our subsidiaries, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the issue and offering of the Notes, make this Offering Memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This Offering Memorandum is strictly 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.

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 headed "*Transfer Restrictions*".

No representation or warranty, express or implied, is made by Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited and Haitong International Securities Company Limited as the joint global coordinators, joint bookrunners and joint lead managers, and Admiralty Harbour Capital Limited, Vision Capital International Holdings Limited, Central Wealth Securities Investment Limited, Shenwan Hongyuan Securities (H.K.) Limited and CRIC Securities Company Limited as the joint bookrunners and joint lead managers or China Construction Bank (Asia) Corporation Limited (the "**Trustee**") or the Registrar, the Paying Agent and the Transfer Agent (each as defined in "*Description of the Notes*") or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The Joint Bookrunners and Joint Lead

Managers, the Trustee, the Registrar, the Paying Agent and the Transfer Agent have not independently verified any of such information and assume no responsibility for its accuracy or completeness.

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 Joint Bookrunners and Joint Lead Managers, the Trustee, the Agents or any person affiliated with the Joint Bookrunners and Joint Lead Managers, the Trustee, the Agents or their respective advisors 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 and our subsidiaries, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) other than as contained herein, and if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Joint Bookrunners and Joint Lead Managers, the Trustee, the Registrar, the Paying Agent or the Transfer Agent.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. 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 Joint Bookrunners and Joint Lead Managers are not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Memorandum and the offering of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Memorandum comes are required by us and the Joint Bookrunners and Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto in certain jurisdictions, including the United States, the United Kingdom, Australia, the European Economic Area, the United Kingdom, Hong Kong and Singapore, and to persons connected therewith. For a description of the restrictions on offers, sales and resales of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this Offering Memorandum, see the sections headed “*Plan of Distribution*” and “*Transfer Restrictions*”.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**IDD**”), 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 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or

regulations made under the FSMA to implement IDD, 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 the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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 attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

In this Offering Memorandum, the term “Issuer,” “Company,” “we,” “our,” “us,” and “the Group” refers to Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) itself, or Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) and its consolidated subsidiaries, as the context requires.

References to “U.S. dollars” and “US\$” are to United States dollars, the official currency of the United States of America (the “**United States**” or “**U.S.**”). References to “Renminbi” or “RMB” are to Renminbi, the official currency of the People’s Republic of China.

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

References to “CBRC” are to China Banking Regulatory Commission (中國銀行業監督管理委員會), which merged with China Insurance Regulatory Commission and formed the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) pursuant to the Circular of the State Council on Establishment of Institutions (國務院關於機構設置的通知) (Guo Fa 2018 No.6) issued by the state Council on March 22, 2018, and, if the context requires, includes its successor, the China Banking and Insurance Regulatory Commission.

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

References to “MOF” are to the Ministry of Finance of the PRC and its local counterparts.

References to “NDRC” are to the National Development and Reform Commission of the PRC.

References to “PBOC” are to the People’s Bank of China.

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 Special Administrative Region of the PRC (“**Hong Kong**”), Macau Special Administrative Region of the PRC (“**Macau**”), or Taiwan. References to “PRC government” or “State” means the central government of the PRC, together with all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

References to “SAT” are to the State Administration of Taxation.

References to “SAFE” are to State Administration of Foreign Exchange of the PRC.

References to “SAIC” State Administration for Industry and Commerce of the PRC, which was changed to State Administration for Market Regulation pursuant to the Circular of the State Council on Establishment of Institutions (國務院關於機構設置的通知) (Guo Fa 2018 No.6) issued by the State Council on March 22, 2018, and, if the context requires, includes its successor, State Administration for Industry and Commerce of the PRC.

References to “Yangtze River Delta Megalopolis” the megalopolis that covers 26 PRC cities, for the purpose of this Offering Memorandum covering Nanjing, Suzhou, Wuxi, Shanghai, and different tiers of cities in Jiangsu, Anhui and Zhejiang provinces of the PRC.

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.

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

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

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

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. All statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “might,” “plan,” “project,” “propose,” “seek,” “should,” “target,” “will,” “would” and the negative of these terms or similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs;
- our ability to identify and successfully take advantage of new business development opportunities; and
- our dividend policy.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialize or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in “*Risk Factors*” and the following:

- changes in the laws, rules and regulations in the industry and geographical markets in which we operate and future developments in relation to the recent outbreak of COVID-19 in the PRC and globally;
- general economic, market and business conditions in the PRC, including the sustainability of the economic growth in the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any 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 contained in this Offering Memorandum are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in “*Risk Factors*.”

In this Offering Memorandum, statements of or references to our intentions or those of any of our directors are made as of the date of this Offering Memorandum. Any such intentions may change in light of future developments.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated in the Cayman Islands 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 in the British Virgin Islands or in Hong Kong and any other jurisdictions having different bodies of securities laws from that of the United States and protections for investors may differ.

Substantially all of our businesses, assets and operations and the businesses, assets and operations of the Subsidiary Guarantors are, and all or most of the assets of the JV Subsidiary Guarantors (if any) may be, located outside the United States. In addition, all of our directors, supervisors and executive officers are, and officers and the directors and officers of the Subsidiary Guarantors are, and all or most of the directors and officers of the JV Subsidiary Guarantors (if any) may be, nationals or residents of countries other than the United States and substantially all or a substantial portion of the assets of such persons are located or may be located, as the case may be, outside the United States. Therefore, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or such persons, or to enforce against us, any of the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), our directors, supervisors, officers, or such person 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 or territory within the United States.

We and each of the Subsidiary Guarantors expect to appoint Cogency Global Inc. as an agent to receive service of process with respect to any action brought against us or any of the Subsidiary Guarantors 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 of the Subsidiary Guarantors in the courts of the State of New York in the Borough of Manhattan, the City of New York under the securities laws of the State of New York.

We have been advised by our Cayman Islands legal counsel, Ogier, that although there is no statutory enforcement in the Cayman Islands of a judgment or order obtained in any U.S. federal or New York state court located in the borough of Manhattan, City of New York, the courts of the Cayman Islands will recognise and enforce such foreign judgment or order, without re-examination or re-litigation of the matters adjudicated upon, if the judgment or order: (i) is given by a foreign court of competent jurisdiction; (ii) is final and conclusive; (iii) is not in respect of a tax, fine or other penalty; (iv) was not obtained by fraud; and (v) is not of a kind, the enforcement of which is contrary to public policy in the Cayman Islands. The courts of the Cayman Islands will apply the rules of Cayman Islands private international law to determine whether the foreign court is a court of competent jurisdiction. Subject to these limitations, the courts of the Cayman Islands will recognise and enforce a foreign judgment for a liquidated sum and may also give effect in the Cayman Islands to other kinds of foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions.

We have been advised by our Hong Kong legal advisors, Linklaters, that 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 United States 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 based 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: (a) was obtained by fraud; (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules); (c) was not affected by an order for stay of enforcement; (d) is sought to be enforced by or between different parties to the foreign judgment; (e) concerns title to immovable property or intellectual property; (f) is against a person who is entitled to claim immunity from suit and/or execution under the laws of Hong Kong and who has not waived such immunity before the Hong Kong courts; (g) is contrary to public policy or natural justice; (h) is for a sum payable in respect of

taxes or other charges of a like nature or in respect of a fine or is penal in nature; (i) is inconsistent with a prior Hong Kong judgment or foreign judgment which is entitled to recognition in Hong Kong; (j) is not barred from enforcement by or in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong); or (k) was a judgment for multiple damages or a judgment for multiple damages or a judgment based on a provision or rule of law specified by the Chief Executive of Hong Kong as concerned with the prohibition of restrictive trade practices pursuant to the Protection of Trading Interests Ordinance (Chapter 471 of the Laws of Hong Kong).

We have been advised by our British Virgin Islands legal counsel, Ogier, that although there is no statutory enforcement in the British Virgin Islands of judgments obtained in any U.S. federal or New York state court located in the borough of Manhattan, City of New York, the courts of the British Virgin Islands will recognise such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary if fresh proceedings are brought in the British Virgin Islands to enforce that judgment, provided however that such judgment: (i) is not in respect of penalties, fines, taxes or similar fiscal or revenue obligations of the Company; (ii) is final and for a liquidated sum; (iii) was not obtained in a fraudulent manner; (iv) is not of a kind the enforcement of which is contrary to the public policy in the British Virgin Islands; (v) is not contrary to the principles of natural justice; and (vi) provided that the U.S. federal or New York state court located in the borough of Manhattan, City of New York had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process. Non-money judgments from a foreign court are not directly enforceable in the British Virgin Islands. However, it is possible for a non-money judgment from a foreign court to be indirectly enforced by means of a claimant bringing an identical action in the courts of the British Virgin Islands in respect of which a non-money judgment has been made by a foreign court. In appropriate circumstances, the courts of the British Virgin Islands may give effect to issues and causes of action determined by the foreign court, such that those matters need not be retried.

We have also been advised by Jingtian & Gongcheng, 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. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United States. Therefore, it may be difficult for investors to enforce any judgments obtained from U.S. courts.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) which differ in certain respects from generally accepted accounting principles in certain other countries.

The summary financial data as of and for each of the fiscal years ended December 31, 2018, 2019 and 2020 set forth below have been derived from our consolidated financial statements as of and for such years as audited by Ernst & Young Certified Public Accountants (“**Ernst & Young**”), our independent certified public accountants, which are included elsewhere in this Offering Memorandum.

The summary financial data as at and for each of the six months ended June 30, 2020 and 2021 have been derived from our unaudited condensed consolidated financial statements as of and for such periods which have been reviewed by Ernst & Young and are included elsewhere in this Offering Memorandum. Investors should not rely on such unaudited condensed consolidated financial information to provide the same quality of information that audited financial information would provide. Results for interim periods are not indicative of results for the full year.

Our reporting currency is the Renminbi.

GLOSSARY OF TECHNICAL TERMS

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

| | |
|---|---|
| “ASP” | average selling price |
| “building ownership certificate” | building ownership certificate (房屋所有權證), a certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings. In certain cities such as Nanjing, Wuxi, Suzhou, Zhenjiang, Hangzhou and Ma’anshan, it is combined with the land use rights certificate into a single certificate, namely the real estate certificate |
| “completion certificate” | construction work completion and inspection certificate/table/report (房屋建築工程竣工驗收備案證/表/報告) issued by local urban construction bureau or competent authorities in the PRC with respect to the completion of property projects |
| “construction land planning permit” | construction land planning permit (建設用地規劃許可證), a permit issued by local planning bureaux or equivalent authorities in China with respect to planning of construction land |
| “construction work commencement permit” | construction work commencement permit (建築工程施工許可證) issued by local construction bureaux or competent authorities in the PRC with respect to commencement of construction work |
| “construction work planning permit” | construction work planning permit (建設工程規劃許可證) issued by local planning bureaux or competent authorities in the PRC with respect to planning of construction work |
| “Existing Notes” | (i) the US\$200 million 12.0% senior notes due 2021 issued by the Company pursuant to an indenture dated November 4, 2020 and (ii) the US\$165 million 11.8% senior notes due 2022 issued by the Company pursuant to an indenture dated March 17, 2021 |
| “GDP” | gross domestic product |
| “GFA” | gross floor area |
| “land grant contract” | state-owned land use rights grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities |
| “land use rights certificate” | state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) of the right of a party to use a parcel of land. In certain cities such as Nanjing, Wuxi, Suzhou, Zhenjiang, Hangzhou and Ma’anshan of the PRC, it is combined with the building ownership certificate into a single certificate, namely the real estate certificate |
| “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) |

| | |
|-------------------------------------|--|
| “plot ratio” | the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area |
| “pre-sale permit” | commodity property pre-sale permit (商品房預售許可證) issued by a local housing and building administrative bureau or an competent authority in the PRC with respect to the pre-sales of the properties under construction |
| “real estate certificate” | real estate title certificate (不動產權證書), the certificate issued by relevant PRC government authorities combining the building ownership certificate and/or land use rights certificate |

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 “Risk Factors,” “Description of the Notes,” and our consolidated financial statements and the related notes, before making an investment decision.

OVERVIEW

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma’anshan, Hefei, Taizhou and Wenzhou. We ranked 90th among the “Top 100 Real Estate Developer in China in 2020” in terms of comprehensive strength for the year ended 2019 according to the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院). We have also been recognised by the Jiangsu Real Estate Association as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively for 17 years since 2002 and ranked the first on such list in 2019. During the year ended December 31, 2019, we were awarded the “Top 20 Growing Enterprises in China’s Real Estate Industry in 2019”. During the year ended December 31, 2020, we were awarded “2020 China Specialized Real Estate Company” (2020中國特色地產運營優秀企業) and “2020 China TOP 100 Real Estate Developers” (2020中國房地產百強企業), “2020 China TOP 100 Listed Real Estate Companies” (2020中國上市房企百強企業) and “Specialised Chinese Real Estate Enterprise with Excellence in Operation in 2020” (2020中國特色地產運營優秀企業).

We were primarily engaged in the development and sale of residential properties targeting middle to upper-middle income households. Whilst we will continue to focus our business on sales of properties, we plan to selectively own properties developed by us, such as elderly care homes and long-term rental apartments, for investment purpose in the near future in order to diversify our revenue model.

Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of management services; (iii) the hotel operations; and (iv) the leasing of investment properties owned and developed by us; and (v) exhibition operation. Our property development projects are mainly (i) owned and developed by us or (ii) developed by cooperating with third-party property developers through our joint ventures and associates (as defined under IFRS).

Leveraging the experience of Yincheng Real Estate, the former holding company of Nanjing Yincheng Real Estate Co., Ltd. (南京銀城房地產開發有限公司) and our sister company, which commenced property development operation in 1996, we have been engaged in property development in Nanjing since 2002 with a track record of more than 18 years. We have been specialising in developing property projects in Nanjing and other strategically selected cities in the Yangtze River Delta Megalopolis, which we believe possess high growth potential.

Leveraging the success we achieved in Nanjing, we have successfully expanded our footprint to its neighbouring cities, such as Wuxi since 2005, Suzhou and Zhenjiang since 2017, Hangzhou, Xuzhou, Ma’anshan and Hefei since 2018, Taizhou since 2019 and Wenzhou since 2020. The flourishing economic environment together with the population growth and increasing labor mobility contributes to a considerable housing demand in Yangtze River Delta Megalopolis. We believe that the Yangtze River Delta Megalopolis will continue to enjoy economic growth and will strengthen its position as one of the most rapidly growing region in the PRC.

We offer a wide range of residential properties, including high-rise apartments, multi-storey apartments and low-density houses. To develop quality properties for customers of all ages, we introduced five series of residential properties, each targeting a different segment of our customers: our “Yi series (頤系列)” residence are developed for our elderly customers’ enjoyment of a relaxing and healthy lifestyle, our “Shang series (尚系列)” residence are developed for the pleasure of our younger customers, our “Zhi series (致系列)” residence are developed for middle income households who focus on functionality and convenience, our “Zhong series (中系列)” residence are developed for home upgraders who appreciate comfort and quality and our “He series (和系列)” residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. The residential properties developed by us include multi-functional ancillary facilities, such as retail shops, schools, clubhouses, gym rooms, car parking spaces, hospital and community centres, which aim to provide a high quality and convenient living environment that caters for the lifestyle and daily needs of our customers’ community. For example, we are collaborating with Tencent to develop the smart home system for “Kinma Q+ Community,” a property project that targets the youth community by offering commercial apartments integrated with intelligent home technology, a common entertainment centre comprising facilities such as library, bars, café, eSports arena, and other commercial spaces. “Peaceful Paradise” is another property project under development where we plan to set up a retirement community for the aged, comprising residential areas with ancillary facilities, such as elderly care homes and a hospital. We will also establish a “centre for all ages (全齡會館區域)” equipped with various facilities, such as gym rooms, classrooms, health care centres, restaurants and book corners in our “Honor Mansion,” “Dream Mansion” and “Blue Stream Town” to address the needs of our customers of all ages.

As of December 31, 2020, we have a property portfolio of 49 property projects located in ten cities with an aggregate GFA attributable to us of approximately 4,782,696 sq.m., including (i) aggregate GFA available for sale and aggregate leasable GFA for completed projects of approximately 65,028 sq.m.; (ii) aggregate GFA for properties under development of approximately 2,859,947 sq.m.; and (iii) aggregate GFA properties held for future development of approximately 1,857,721 sq.m. Among our 49 property projects, 33 were owned and developed by our subsidiaries and 16 were developed and owned by our joint ventures and associates (as defined under IFRS).

For the year ended December 31, 2020, our contracted sales amount together with our joint ventures and associates amounted to approximately RMB23,208.3 million, representing an increase of approximately 17.1% from approximately RMB19,821.4 million for the year ended December 31, 2019. Such increase was mainly attributable to the increase in contracted sales GFA of our Group together with the joint ventures and associates to approximately 1,153,237 sq.m. for the year ended December 31, 2020, representing an increase of approximately 2.1% from approximately 1,129,071 sq.m. for the year ended December 31, 2019. For the year ended December 31, 2020, the ASP recorded in our contracted sales together with our joint ventures and associates was approximately RMB20,125 per sq.m., representing an increase of approximately 14.6% from approximately RMB17,555 per sq.m. for the year ended December 31, 2019. Such increase was mainly due to the higher ASP recognised for projects in Nanjing and Hangzhou. The contracted sales from properties located in Nanjing, Wuxi, Suzhou, Hangzhou, Taizhou, Wenzhou, Xuzhou, Hefei, Zhenjiang and Ma’anshan contributed to approximately 39.2%, 5.2%, 5.0%, 20.2%, 3.6%, 10.5%, 6.8%, 4.8%, 3.8% and 0.9% respectively of the total contracted sales of our Group together with its joint ventures and associates for the year ended December 31, 2020.

We acquired land mainly through (i) participation in the public tender, auction and listing-for-sale process organized by the relevant government authorities; and (ii) acquisition of equity interests from third parties in those companies which own the land use rights.

We have established a standardised development process that we apply across our entire business operations, which covers the full spectrum of the property development cycle from site selection, feasibility study, land acquisition, project planning and design, construction, procurement and quality control to sales and marketing, delivery and after-sale services. With these standardised operating procedures, we are able to effectively manage our projects, efficiently oversee the progress of development and ensure the standard of quality is applied consistently in each of our development projects, which optimised our investment returns.

Adhering to our core development strategy of “leading quality, excellent services and energy conservation (‘品質領先、服務卓越、綠色節能’) with an aim to develop quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages (‘全齡宜居、健康舒適、智慧便捷’), not only do we adopt stringent quality control procedures to ensure that our properties and services are in compliance with the relevant PRC laws and regulations relating to quality and safety, but also a property design philosophy that introduces customer-oriented designs which best suit their needs, so that our properties can bring convenience and value-added experience to our customers. In addition, we are committed to adopting environmentally friendly construction materials and designs which help minimise the hazards caused to the environment and optimise energy efficiency. Our abundant land bank, our quality property offering, our strong property development capabilities together with our well-established brand recognition also contributed to our rapid expansion and financial success. Based on the above features, we believe that our quality property development projects are or will be well received in locations in which we operate or plan to expand.

We mainly derived our revenue from the sales of residential and commercial properties. For the years ended December 31, 2018, 2019 and 2020, our total revenue were RMB5,070.1 million, RMB9,092.5 million and RMB10,679.6 million, respectively, while our net profit for the same periods were RMB495.3 million, RMB360.4 million and RMB386.1 million respectively.

A breakdown of our revenue by segment for each of the years ended December 31, 2018, 2019 and 2020 is set out below:

| | Year ended December 31, | | | | | |
|--|-------------------------|---------------------|-------------------------|---------------------|--------------------------|---------------------|
| | 2018 | | 2019 | | 2020 | |
| | RMB | % | RMB | % | RMB | % |
| Sale of properties | 5,067,075 | 99.9 | 8,996,128 | 98.9 | 10,589,619 | 99.2 |
| Project management income | — | — | 79,679 | 0.9 | 30,489 | 0.28 |
| Hotel operations | — | — | 13,460 | 0.1 | 40,290 | 0.37 |
| Rental income | 3,019 | 0.1 | 3,205 | 0.1 | 16,360 | 0.14 |
| Exhibition operation | — | — | — | — | 2,876 | 0.01 |
| Total | <u>5,070,094</u> | <u>100.0</u> | <u>9,092,472</u> | <u>100.0</u> | <u>10,679,634</u> | <u>100.0</u> |

The details of the revenue recognised from our sale of properties by geographical location for the periods indicated are set out below:

| | Year ended December 31, | | | | | |
|--|-------------------------|-----------------------|----------------------|--------------------------|-----------------------|----------------------|
| | 2019 | | | 2020 | | |
| | Revenue | GFA delivered | Recognised ASP | Revenue | GFA delivered | Recognised ASP |
| RMB'000 | sq.m. | RMB/sq.m. | RMB'000 | sq.m. | RMB/sq.m. | |
| Nanjing | | | | | | |
| Peaceful Paradise | 175,413 | 5,563 | 31,532 | 25,064 | 859 | 29,178 |
| Blue Stream Town | 63,927 | 4,692 | 13,625 | 26,018 | 1,069 | 24,339 |
| Dongyue Mansion | 868,710 | 21,120 | 41,132 | 509,792 | 13,232 | 38,527 |
| Ideal Palace | 94,929 | 8,348 | 11,371 | 7,314 | 610 | 11,990 |
| Honor Mansion | 3,796,526 | 141,130 | 26,901 | 2,373,919 | 94,810 | 25,039 |
| Kinma Q+ Community | 939,645 | 44,743 | 21,001 | 33,721 | 1,911 | 17,645 |
| Long Island Qin Park | 48 | 12 | 4,000 | — | — | — |
| Xidi International Community | 80 | — | 506 | 1,132 | 101 | 11,208 |
| Bejoy Villa | 632,717 | 21,409 | 29,534 | 1,731,287 | 57,858 | 29,923 |
| First phase of Airport Exhibition Town | — | — | — | 697,317 | 61,713 | 11,299 |
| Jiang Shan Yu Mansion | — | — | N/A | 415,137 | 22,685 | 18,300 |
| | <u>6,571,995</u> | <u>247,017</u> | <u>26,605</u> | <u>5,820,701</u> | <u>254,848</u> | <u>22,840</u> |
| Wuxi | | | | | | |
| Tianyuan Mansion | 207 | — | — | 97 | 36 | 5,139 |
| Canal Park | 2,016 | 396 | 5,091 | 985 | 192 | 5,130 |
| Hui Mountain International Community | 489,023 | 80,138 | 6,102 | 952,341 | 86,851 | 10,965 |
| Sheltered Mansion | 1,469,969 | 78,361 | 18,759 | 681,443 | 61,823 | 11,022 |
| | <u>1,961,215</u> | <u>158,895</u> | <u>12,343</u> | <u>1,634,866</u> | <u>148,902</u> | <u>10,979</u> |
| Zhenjiang | | | | | | |
| Yuefu Mansion | — | — | — | 342,459 | 21,889 | 15,645 |
| Tang Dynasty Mansion | 462,918 | 33,953 | 13,634 | 194,022 | 15,195 | 12,769 |
| | <u>462,918</u> | <u>33,953</u> | <u>13,634</u> | <u>536,481</u> | <u>37,084</u> | <u>14,467</u> |
| Suzhou | | | | | | |
| Yuan Stream Mansion | — | — | N/A | 377,970 | 12,620 | 29,950 |
| Hangzhou | | | | | | |
| Yungutianjing Mansion | — | — | N/A | 1,188,418 | 48,296 | 24,607 |
| Qingshanhupan | — | — | N/A | 621,425 | 37,303 | 16,659 |
| | <u>—</u> | <u>—</u> | <u>N/A</u> | <u>1,809,843</u> | <u>85,599</u> | <u>21,143</u> |
| Xuzhou | | | | | | |
| Yinshan Road Parcel | — | — | N/A | 409,758 | 47,472 | 8,632 |
| Total | <u>8,996,128</u> | <u>439,865</u> | <u>20,452</u> | <u>10,589,619</u> | <u>586,525</u> | <u>18,055</u> |

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths are crucial to our success and essential for our future growth:

- We have an established track record and reputation in developing residential properties;
- We focus on developing quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages;

- We possess strong development and operational capabilities with standardised property development procedures to expedite asset turnover and facilitate efficient operation;
- We provide excellent customer services and maintain close relationship with our customers, enhancing the recognition of our “Yincheng” brand;
- We have abundant land reserves at premium locations in most of the cities in which we operate for our future development; and
- We have a professional, experienced and stable management team supported by loyal and committed employees.

OUR STRATEGIES

- We will continue to enhance our leading position in Nanjing and strategically expand into other selected cities;
- We seek to enhance our product quality and customer satisfaction;
- We will continue to adopt a diversified development strategy by utilising different models in property development to increase flexibility and efficiency;
- We will continue to balance our financial management with our growth and to improve our operational efficiency;
- We will continue to attract, retain and motivate our talented and experienced personnel; and
- We will further enhance our brand recognition and increase our customers’ loyalty.

RECENT DEVELOPMENTS

See the “Recent Developments” section for our unaudited interim condensed consolidated financial statements for the six months ended June 30, 2021, which are extracted from the announcement of interim results for the six months ended June 30, 2021 filed with the Hong Kong Exchange on August 20, 2021 and other recent developments.

Issuance of March 2021 Notes

On March 17, 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on March 18, 2021. The Company intended to use the net proceeds from the issue of such senior notes for refinancing certain existing indebtedness of the Company and general corporate purposes. As at June 30, 2021, the net proceeds have been fully unutilised for the said purposes. For further details, please refer to the announcements of the Company dated March 12, 2021 and March 17, 2021.

Subscriptions of Structured Deposits

From December 11, 2020 to December 28, 2020, Nanjing Yinjiaan and Nanjing Yincheng (each being an indirect wholly-owned subsidiary of the Company) subscribed for three structured deposit products with an aggregate principal amount of RMB1.3 billion.

Provision of financial assistance by way of Deposit Pledges

From December 7, 2020 to December 28, 2020, in order to assist in fulfilling the short-term financing needs of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin (each being a direct wholly-owned subsidiary of Yincheng Real Estate, which in turn, is a company controlled by Mr. Huang Qingping, a non-executive Director and a controlling shareholder of the Company),

Nanjing Yinjiaan and Nanjing Yincheng provided financial assistance by way of making six deposit pledges totaling RMB2.93 billion to secure the grant of facilities made by several banks to Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin.

Investment in Fund

From June 23, 2020 to November 5, 2020, Yinjiacheng (being an indirect wholly-owned subsidiary of the Company) entered into the Fund Subscription Agreements to subscribe for the Participating Shares in three tranches for a total amount of USD35.0 million on the terms and conditions of the Private Offering Memorandum.

Partnership Agreement

On 15 June 2020, Hangzhou Yinjialuo (being an indirect non wholly-owned subsidiary of the Company) entered into the Partnership Agreement with other investment partners, pursuant to which, Hangzhou Yinjialuo shall make the capital contribution in the amount of RMB157.5 million for the establishment of Jiaxing Zhenli LP, and ultimately, for property development purposes.

The Entering into of the Framework Agreements for the Acquisition of the Entire Equity Interest in and Debt of Hangzhou Qingcheng

On September 15, 2020, Hangzhou Zezhou Enterprise Management Co., Ltd., an indirect wholly-owned subsidiary of the Company entered into Acquisition Framework Agreement I with Yihe Real Estate, Hangzhou Qingcheng Property Development Co., Ltd, the Guarantors and Hangzhou Hongyuyuan LLP for the acquisition of 67% equity interest in Hangzhou Qingcheng Property Development Co., Ltd and the debt owed by Hangzhou Qingcheng Property Development Co., Ltd to Yihe Real Estate which is amounted to RMB127,173,826.52 at a consideration of RMB1,090,637,588.09 (subject to adjustments). On September 15, 2020 Hangzhou Zezhou Enterprise Management Co., Ltd. entered into an Acquisition Framework Agreement II with the Huahong Parties and Hangzhou Qingcheng Property Development Co., Ltd for the acquisition of 33% equity interest in Hangzhou Qingcheng Property Development Co., Ltd and the debt owed by Hangzhou Qingcheng Property Development Co., Ltd to the Huahong Parties and their associates which is amounted to RMB41,360,903.78 at a consideration of RMB106,360,903.78 (subject to adjustments).

Cooperation Agreement in Relation to Development of the Project Land Held by Wuxi Xuelang

On October 20, 2020, Wuxi Huayu won the tender for acquiring (i) the entire equity interest in Wuxi Xuelang Changguang Real Estate Co., Ltd. from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by Wuxi Xuelang Changguang Real Estate Co., Ltd. to Wuxi Shanshui, at the Project Company Acquisition Consideration of RMB752,087,000 and the Transaction Service Fee of RMB4,708,600. The principal asset of Wuxi Xuelang Changguang Real Estate Co., Ltd. is the Project Land, a land parcel situated at the east to Wuhu Avenue, south to Gaoyuan Road, west to Planning Road and north to Hefeng Road. On November 10, 2020, the Equity Transaction Agreement was entered into between Wuxi Huayu and Wuxi Shanshui for the this Project Company Acquisition.

GENERAL INFORMATION

We were incorporated in the Cayman Islands on January 8, 2018, as an exempted company with limited liability. Our shares have been listed on the HKSE since March 6, 2019. Our principal place of business in the PRC is at Part of 19–21 Floors, Block A Yincheng Plaza, 289 Jiangdongbeilu, Nanjing, People's Republic of China. Our place of business in Hong Kong is at Room 4502, 45/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. Our registered office is located at Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. Our website is <http://www.yincheng.hk>. Information contained on our website does not constitute part of this Offering Memorandum.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this Offering Memorandum. For a more detailed description of the Notes, see “Description of the Notes.” Terms used in this summary and not defined herein shall have the same meanings given to them in “Description of the Notes.”

| | |
|--|---|
| Issuer | Yincheng International Holding Co., Ltd. |
| Issuer’s Legal Entity Identifier | 300300J0M2CT3JT54R34 |
| Notes Issued | US\$110,000,000 aggregate principal amount of 12.5% Senior Notes due 2022 (the “Notes”). |
| Issue Price | 98.872% of the principal amount of the Notes. |
| Issue Date | September 21, 2021. |
| Maturity Date | September 20, 2022. |
| Interest | The Notes will bear interest from and including the Issue Date at the rate of 12.5% per annum. |
| Interest Payment Dates | March 21, 2022 and September 20, 2022. |
| Ranking of the Notes | The Notes are: <ul style="list-style-type: none">● general obligations of the Company;● senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;● at least <i>pari passu</i> in right of payment with the Existing Notes and 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 below under “Description of the Notes—The Subsidiary Guarantees and 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, 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. |

A Subsidiary Guarantee may be released in certain circumstances. See “*Description of the Notes—Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.*”

The initial Subsidiary Guarantors will consist of all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC and Grateful Bay Limited.

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, other than PRC Restricted Subsidiaries, Exempted Subsidiaries and Listed Subsidiaries, will provide a guarantee of 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 JV Subsidiary Guarantee at the time such Person becomes a Restricted Subsidiary (each such Person and Grateful Bay Limited, an “Offshore Non-Guarantor Subsidiary”, and, together with the PRC Non-Guarantor Subsidiaries, the “Non-Guarantor Subsidiaries”), provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for 15.0% of the Total Assets of the Company.

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 of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;

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

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

JV Subsidiary Guarantees

A JV Subsidiary Guarantee instead of a Subsidiary Guarantee may be provided by a Subsidiary Guarantor following (i) 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 Subsidiary Guarantor or (ii) a purchase by the Company or any of its Restricted Subsidiaries of the Capital Stock in an Independent Third Party, such that such Independent Third Party will become a Restricted Subsidiary following such purchase. 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;
- will be enforceable only up to the JV Entitlement Amount;
- will 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;
- 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; and
- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law).

The Company may also deliver a JV Subsidiary Guarantee instead of a Subsidiary Guarantee on substantially similar conditions for certain Restricted Subsidiaries that are established after the Issue Date.

| | |
|--|--|
| Use of Proceeds | We intend to use the net proceeds to refinance our existing indebtedness and general corporate purposes. |
| Optional Redemption | At any time prior to September 20, 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in “ <i>Description of the Notes—Optional Redemption.</i> ” |
| | At any time and from time to time prior to September 20, 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock (as defined in the “ Description of the Notes ”) of the Company in an equity offering at a redemption price of 112.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions. |
| Repurchase of Notes Upon a Change of Control | Upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date. |
| Redemption for Taxation Reasons. | Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company for redemption, if the Company, a Subsidiary Guarantor or a JV 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 “ <i>Description of the Notes—Redemption for Taxation Reasons.</i> ” |
| Covenants | <p>The Notes, the Indenture governing the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> ● 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 Securities Act or under any state securities laws of the United States, are being offered and sold in offshore transactions in compliance with Regulation S under the Securities Act, 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 the Global Note deposited with a common depository and registered in the name of the common depository or its nominee. Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.

Book-Entry Only The Notes will be issued in book-entry form through the facilities of 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 free of payment in same-day funds on or about September 21, 2021, which the Company expects will be the third business day following the date of this Offering Memorandum referred to as “T+3”. You should note that initial trading of the Notes may be affected by the “T+3” settlement.

Trustee China Construction Bank (Asia) Corporation Limited

Paying Agent, Transfer Agent and Registrar China Construction Bank (Asia) Corporation Limited

| | |
|--------------------------|--|
| Ratings | The Notes are expected to be rated “B+” by Lianhe Global. We have been assigned a corporate credit rating of “B2” with a negative outlook by Moody’s and “B+” with a stable outlook by Lianhe Global. We cannot assure investors that these ratings will not be adversely revised or withdrawn either before or after delivery of the Notes. |
| Listing | Application will be made to the HKSE 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. |
| Security Codes | ISIN: XS2386944859 Common Code: 238694485 |
| Governing Law | The Notes will be governed by and will be 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 “ <i>Risk Factors</i> .” |

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary financial and other data. The summary financial data as of and for each of the fiscal years ended December 31, 2018, 2019 and 2020 set forth below have been derived from our consolidated financial statements as of such dates and for such years as audited by Ernst & Young, our independent certified public accountants, which are included elsewhere in this Offering Memorandum.

Our financial statements have been prepared and presented in accordance with IFRS, which differ in certain aspects from generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes to those statements included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

Summary Consolidated Income Statement

| | Year ended December 31, | | | |
|---|-------------------------|------------------|-------------------|------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) | (RMB'000) | (RMB'000) | (US\$'000) |
| | (audited) | (audited) | (audited) | (unaudited) |
| Revenue | 5,070,094 | 9,092,472 | 10,679,634 | 1,636,726 |
| Cost of sales | (3,600,043) | (7,613,165) | (9,522,203) | (1,459,341) |
| Gross profit | 1,470,051 | 1,479,307 | 1,157,431 | 177,384 |
| Other income and gains | 324,069 | 65,800 | 64,773 | 9,927 |
| Selling and distribution expenses | (237,271) | (294,980) | (258,419) | (39,604) |
| Administrative expenses | (331,536) | (292,408) | (226,693) | (34,742) |
| Other expenses | (15,909) | (22,828) | (20,142) | (3,087) |
| Fair value gains on investment properties | 14,803 | 106,300 | 125,670 | 19,260 |
| Finance costs | (254,007) | (166,991) | (202,330) | (31,008) |
| Share of profits and losses of: Joint venture | (19,716) | (15,440) | (9,879) | (1,514) |
| Associates (as defined under IFRS) | 111,373 | 81,369 | 43,988 | 6,741 |
| Profit before tax | 1,061,857 | 940,129 | 674,399 | 103,356 |
| Income tax expense | (566,535) | (579,769) | (288,255) | (44,177) |
| Profit and total comprehensive income for the year | 495,322 | 360,360 | 386,144 | 59,179 |
| Attributable to: | | | | |
| Owners of the parent | 442,440 | 150,309 | 182,627 | 27,989 |
| Non-controlling interests | 52,882 | 210,051 | 203,517 | 31,190 |
| | <u>495,322</u> | <u>360,360</u> | <u>386,144</u> | <u>59,179</u> |

| | Year ended December 31, | | | |
|--|-------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Earnings Per Share Attributable to Ordinary Equity Holders of the Parent | | | | |
| Basic and diluted | 0.47 | 0.11 | 0.13 | 0.02 |
| Other Comprehensive Income | | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of foreign operations | — | 33,022 | (20,988) | (3,217) |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Change in use from an owner-occupied property to an investment property carried at fair value | — | — | 14,351 | 2,199 |
| Equity investments designated at fair value through other comprehensive income change in fair value | — | 1,965 | 109,509 | 16,783 |
| Income tax effect | — | (324) | (3,588) | (550) |
| | <u>—</u> | <u>1,641</u> | <u>120,272</u> | <u>18,432</u> |
| Other Comprehensive Income for the Period | <u>—</u> | <u>34,663</u> | <u>99,284</u> | <u>15,216</u> |
| Total Comprehensive Income for the Period | <u>495,322</u> | <u>395,023</u> | <u>485,428</u> | <u>74,395</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 442,440 | 184,972 | 281,911 | 43,205 |
| Non-controlling interests | 52,882 | 210,051 | 203,517 | 31,190 |
| | <u>495,322</u> | <u>395,023</u> | <u>485,428</u> | <u>74,395</u> |

Summary Consolidated Balance Sheet Data

| | As at December 31, | | | |
|---|------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 362,642 | 1,241,223 | 941,547 | 144,298 |
| Investment properties | 811,900 | 918,200 | 2,788,700 | 427,387 |
| Right-of-use assets | — | 281,354 | 163,755 | 25,097 |
| Prepaid land lease payments | 258,430 | — | — | — |
| Intangible assets | 6,364 | 5,707 | 7,084 | 1,086 |
| Investments in joint ventures | 103,739 | 78,103 | 180,725 | 27,697 |
| Investments in associates | 281,185 | 910,513 | 2,142,510 | 328,354 |
| Deferred tax assets | 199,194 | 309,682 | 278,034 | 42,611 |
| Other non-current assets | — | — | 527,709 | 80,875 |
| Equity investments designated at fair value through other comprehensive income ("FVOCI") | — | 326,723 | 643,710 | 98,653 |
| Total non-current assets | 2,023,454 | 4,071,505 | 7,673,774 | 1,176,057 |
| CURRENT ASSETS | | | | |
| Properties under development | 17,397,704 | 16,166,537 | 20,327,503 | 3,115,326 |
| Completed properties held for sale | 2,123,761 | 6,227,457 | 2,851,239 | 436,971 |
| Trade receivables | 2 | 1,458 | 1,294 | 198 |
| Due from related companies | 1,184,581 | 895,762 | 971,286 | 148,856 |
| Prepaid land lease payments | 5,440 | — | — | — |
| Prepayments, deposits and other receivables | 939,409 | 2,729,374 | 3,762,707 | 576,660 |
| Tax recoverable | 145,782 | 342,007 | 629,284 | 96,442 |
| Financial assets at fair value through profit or loss ("FVTPL") | — | — | 1,934,292 | 296,443 |
| Other current assets | — | 56,245 | 56,610 | 8,676 |
| Inventories | — | 890 | 523 | 80 |
| Restricted cash | 122,820 | 1,137,115 | 708,538 | 108,588 |
| Pledged deposits | 7,441 | 29 | 2,194,070 | 336,256 |
| Cash and cash equivalents | 1,589,181 | 2,894,255 | 3,518,324 | 539,207 |
| Total current assets | 23,516,121 | 30,451,129 | 36,955,670 | 5,663,704 |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 2,250,325 | 2,742,799 | 4,001,807 | 613,304 |
| Other payables, deposits received and accruals | 2,908,338 | 3,969,718 | 3,166,054 | 485,219 |
| Due to related companies | 1,615,416 | 624,499 | 4,950,820 | 758,746 |
| Interest-bearing bank and other borrowings | 5,300,063 | 4,917,819 | 3,323,086 | 509,285 |
| Senior notes | — | — | 2,217,378 | 339,828 |
| Lease liabilities | — | 16,826 | 5,164 | 791 |
| Contract liabilities | 5,274,810 | 10,503,434 | 11,384,909 | 1,744,814 |
| Financial guarantee contracts | 6,289 | — | — | — |
| Tax payable | 504,146 | 1,293,051 | 1,346,693 | 206,390 |
| Total current liabilities | 17,859,387 | 24,068,146 | 30,395,911 | 4,658,377 |
| NET CURRENT ASSETS | 5,656,734 | 6,382,983 | 6,559,759 | 1,005,327 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 7,680,188 | 10,454,488 | 14,233,533 | 2,181,384 |

| | As at December 31, | | | |
|--|------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| NON-CURRENT LIABILITIES | | | | |
| Interest-bearing bank and other borrowings | 4,891,341 | 5,582,140 | 8,825,094 | 1,352,505 |
| Lease liabilities | — | 3,072 | 3,543 | 543 |
| Financial guarantee contracts | 12,578 | — | — | — |
| Deferred tax liabilities | 365,970 | 842,471 | 143,125 | 21,935 |
| Total non-current liabilities | 5,269,889 | 6,427,683 | 8,971,762 | 1,374,983 |
| Net Assets | 2,410,299 | 4,026,805 | 5,261,771 | 806,402 |
| EQUITY | | | | |
| Equity attributable to owners of the company | | | | |
| Share capital | 347 | 124,119 | 124,119 | 19,022 |
| Treasury shares | (7) | (7) | (7) | (1) |
| Reserves | 1,568,259 | 2,384,706 | 2,635,955 | 403,978 |
| Non-controlling interests | 841,700 | 1,517,987 | 2,501,704 | 383,403 |
| TOTAL EQUITY | 2,410,299 | 4,026,805 | 5,261,771 | 806,402 |

Summary Cash Flows Statement

| | Year ended December 31, | | | |
|--|-------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Net cash flows (used in)/from operating activities | (3,251,073) | 3,496,033 | 1,427,910 | 218,837 |
| Net cash flows from/(used in) investing activities | 1,390,147 | (6,197,300) | (6,460,831) | (990,166) |
| Net cash flows from financing activities | 2,278,804 | 4,006,341 | 5,656,990 | 866,972 |
| Net increase in cash and cash equivalents | 417,878 | 1,305,074 | 624,069 | 95,643 |
| Cash and cash equivalents at beginning of period | 1,171,303 | 1,589,181 | 2,894,255 | 443,564 |
| Cash and cash equivalents at end of period | <u>1,589,181</u> | <u>2,894,255</u> | <u>3,518,324</u> | <u>539,207</u> |

The following summary financial data as at and for each of the six months ended June 30, 2020 and 2021 have been derived from our unaudited condensed consolidated financial statements as of and for such periods which have been reviewed by Ernst & Young and are included elsewhere in this Offering Memorandum. Investors should not rely on such unaudited condensed consolidated financial information to provide the same quality of information that audited financial information would provide. Results for interim periods are not indicative of results for the full year.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Six months ended June 30, | |
|--|----------------------------------|--------------------------------|
| | 2021 | 2020 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Revenue | 3,788,625 | 4,553,860 |
| Cost of sales | (3,099,320) | (3,840,599) |
| Gross profit | 689,305 | 713,261 |
| Other income and gains | 62,673 | 19,444 |
| Selling and distribution expenses | (114,421) | (104,569) |
| Administrative expenses | (79,487) | (74,578) |
| Other expenses | (828) | (10,465) |
| Finance costs | (78,390) | (109,821) |
| Share of profits and losses of: | | |
| Joint ventures | (5,863) | 5,223 |
| Associates | (19,806) | 23,924 |
| Profit before tax | 453,183 | 462,419 |
| Income tax expense | (155,103) | (162,800) |
| Profit for the period | <u>298,080</u> | <u>299,619</u> |
| Attributable to: | | |
| Owners of the parent | 80,418 | 102,503 |
| Non-controlling interests | 217,662 | 197,116 |
| | <u>298,080</u> | <u>299,619</u> |
| Earnings per share attributable to ordinary equity holders of the parent | | |
| Basic and diluted | <u>RMB0.06</u> | <u>RMB0.07</u> |
| Other comprehensive income | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | 8,401 | 14,325 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Equity investments designated at fair value through other comprehensive income (“FVOCI”): | | |
| Change in fair value | (38,812) | (11,128) |
| Income tax effect | — | 1,836 |
| | (38,812) | (9,292) |
| Other comprehensive income for the period | (30,411) | 5,033 |
| Total comprehensive income for the period | <u>267,669</u> | <u>304,652</u> |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 50,007 | 107,536 |
| Non-controlling interests | 217,662 | 197,116 |
| | <u>267,669</u> | <u>304,652</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | June 30, 2021 | December 31, 2020 |
|--|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current assets | | |
| Property, plant and equipment | 1,013,764 | 941,547 |
| Right-of-use assets | 166,513 | 163,755 |
| Investment properties | 2,948,600 | 2,788,700 |
| Intangible assets | 6,481 | 7,084 |
| Investments in joint ventures | 510,791 | 180,725 |
| Investments in associates. | 2,174,213 | 2,142,510 |
| Deferred tax assets | 342,423 | 278,034 |
| Other non-current assets | 200,385 | 527,709 |
| Equity investments designated at FVOCI. | 396,035 | 643,710 |
| Total non-current assets. | <u>7,759,205</u> | <u>7,673,774</u> |
| Current assets | | |
| Properties under development | 19,774,303 | 20,327,503 |
| Completed properties held for sale. | 3,516,349 | 2,851,239 |
| Trade receivables | 18,455 | 1,294 |
| Due from related companies. | 2,885,272 | 971,286 |
| Prepayments, deposits and other receivables | 5,372,150 | 3,762,707 |
| Tax recoverable. | 766,421 | 629,284 |
| Financial assets at fair value through profit or loss ("FVTPL"). | 1,702,932 | 1,934,292 |
| Contract cost assets | 118,266 | 56,610 |
| Inventories | 1,866 | 523 |
| Cash and bank balances | 5,495,812 | 6,420,932 |
| Total current assets | <u>39,651,826</u> | <u>36,955,670</u> |
| Current liabilities | | |
| Trade and bills payables | 3,386,258 | 4,001,807 |
| Other payables, deposits received and accruals | 2,720,505 | 3,166,054 |
| Due to related companies | 3,948,921 | 4,950,820 |
| Contract liabilities | 15,031,085 | 11,384,909 |
| Senior notes | 2,332,277 | 2,217,378 |
| Interest-bearing bank and other borrowings | 2,406,182 | 3,323,086 |
| Tax payable | 1,279,006 | 1,346,693 |
| Lease liabilities | 5,078 | 5,164 |
| Total current liabilities | <u>31,109,312</u> | <u>30,395,911</u> |
| Net current assets | <u>8,542,514</u> | <u>6,559,759</u> |
| Total assets less current liabilities | <u>16,301,719</u> | <u>14,233,533</u> |
| Non-current liabilities | | |
| Interest-bearing bank and other borrowings | 10,974,633 | 8,825,094 |
| Deferred tax liabilities | 110,785 | 143,125 |
| Lease liabilities | 11,673 | 3,543 |
| Total non-current liabilities | <u>11,097,091</u> | <u>8,971,762</u> |
| Net assets | <u>5,204,628</u> | <u>5,261,771</u> |
| EQUITY | | |
| Equity attributable to owners of the parent | | |
| Share capital. | 124,119 | 124,119 |
| Treasury shares. | (7) | (7) |
| Reserves. | 2,661,075 | 2,635,955 |
| | <u>2,785,187</u> | <u>2,760,067</u> |
| Non-controlling interests | <u>2,419,441</u> | <u>2,501,704</u> |
| TOTAL EQUITY | <u>5,204,628</u> | <u>5,261,771</u> |

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS

We may not have adequate financing to fund our property developments and are exposed to liquidity risks. If we are unable to obtain sufficient funding to repay our debts and/or fund future development costs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Property development is capital-intensive and we expect to continue to incur a relatively high level of capital expenditures for project development in the foreseeable future. Any funding shortage could limit our ability to respond to changing market conditions or to grow our business, make us more vulnerable to adverse economic and industry conditions, and place us at a competitive disadvantage compared to our competitors with less indebtedness. We have, and may from time to time incur, a substantial amount of bank and other borrowings and senior notes. As of December 31, 2020, our total bank and other borrowings totalled RMB12,148.2 million, of which RMB3,323.1 million will mature within one year. For the years ended December 31, 2018, 2019 and 2020, we financed our property projects primarily through proceeds from pre-sales and sales of our properties and borrowings from financial institutions. Our net gearing ratio was 351.5%, 160.6% and 151.0% as at December 31, 2018, 2019 and 2020, respectively. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including, among other things:

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

We cannot assure you that the PRC government will not introduce measures or initiatives, which limit our access to capital and methods to finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all and if that happens, 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 and these strategies may not be instituted on satisfactory terms, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Factors which may adversely affect our liquidity level include unfavourable changes to the macroeconomic environment, natural disasters, epidemics and other acts of God which are beyond our control that may adversely affect the economy, infrastructure and livelihood of the people in China, policies or money markets, our failure to maintain current and future financing arrangements on commercially acceptable terms, decreases in recovery of cash from disposal of assets due to unfavourable changes in capital markets, failure to realize the value of invested financial assets at a reasonable price, concentrated holding of certain assets or asset categories, mismatch between assets and liabilities maturity, tightened regulatory requirement, other changes in regulations or weakened market and customer sentiments. If we are unable to generate sufficient cash from operating activities to meet our liquidity needs, we would be required to seek external financing. If we decide to raise additional funds through borrowings, our interest and debt repayment obligations will increase and we may be subject to additional covenants, which could restrict our ability to utilize cash flow from operations. Any increases in interest rates on our borrowings may have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that we are able to obtain sufficient funding. In the event that our Group is in need of cash for various purposes, including repayment of our debts, funding for future development costs, failure to properly and timely manage liquidity risk could have a material and adverse impact on our Group's cash flow, earnings and financial position and may reduce the funds available to us for working capital, capital expenditure, future acquisitions, dividends and other general corporate purposes.

We derive a majority of our revenue and cash flow from sales and pre-sales of properties developed by us, which are used to replenish the initial development costs of our projects such as land price. Sales and pre-sales can be affected by various factors, such as the availability of mortgage loans to the purchasers. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchasers and affordability of residential properties. We cannot assure you that the PRC government and commercial banks will not increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. We cannot assure you that the commercial banks will approve potential property purchasers' applications for mortgage loans in a timely manner, or at all. If mortgage financing becomes more costly or more difficult to obtain, our sales and pre-sales may be materially and adversely affected, which in turn would create pressure on our cash flow position and our ability to meet our working capital requirements.

We may experience periods of net cash outflow from operating activities.

For the year ended December 31, 2018, we had net cash outflow from operating activities of RMB3,251.1 million, which was primarily attributable to the increase in our development costs in relation to properties under development and completed properties held for sale. We cannot assure you that we will not experience net cash outflow from operating activities in the future. Net cash outflow from operating activities requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we may be forced to delay or abandon our development and expansion plans. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our business and prospects are dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the various cities we operate and intend to operate.

Our business and prospects depend on the performance of the PRC property market. As of December 31, 2020, we had 49 property projects located in ten cities including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou at various stages of development, of which 33 property projects were owned and developed by us, 16 property projects were developed by our joint ventures and associates (as defined under IFRS). Since we expect to continue to strengthen our market presence in the Yangtze

River Delta Megalopolis, our business continues to be heavily dependent on the performance of the local property markets. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital, many of which are beyond our control. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations.

There have been increasing concerns over housing affordability, the sustainability of market growth, and that the property market in certain cities in China have been overheating and may become a property “bubble.” Factors such as decrease in available funds and investor confidence may influence demand for the properties we developed. As a result, the property market may experience over-supply of properties and idle housing inventory. Any over-supply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

Furthermore, our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. Please refer to the paragraph headed “—Risks Relating to Our Industry—Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate” in this section below. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in cities and regions where we have or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

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

Our business is subject to general economic and social conditions in the PRC. Any occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including severe acute respiratory syndrome (SARS), avian influenza, swine flu caused by H1N1 virus or variants thereof and, most recently, COVID-19, may give rise to additional costs to be borne by our Group and materially and adversely affect our business, financial condition and results of operations.

The outbreak of COVID-19 has continuously cast negative effects to the world economy and poses risks to our business operation and financial condition. On March 11, 2020, World Health Organization declared COVID-19 outbreak a pandemic. As of the date of this Offering Memorandum, COVID-19 pandemic has spread to over 210 countries and territories globally with death toll and number of infected cases continued to rise. Several cities in China where we operate had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. In response to the COVID-19 pandemic, we implemented a series of precautionary and control measures, including temporary suspension of the construction of our development projects and temporary shutdown of our sales offices in China. The suspension of operation of our projects may in turn result in substantial increase in our costs, late delivery of properties and/or otherwise adversely affect our profitability and cash flows. Further, our customers may face financial difficulties, which may in turn result in a reduction in demand for our properties and service. Customers who have previously entered into contracts with us may also default on their purchase contracts if the economic situation further deteriorates as a result of the epidemic. In addition, the COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Despite the impact that the COVID-19 epidemic would cast on us, we responded proactively by adjusting our project launch schedule in a timely manner and promoting our business through various channels, including the adoption of “cloud property viewing” (“雲看房”), “cloud sales” (“雲銷售”) and “cloud delivery” (“雲交付”) through online live broadcasting

and small applications of the new media. However, given the high uncertainties associated with the COVID-19 epidemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should the disruption to our operations continue, it may materially and adversely affect our results of operations and financial condition and may also cause reputation damage. Moreover, global capital markets have experienced and may continue to experience negative investor sentiment, significant volatility and liquidity disruptions. This may adversely affect our ability to access capital markets for funding, which may in turn have a negative effect on our liquidity. The outbreak of COVID-19 epidemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday. In addition, as the outbreak extended, several countries have introduced new restrictions on travel, including restrictions on travel to and from China. The COVID-19 epidemic has created and may further create negative economic impact globally. It increased volatility in the PRC and global market and may continue to cause increasing concerns over the prospects of the PRC property market, which may materially and adversely affect the demand for properties and property prices in China. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. However, given the uncertainties as to the development of the outbreak at the moment, it is still difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected.

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

We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices.

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. We primarily acquire land for our projects through public tenders, auctions and listing-for-sale process organized by the relevant government authorities, and from third parties by acquiring equity interests in companies that possess land use rights. For the years ended December 31, 2018, 2019 and 2020, our land acquisition costs referring to the actual amount of consideration paid by us amounted to RMB9,139 million, RMB8,691 million and RMB15,240 million and our average land acquisition cost per sq.m. was approximately RMB3,207, RMB4,483 and RMB7,052, respectively.

Our ability to acquire land depends on a variety of factors, such as the local overall economic conditions, the availability of land parcels legally provided by the government, our effectiveness in estimating the profits of the acquired land parcels and the competition for such land parcels. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. In certain cities such as Nanjing and Suzhou, the local governments have recently imposed restriction on pre-sale of properties. For further details, please refer to “*Regulation—Measures on Stabilizing Housing Prices*” in this Offering Memorandum. Such restriction on pre-sale may result in uncertainty in our property development strategy and the timing of receiving the return of our capital, which may adversely affect our cash flow. Furthermore, the rapid development of the cities in which we operate or we plan to enter may result in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our cost for acquiring land use rights

will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers. Please refer to the section headed “*Regulation*” for information on the regulatory procedures and restrictions relating to land acquisition in the PRC.

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

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our historical focus was primarily on the development of resident property projects in Nanjing at our inception and we subsequently started to tap into other cities including Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma’anshan, Hefei, Taizhou and Wenzhou. For the years ended December 31, 2018, 2019 and 2020, a substantial portion of our revenue were derived from our property projects in Nanjing and Wuxi. We intend to continue to expand our operations into additional major cities in the Yangtze River Delta Megalopolis in the future. In addition, we intend to collaborate with a renowned comprehensive hospital in Jiangsu Province to operate the hospital by contributing the hospital building with the day-to-day operation primarily undertaken by the hospital.

Expansion into new geographical locations and new businesses involves uncertainties and challenges as it takes time and efforts for us to familiarize ourselves 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 labors, expertise and knowledge than we do. 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 procedures and adapting to new environments.

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 into or match the behaviors or expectations of the residents in the properties we manage in such cities.

In addition, expanding into new geographic locations and new businesses requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of expertise. Any of these factors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We generate revenue principally from the sale of properties, and our ability to realize benefits from a property development project may fluctuate, as it will depend on our property development project schedule and budget and the timing of sales for such project.

Historically, we have derived our revenue principally from the sale of properties we developed. For the years ended December 31, 2018, 2019 and 2020, we generated 99.9%, 98.9%, and 99.2%, respectively, of our revenue from the sale of properties. According to our accounting policies, our recognized revenue depends mainly on the project delivery schedule. Depending on the type of properties and the revenue generated, it typically takes 18 to 24 months from commencement of pre-sale to the delivery of these properties before we recognize revenue from such projects. Therefore, it may fluctuate due to factors such as the schedule of our property development, the market demand for our properties and the timing of property sales. Consequently, our financial results for any given period only reflect decisions made by our customers some time ago and may not be indicative of our actual operating results during such period.

We have also included information relating to our contracted sales in this Offering Memorandum. Such information is unaudited and is prepared based on our preliminary internal information, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by us on an annual or half-yearly basis due to various uncertainties during the process of collating such information. For the avoidance of doubt, such unaudited contracted sales figures include the contracted sales from our joint ventures and the associates.

Our ability to realize the benefits from a property development project also depends on whether we are able to complete our projects according to schedule and budgets. The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include but not limited to:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- delay in obtaining the requisite governmental approvals or licenses;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

In addition, cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicity, combined with the time required and statutory time limits for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. As a result, it would be difficult to predict our future performance and the price of our shares.

Under the PRC laws, property developers are allowed to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from the pre-sale of properties as an important source of funding for our property projects. Pursuant to the current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and the pre-sale proceeds shall be supervised and may only be used to finance the relevant development project. In addition, in certain cities such as Nanjing and Suzhou, the local governments have recently imposed restriction on pre-sale of properties. For further details, please refer to “*Regulation—Measures on Stabilizing Housing Prices*” in this Offering Memorandum. There is no guarantee that the PRC national or local governments will not adopt any more stringent limitation or restriction on or even abolishment of the current pre-sale practices. The future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditures we must incur prior to obtaining a pre-sale permit or any other initiatives of the PRC national or local government to promote sale of completed properties, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property developments including increasing borrowings which would in turn increase our interest payments. This could have a material adverse effect on our business, cash flow, financial condition and results of operations.

In addition, the real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. For the years ended December 31, 2018, 2019 and 2020, our impairment losses for completed properties held for sale recognized before was approximately nil, RMB26.9 million and RMB3.9 million, respectively. We cannot assure you that we may not incur any impairment losses during adverse market conditions in the future.

We rely on third-party construction contractors for all of our construction works. In addition, we may not be able to find sufficient suitable third-party construction contractors if we expand into other geographical locations.

We outsource construction works of all our projects to third-party construction contractors, including but not limited to main structure, foundation digging, curtain wall installation, equipment installation and mechanical and electrical engineering work. We generally conduct an open tender process to select the construction contractors, taking into account a number of factors such as the contractors’ scale, professional qualifications and certifications, industry reputation, track record and price. There is no assurance that our major construction contractors will be able to continue to provide services to our Group at fees acceptable to us or we can maintain our relationship with them in the future. Suitable construction contractors may not always be readily available whenever we need to engage them and there is no assurance that we would be able to find suitable alternative contractors which meet our project needs. In particular, difficulties in finding sufficient suitable construction contractors may arise when we expand into other geographical locations in the PRC due to varying development extent of property market in different cities and our lack of knowledge of construction contractors which operate in a particular city.

Currently, our construction management center and operation management center are responsible for overseeing the construction contractors to ensure that they carry out their jobs in accordance with our requirements and their timely compliance with the project schedule. We also adopt various quality control measures to ensure that our quality standards are strictly adhered to. However, there is no guarantee that they are effective in monitoring the performance of the third-party construction contractors or detecting all defects in the services

rendered by such construction contractors. We cannot assure you that any such third-party construction contractor will provide satisfactory services or meet our requirements for quality and safety, or that they can complete work within the agreed timeframe, or that they will comply with all the regulatory requirements. If any of these happens, we may need to replace an external construction contractor or take other actions to remedy any unsatisfactory work, which may have a material adverse effect on the costs and construction progress of our projects.

If our relationship with any of the third-party construction contractors deteriorates, a serious dispute with such 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 reputation.

Deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our “Yincheng (銀城)” brand name and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial position and business, results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers’ trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial position and results of operations. In addition, any unauthorized use or inappropriate use of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations.

Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We estimate the relevant total development costs which comprise, among other things, land costs, construction and other development costs, capitalized borrowing costs, at the outset of every property development project. While we have operating procedures to monitor the progress of development works to minimize deviation from the pre-approved budgets, our total development costs are subject to numerous factors which may be beyond our control.

Our construction costs have been affected by rising construction and installation costs and labor costs in the PRC in recent years and we expect a continuous upward movement in construction and installation costs and labor costs in the PRC in the future. The cost of construction materials, such as steel and concrete, may also continue to fluctuate from time to time. In addition, the PRC property market is significantly affected by policy and regulatory measures introduced by the PRC government from time to time which may affect various aspects of our property development operations, including but not limited to our cost of financing as well as the schedule of development of our property projects, which in turn may result in deviation from our initial estimated development costs. If the actual development costs of our projects deviate materially from our initial estimation, our business, results of operations and financial condition may be materially and adversely affected.

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 costs of construction materials and labor increase subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass cost increases on to our customers may adversely affect our results of operations.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government certificates, permits, registrations, filings, approvals or licenses in carrying out our property development operations.

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development operations, we must apply to the relevant government authorities to obtain (and renew for those relating to on-going operations) various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for real estate development enterprise, land use rights certificates/real estate certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sale permits (if applicable) and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate, permit, registrations, filings, approvals or licenses. If we fail to apply for or renew the certificates, permits, registrations, filings, approvals and licenses in a timely manner, our operations may be adversely affected.

In addition, our subsidiaries may have compliance issues with regulatory bodies in the course of our operations, which may result from commencing construction works before obtaining the requisite permits/approvals, failing to conduct environmental inspection, dividing a construction project that should be completed by one contractor into several parts and contracting them out to different contractors, or experiencing delays in renewing qualification certificates required for real estate development enterprises, etc. Such issues may subject us to administrative proceedings, unfavorable decrees or penalties that result in liabilities and cause delays to our property developments. We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected, and if we fail to comply with any applicable PRC laws or regulations, our reputation and our business, results of operations and financial condition may also be materially and adversely affected.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business and harm our results of operations and financial condition.

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment and acquisition criteria, to obtain financing on favorable terms and, where relevant, to obtain the required regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including but not limited to:

- the difficulty of integrating the operations and personnel of the acquired business;
- the potential disruption to our ongoing business and the distraction of our management;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of integration of new management and personnel;

- unrevealed potential liabilities arising from, for example, breach of contracts, and historical non-compliance incidents associated with acquired businesses;
- more capital is required to preserve and grow the value of acquired businesses or assets than planned; and
- adverse effects on our results of operations due to the amortization of and potential impairment provision for goodwill or other intangible assets associated with acquisitions, and losses sustained by acquired businesses after the date of acquisitions.

We may not be able to make acquisitions or investments on favorable terms or within a desired time frame. Even if we were able to make acquisitions or investments successfully as desired, we cannot assure you that we will achieve an intended level of return on such acquisitions or investments. Although prior to the proposed acquisition of equity interests in any target company, we generally conduct due diligence exercise to identify the potential legal, commercial and financial risks and develop plans to mitigate such risks, there is no guarantee that our due diligence exercise can reveal all the potential defects, liabilities and risks in relation to the acquisition. Nor can we guarantee that we are able to resolve all the issues we have identified effectively, or at all. In May 2018, we acquired 35% of equity interest in Wuxi Yifeng Real Estate Co., Ltd. (無錫億豐置業有限公司) (the “**Wuxi Yifeng**”), our non-wholly owned subsidiary, from an independent third party. Prior to the acquisition, Wuxi Yifeng was involved in certain breaches of its obligations under the relevant pre-sale agreements with its customers due to delay in delivery of certain properties. Since our acquisition up to the date of this Offering Memorandum, we had not received any claims from or been involved in any legal proceedings with the remaining (over 600) customers. Under the relevant agreements, such customers are entitled to terminate the contract and be refunded the price paid for the properties and receive liquidated damages and/or interest. If the relevant customer decides to continue to perform the contract, it is entitled to receive liquidated damages. There is no assurance that such customers would not make any claims or initiate any legal proceedings against us in relation to the late delivery of property. In the event that a large number of such customers brings any legal actions against us to claim for the damages, this may result in damage to our reputation, substantial costs to our operations, and diversion of our resources. As such, our business, results of operation, financial positions and reputation may be materially adversely affected. Besides, in December 2019, we acquired 90% of equity interest of Xuzhou Tongshun Real Estate Co., Ltd. (徐州銅順房地產開發有限公司) without approval or filing from the relevant authorities in respect of the state-owned assets, which may effect the effectiveness of such equity transfer.

In addition, we may require additional equity financing in order to make such acquisitions and investments. If obtained, any such additional equity financing may result in dilution to the holdings of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, our other income and gains decreased significantly for the year ended December 31, 2019, which was mainly due to the decrease in investment income from business combinations achieved in stages and the lowered investment gain on fair value change of Kinma Q+ Community and Dongyue Mansion, as compared to that in 2018. Although the investment income of business combination achieved in stages is of non-recurring nature, we cannot assure you that we would acquire additional equity interest in our joint ventures or associates (as defined under IFRS) or our future joint ventures or associates (as defined under IFRS). We also cannot assure you that we would achieve a business combination in stages.

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

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks, trust companies and other financial institutions. Certain loan agreements contain covenants pursuant to which our borrowing subsidiaries may not enter into merger, joint venture or restructuring transactions, decrease registered share capital, transfer material assets, distribute dividends, or incur change in shareholdings without the lenders' prior written consent; and certain agreements may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio during the term of the loans. One of our subsidiaries had once breached a covenant in relation to debt-to-assets ratio under a loan agreement. The breach was later cured and the subsidiary is currently in compliance with the terms of the relevant agreement. As of the date of this Offering Memorandum, we had not received indication from the relevant bank that it intended to request early repayment of the outstanding loan. However, there is no assurance that we would not be in any breach of our loan agreements in the future. Some of our loan agreements may have cross default clauses which will be triggered in the event of any breach of the covenants in our other loan agreements or cross acceleration clauses which will be triggered in the event of acceleration in repayment of the relevant loans pursuant to any breach of covenants in the other loan agreements. Any failure to comply with the restrictive covenants could result in a default under the relevant loan agreements and entitle our creditors to demand early repayment of the relevant loans, which may in turn trigger the cross default or cross acceleration clauses in the other loan agreements.

In addition, our trust and other borrowings may be secured by share pledge or mortgage of properties to the lender. If we fail to comply with any of those covenants resulting in the lenders' requests for acceleration or other default remedies, we may lose part or all of our equity interests in the relevant company and/or our interest in the relevant property projects. We could not assure you in the future that we will not breach the restrictive covenants set out in the above-mentioned loan and financing agreements. And we could not guarantee you in the future that the relevant financial institutions would not request early repayment of the outstanding bank borrowings once we had breached the relevant covenants. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations.

We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.

We derive the substantial portion of our revenue from sale of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our financial condition and results of operations. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults on payment of its mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would then have full recourse to the property. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As of December 31, 2020, our outstanding guarantees over the mortgage loans of our customers amounted to approximately RMB5,130.6 million. We cannot assure you that defaults by purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

If the advertising of any of our properties is considered to be false or misleading, we may be subject to penalties, which may 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 is considered to be untruthful or misleading, we may be subject to penalties and may be required to cease publishing the advertisement and eliminate adverse effects within the corresponding extent to correct the previous false or misleading advertisements and clarify the truth. Historically, we have been subject to such administrative penalties for our misleading advertisements of certain property development project. We may also be subject to the withdrawal of our business license in extreme circumstances. Pursuant to the “Notice on Launching a Special Campaign to Combat the Violations of the Interests of the People and Controlling Real Estate Market Chaos in Some Cities” (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通告》) jointly promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (the “**MOHURD**”), the Propaganda Department, the Ministry of Public Security, the Ministry of Justice, SAT, SAIC and the China Banking and Insurance Regulatory Commission on June 25, 2018, the administration and supervision over illegal activities of publishing real estate advertisement has been strengthened in some cities where our Group operates or intends to operate. In addition, any false or misleading advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our brand name and reputation, and consequently materially and adversely affect our business, financial condition and results of operations.

We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our contractors, suppliers, purchasers or other third parties, and may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development and sale of our properties, including but not limited to contractors, suppliers, construction workers and purchasers. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management’s attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. We had been and are currently involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property purchase agreements and renovation contracts with our customers, agreement with construction contractor and other suppliers, and our guarantee of mortgage agreements entered into between our customers and mortgagee banks. Such claims could lead to the potential payment of judgement awards, orders to rectify obstructions and nuisance or the payment of litigation costs as well as other forms of settlement. As of the date of this Offering Memorandum, Wuxi Yifeng, our non-wholly owned subsidiary, which we acquired from another third-party property developer, was also involved in a number of potential claims and an ongoing legal proceeding in relation to the delay in delivery of properties to the customers. We cannot assure you that we will not be involved in any other major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our success depends on the continued services of our senior management team and other qualified employees.

Our continued success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our directors and members of senior management are essential to our success and future growth. The loss of a significant number of our directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. In addition, if any director or any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which could adversely affect our financial results.

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. As some of our projects are developed in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the years ended December 31, 2018, 2019 and 2020, we made LAT provisions of RMB304.0 million, RMB444.2 million and RMB137.5 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

The success of a joint venture and associate (as defined under IFRS) depends on a number of factors which may be beyond our control, and as a result, we may not be able to realize the anticipated economic and other benefits.

We have established joint ventures and associates (as defined under IFRS) with third parties and may continue to do so in the future. The performance of such joint ventures and associates (as defined under IFRS) has affected, and will continue to affect, our results of operations and financial position. We and our partners provided advances to our joint ventures and associates (as defined under IFRS) in proportion to our shareholding percentages in order to fund such project companies' land acquisition efforts and working capital requirements. We were unable to resort to external financing but had to rely on our internal resources from the sales and pre-sales of properties developed by us for the payment of such advances. We will be repaid such advances after the project company generates cash flow and receive the pre-agreed share of return if the project company records profit. Therefore, the timing of capital requirements, the financial performance of our joint ventures and associates (as defined under IFRS) and their ability to repay may materially and adversely affect our results of operations and our cash flow position. We generally expect to incur share of loss in such joint ventures

and associates (as defined under IFRS) until their respective development of property projects completes and starts to contribute revenue. As of December 31, 2018, 2019 and 2020, our investments in our joint ventures and associates (as defined under IFRS) amounted to RMB384.9 million, RMB988.6 million and RMB2,323.2 million, respectively.

The success of a joint venture and associate (as defined under IFRS) 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 (as defined under IFRS). In addition, in accordance with PRC law, our joint venture agreements and the articles of association of our joint ventures and associates (as defined under IFRS), certain matters relating to such joint venture and associate (as defined under IFRS) require the consent of the shareholders representing at least two-third of the voting rights; and some joint venture agreements and the articles of association require that resolutions of shareholders' meeting shall be passed with unanimous consent of the shareholders. Therefore, such joint ventures and associates (as defined under IFRS) involve a number of risks, including:

- we may not be able to pass certain important board resolutions or resolutions of shareholders' meeting requiring unanimous consent of all of the directors or shareholders of our joint ventures and associates (as defined under IFRS) if there is a disagreement between us and our partners;
- we may disagree with our partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals or philosophies that are inconsistent with ours;
- our partners may take action contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investment; our partners may hold equity interest on behalf of others, which may cause uncertainty in the shareholding; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements with us.

In addition, since we do not have full control over the business and operations of our joint ventures and associates (as defined under IFRS), 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 (as defined under IFRS) or our joint ventures and associates (as defined under IFRS) will not violate PRC laws and regulations, which may have a material adverse effect on our business, results of operation and financial condition.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our financial position and results of our operations in the future.

As of December 31, 2018, 2019 and 2020, we had deferred tax assets of RMB199.2 million, RMB309.7 million and RMB278.0 million, respectively. For each reporting period, we evaluate our deferred tax assets to determine whether it is probable that they will be realized. In determining whether it is probable that the deferred tax assets will be realized, we assess the likelihood that we will be able to recover our deferred tax assets using historical levels of income, estimates of future income, future reversal of existing taxable temporary differences, taxable income in carryback years and tax planning strategies. See our consolidated financial statements included in this Offering Memorandum for further details on our accounting policy with respect to deferred tax assets. Such determination requires significant judgment from our

management on the tax treatment of certain transactions as well as assessment on the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be incorrect or imprecise, we may need to adjust our tax provisions accordingly. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operation.

Compliance with PRC laws and regulations regarding environmental protection may result in substantial costs and delays in construction schedule.

We are subject to a variety of laws and regulations concerning environmental protection. Environmental protection laws can prohibit or severely restrict property development activities in environmentally sensitive regions or areas. Compliance with environmental protection laws and regulations may result in delays and may cause us to incur substantial compliance and other costs. Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues, lower returns, as well as cause liabilities for breach of contract. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or termination of the pre-sales agreements and claim for damages. Besides, we are supposed to acquire permits (each a "Permit") for sewage discharge into the drainage network, failure of which would lead to imposition of fines and penalties on us or suspension of our operations by the relevant authorities.

We cannot assure you that we will not experience any such delays in the future or that we will not be subject to any liabilities for any such delays. Liabilities arising from any delays in the completion or delivery of our properties may have a material adverse effect on our business, results of operations and financial condition.

The administrative procedures in relation to environmental protection for property development projects may vary depending on the practice of the local government authorities. For cities such as Zhenjiang, we are required to engage independent third-party environmental consultants to conduct environmental impact assessments at all of our construction sites, and such environmental impact assessments were submitted to the relevant government authorities for approval before commencement of construction. It is possible that the environmental impact assessment conducted may not reveal all environmental liabilities or the extent of their impact, and we may not be aware of all material environmental liabilities. If any portion of a project is found to be non-compliant with relevant environmental standards, the relevant authorities may suspend our operations at that project as well as impose fines and penalties which may adversely affect our results of operation and financial conditions.

We may be subject to fines, termination of the contracts or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Historically, we failed to complete the development of certain land within the time provided in the land grant contract and may face such risks. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. We cannot assure you, however, that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial condition and results of operations may be materially and adversely affected.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government so long as the delay in development is not caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as promulgated in the project proposal submitted to the government at the project registration stage and the development of the land is suspended for over one year without government approval, the land may still be treated as idle land. Please refer to the section headed “*Regulation*” in this Offering Memorandum.

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. Where a holder of the right to use a plot of state-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before such holder completes the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

Some of our leased/used properties in the PRC are subject to certain specific risks including those arising from lack of title proof and non-registration and we may be required to relocate or pay fines.

We leased/sub-leased several properties from the third parties and our subsidiaries mainly for our office premises. For certain of our leases, the landlords/lessors were unable to provide the real estate certificates or the consent to sub-lease from the landlord of the relevant head leases to prove their authority to lease the relevant properties. Further, the lease agreements for some of our leased properties are expired and not renewed. These leased properties were mainly used as our registered offices. The relevant leases may be deemed as invalid or unenforceable if challenged by third parties and we may no longer be able to use such premises as our registered offices.

In addition to the leases mentioned above, we were also granted the right to use properties from third parties and our subsidiaries as our registered offices. For part of such properties, we were not provided with the real estate certificates to prove the authority of the relevant grantors to permit us to use such properties or the relevant right previously granted has been expired. There is a risk that we may not be able to continue to use such properties if our rights are challenged by any third party.

As of the date of this Offering Memorandum, we had not been aware of any third party challenging the validity of the relevant lease agreements, ownership of the relevant properties or our rights to use such properties. However, if any of these happens, we may need to find another premises as our registered office, which may affect our business operation.

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 failed to register certain leases we entered into as tenants. The failure to register the lease agreements does not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

The constructed GFA of our project may be different from the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium.

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. According to the regulations of many local governments, if constructed total GFA exceeds the permitted total, or if the completed development contains areas that authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the completion certificate for our development, and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium and urban infrastructure allocation fee. However, if the constructed total GFA exceeds the permitted total GFA as stipulated in the relevant land grant contract, the excess constructed GFA might be deemed as illegal construction which is required to be dismantled mandatorily or confiscated, and a fine may be imposed. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and purchase agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you we have sufficient funding to pay any required additional land premium or take remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, financial condition and results of operations.

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

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. Please refer to “*Business—Property Development Process—Stage five: Delivery and after-sales services—Delivery of our properties*” for more details. We have received customer claims in relation to the quality of our projects in the past and we cannot assure you that we will not receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to any issues relating to the quality of properties. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

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

We may be liable to our customers for damages if we do not deliver real estate certificates in a timely manner.

Purchasers shall apply for the relevant real estate certificates and property developers, including us, are required to assist the purchasers in submitting the relevant documentary evidence within a stipulated period after delivery of the properties, for the government authorities' review and the issuance of the real estate certificates regarding the properties purchased.

Delays by the government authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and real estate certificates. We may not be able to submit the relevant documents for the government authorities' review in time due to such delays, which may result in penalties and, in the case of a prolonged delay, the purchaser's demand for return of property or compensation. If we become liable to a significant number of purchasers for such delay, our business, financial condition and results of operations may be materially and adversely affected.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from financial institutions such as commercial banks and trust companies. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. Our borrowings are primarily denominated in RMB and U.S. dollars. The interest rates on our borrowings in RMB are primarily affected by the benchmark interest rates set by the PBOC and trust companies. The effective interest rates on our borrowings are set out in our consolidated financial statements as included in this Offering Memorandum. Most of the interest costs incurred were capitalized. Capitalized interest for the years ended December 31, 2018, 2019 and 2020 were RMB449.9 million, RMB644.5 million and RMB1,124.0 million, respectively. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

Current insurance coverage may not be adequate to cover all risks related to our operations.

In line with industry practice, we do not maintain any insurance policies for our residential property development projects. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. Furthermore, we do not maintain insurance covering construction-related property damage or personal injuries of third parties.

In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. We cannot assure you that we will not be sued or held liable for damage arising from, or in connection with, any such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquakes, typhoons, floods, wars, civil disorders and other events of force majeure. If we suffer any loss, damage or liability in the course of our business operations, we may not have sufficient funds to cover such loss, damage or liability or to

replace any property development that has been destroyed. In addition, any payment we make to cover any loss, damage or liability could have a material adverse effect on our business, financial condition and results of operations.

Our historical results of operations may not be representative of our future performance and certain components are subject to uncertainties and fluctuation when preparing our financial statements.

Our revenue increased from approximately RMB5,070.1 million in 2018 to approximately RMB9,092.5 million in 2019 and further to approximately RMB10,679.6 million in 2020. However, we cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

We recorded a decrease in our profit for the year ended December 31, 2019 as compared to the corresponding period in year of 2018.

Our profit for the year decreased by RMB134.9 million or 27.2% from RMB495.3 million for the year ended December 31, 2018 to RMB360.4 million for the year ended December 31, 2019. Our net profit margin decreased from 9.8% for the year ended December 31, 2018 to 4.0% for the year ended December 31, 2019, which was mainly due to (i) the decrease in gross profit margin for the year ended December 31, 2019; (ii) the increase in selling and distribution expenses caused by increased sales of properties for the year ended December 31, 2019; and (iii) the decrease in the share of profits of joint ventures and associates as the shareholding percentages of our Group in such companies which delivered properties in the year ended December 31, 2019 were in general lower than that in the year ended December 31, 2018. Although the impact of the foregoing was mitigated by a substantial increase in revenue generated from our sale of properties, we cannot assure you that our profit for the year or our net profit margin will improve in the future, or that our profitability, financial position and results of operation will not be adversely affected if our net profit after tax continues to record a downward trend.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

As of December 31, 2020, we had investment properties amounting to approximately RMB2,788.7 million. We plan to develop and own more investment properties such as elderly care homes and therefore our investment property portfolio is expected to increase in the future. Investment properties are generally illiquid and our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property which is subject to a lease agreement, we may have to obtain consent from or pay termination fees to the tenants. 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.

Furthermore, aging of investment properties, changes in economic and financial condition, beyond our control, such as changes in interest rates, or changes in the competitive landscape in the PRC property market may adversely affect the amount of rental income we generate from, as well as the fair value of, our investment properties, either completed or under development. However, our ability to convert any of our investment properties to alternative uses is limited 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 such approvals and financing can be obtained when

needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

We are a holding company and rely primarily on dividends paid by our subsidiaries, joint ventures and associates (as defined under IFRS) to fund any cash and financing requirements we have, and our ability to pay dividends and utilize cash resources in our subsidiaries, joint venture and associates (as defined under IFRS) depend on their earnings and distributions.

We are a holding company and we conduct our business operations primarily through our subsidiaries, joint ventures and associates (as defined under IFRS) in China. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries, joint ventures and associates (as defined under IFRS) to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. In addition, some of our PRC subsidiaries, such as Nanjing Yincheng Real Estate Co., Ltd., Zhenjiang Hengrun Real Estate Co., Ltd., Wuxi Yifeng Zhiye Co., Ltd., Nanjing Eastern Senior Living Health Industry Co., Ltd., Nanjing Yinjiayuan Business management Co., Ltd. and Zhejiang Linan Zhongdu Real Estate Co., Ltd., 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. If any of our subsidiaries, joint ventures or associates (as defined under IFRS) incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us.

These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. In addition, their declaration of dividends will be at the absolute discretion of the boards of our subsidiaries, joint ventures and associates (as defined under IFRS).

Furthermore, payments of dividends by our subsidiaries, joint ventures and associates (as defined under IFRS) are subject to restrictions under PRC laws. In addition, our subsidiaries, joint ventures and associates (as defined under IFRS) may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Any of the above factors may affect our ability to pay dividends and to service our indebtedness. As we expect to continue to invest in subsidiaries, joint ventures and associates (as defined under IFRS) for the development of property projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries, joint ventures and associates (as defined under IFRS), which could materially and adversely affect our ability to conduct our business.

In addition, our investments in joint ventures and associates (as defined under IFRS) are subject to liquidity risk. Our investments in joint ventures and associates (as defined under IFRS) are not as liquid as other investment products as there is no cash flow until dividends are received even if our joint ventures and associates (as defined under IFRS) reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the joint ventures or associates (as defined under IFRS) 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 (as defined under IFRS) at 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 time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquid nature of our investments in joint ventures or associates (as defined under IFRS) may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates (as defined under IFRS). In addition, if there is no share of results or dividends from our joint ventures or associates (as defined under IFRS), we will also be subject to liquidity risk and our financial condition or result of operations could be materially affected.

Certain portions of our property development projects and investment properties are designated as civil air defense purposes.

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 Standing Committee of the National People's Congress ("SCNPC") 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, in the time of peace, such areas designated as civil air defense properties shall be used and managed by the property developer and the income therefrom shall be owned by the property developer.

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.

RISKS RELATING TO OUR INDUSTRY

Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.

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

- strictly enforcing the idle land related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold large amounts of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- requiring the property developers to report for record to the relevant administrative department of the local government in charge of real estate development before any sales of completed properties;
- requiring the property developers in Nanjing to report the proposed sale price for record to the price bureau of the local government before any sales of properties and such sale price cannot be raised within 3 months after the report;

- strengthening the administration and supervision over real estate development enterprises in some cities where the Group operates or intends to operate; and
- strengthening the administration and supervision over publishing real estate advertisement in some cities where the Group operates or intends to operate.

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market in the PRC and some of which focus on the first-tier and second-tier cities:

- restricting (a) residents who own more than two residential properties within the same city, (b) non-residents who own more than one residential properties within the same city, or (c) non-residents who fail to provide proof of tax payment or social security contributions beyond a specified time period from purchasing additional residential properties;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower and suspending mortgage financing for the purchase of third or above residential properties of a household;
- imposing a value-added tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- increasing minimum down payment for purchase of a second residential property of a household;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and
- limiting the availability of individual housing provident fund loans for the purchase of a second (or more) residential properties by labors and their family members.

Please refer to the section headed “*Regulation*” in this Offering Memorandum for details.

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

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to foreign investment in the PRC property market.

The PRC government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years. On July 11, 2006, the Ministry of Construction, MOF, NDRC, PBOC, SAIC and SAFE issued the “Opinions on Regulating Foreign Capital Access into the Real Estate Market and Management” (《關於規範房地產市場外資准入和管理的意見》). On May 23, 2007, the MOF and SAFE issued 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》) (as amended on October 28, 2015) (“**Notice 50**”). On November 22, 2010, the MOF issued the “Notice on Strengthening the Approval and Filing Administration of Foreign Investment in the Real Estate Industry” (《關於加強外商投資房地產業審批備案管理的通知》). On August 19, 2015, the MOHURD, MOF and NDRC, PBOC, SAIC and SAFE issued the “Notice on Adjusting the Policies on the Market Access and Administration of Foreign Investment in the Real Estate Industry” (《關於調整房地產市場外資准入和管理有關政策的通知》). Please refer to the section headed “*Regulation*” for further details.

Pursuant to the “Prohibited Land Use Catalogue (2012 Version)” (《禁止用地項目目錄(2012年本)的通知》) promulgated by Ministry of Land Resources and National Development and Reform Commission, construction of golf courses and villas are prohibited.

Pursuant to the requirements in the above-mentioned circulars we must apply to the relevant examination and approval authorities for approval or record-filing if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. If the PRC government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property sector, and if these policies or regulations have a direct application to our business, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The PRC property market industry is highly competitive.

There are a large number of property developers in the PRC and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganize and become more established. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel. Many of our competitors, including foreign developers and top-tier domestic developers, may have more financial or other resources than us. Domestic and overseas property developers have entered the property development markets in these cities where we have operations. If we fail to compete effectively, our business operations and financial condition will suffer.

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

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

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market, which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110% of the PBOC benchmark lending rate. In May 2010, MOHURD, PBOC and CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser’s spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. According to a notice jointly issued by PBOC and CBRC on September 29, 2010, the minimum down-payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer’s third or subsequent residential properties. In January 2011, the State Council issued

a circular to further raise the minimum down-payment requirement for second home purchases to 60%. In addition, according to the Circular of China Banking Regulatory Commission on Printing and Distributing the Guidelines for Risk Management over Real Estate Loans of Commercial Banks (中國銀行業監督管理委員會關於印發《商業銀行房地產貸款風險管理指引》的通知), mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the borrower's monthly income or if the total debt service of the borrower would exceed 55% of such individual's monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. On September 29, 2014, PBOC and CBRC jointly issued the "Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services" (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. On March 30, 2015, PBOC, MOHURD and CBRC jointly issued the "Circular on Issues concerning Individual Housing Loan Policies" (《關於個人住房貸款政策有關問題的通知》), according to which, where a household that owns an existing property for which the property purchase loan has not been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the minimum down-payment shall be not less than 40%. On February 1, 2016, PBOC and CBRC jointly issued the "Circular on Issues concerning Adjusting the Individual Housing Loan Policies" (《關於調整個人住房貸款政策有關問題的通知》), according to which, in the cities without restrictive measures for property purchase, the minimum down payment for first home purchases shall be not less than 25%, where a household that owns an existing property for which the property purchase loan has not been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the minimum down-payment shall be at least 30%. The PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (關於建立銀行業金融機構房地產貸款集中度管理制度的通知), which requires from January 1, 2021 a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. Please refer to the section headed "*Regulation—Real Estate Financing*" in this Offering Memorandum for further details. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years, which has affected the PRC property market, and any continued deterioration may materially and adversely affect our business and results of operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market, including among other things:

- by reducing the demand for commercial and residential properties resulting in the reduction of property prices;
- by adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and
- by negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market 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 Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in recent years and there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. The Chinese government has taken monetary and regulatory measures to stabilize the domestic equity market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

All of our business and operations are located in the PRC. As a result, our business, financial condition, results of operations and prospects may be affected by the economic, political and social conditions as well as government policies in the PRC.

While the PRC government has been pursuing economic reforms to transform its economy from a planned economy to a market economy for more than four decades, a substantial part of the PRC economy is still being operated under various controls by the government. By imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the PRC government exerts considerable direct and indirect influence on the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may materially and adversely impact our business, financial condition, results of operations and prospects.

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since the late 1970s, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. For example, the NDRC issued a 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**”) on September 14, 2015. The NDRC Notice, which became immediately effective, requires registration of offshore debt offerings by PRC enterprises with the NDRC. We have not

registered the issuance of the Notes with the NDRC, because the NDRC Notice by its own requirements applies only to debt with a tenor of one year or above, whereas the Notes have a tenor shorter than one year. However, we cannot assure you that the NDRC will not promulgate a new regulation, such that debt instruments similar to the Notes will be subject to registration or other regulatory requirements. We cannot predict the negative implication any such development would introduce to the Notes, and we cannot assure you that we will be able to comply with any such regulation. In addition, the PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated laws and regulations.

In addition, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds for on-going cases available for inspection. Accordingly, there is a risk that entities in the PRC acquired by us may be subject to proceedings which have not been disclosed.

The PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of a violation of these policies and rules until sometime after the violation. Failure to comply with applicable rules and regulations may result in fines, restrictions on our activities or, in extreme cases, suspension or revocation of our business licenses. There may be uncertainties regarding the interpretation and application of new laws, rules and regulations.

The interpretation and enforcement of certain PRC laws which govern a portion of our operations involve uncertainties, which could limit the legal protections available to us. In particular, agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for us to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The PRC government's control over the conversion of foreign exchange and fluctuations in the value of RMB may affect our results of operations, financial condition and ability to pay dividends.

Substantially all of our revenue and expenditures are denominated in RMB. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

The value of RMB against the U.S. dollar and other currencies is affected by a number of factors, such as changes in the political and economic conditions in the PRC as well as internationally and the fiscal and foreign exchange policies prescribed by the PRC government. There is no assurance that the value of RMB will remain at the current level against the U.S. dollar or any other foreign currency. Should RMB appreciate or depreciate against the U.S. dollar or any other foreign currency, it will have mixed effects on our business and there is no assurance that the overall effect will be positive.

RMB is not currently a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Pursuant to the existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payment) without submitting the relevant documentary evidence of such transactions to the SAFE for approval in advance as long as they are

processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes may require the prior approval or registration with the SAFE. If we fail to obtain the SAFE's approval to convert RMB into foreign currencies for foreign exchange transactions or there are changes in the foreign exchange regulations or policies, our capital expenditure plans, business operations, results of operations, financial condition and our ability to pay dividends could be materially and adversely affected.

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

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

There are uncertainties with respect to indirect transfers of assets (including equity interests) of our PRC subsidiaries.

In February 2015, the SAT issued the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (as amended on October 17, 2017 and December 29, 2017) (“**Circular 7**”), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非中國居民企業股權轉讓所得企業所得稅管理的通知》) (“**Circular 698**”), which was previously issued by the SAT in December 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and also heightens the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”).

Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose. Although Circular 7 contains certain exemptions, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares on a public market by our non-resident enterprise Shareholders or to any future acquisition by us outside the PRC involving PRC Taxable Assets. As a result, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future sale or acquisition by us outside the PRC involving PRC Taxable Assets to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

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

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

We are a holding company with no material operations. We conduct our operations primarily through our PRC subsidiaries and our joint ventures and associates (as defined under IFRS) in the PRC. The Notes will not be guaranteed by any current or future PRC subsidiaries. Moreover, the Notes will not be guaranteed by certain other Non-Guarantor Subsidiaries and, under the terms of the Indenture, the Subsidiary Guarantors may be able to release their Subsidiary Guarantees subject to certain conditions and become Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and certain Non-Guarantor Subsidiaries incorporated outside the PRC and may be held by JV Subsidiary Guarantors or new Non-Guarantor Subsidiaries in the future. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or the JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of December 31, 2020, our Non-Guarantor Subsidiaries had total bank and other borrowings in the amount of RMB11,974.5 million (US\$1,835.1 million), capital commitments in the amount of RMB12,843.1 million (US\$1,968.3 million) and contingent liabilities arising from guarantees in the amount of RMB7,598.1 million (US\$1,164.5 million). The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes 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.

Our obligations under the Notes are subordinated to our secured indebtedness.

Our obligations under the Notes are not secured by any liens over assets of the Company or any subsidiaries of the Company. The Notes will be effectively subordinated to all of our existing and future secured debt, to the extent of the value of the assets securing such debt.

As a result, the holders of our secured debt would have priority as to the assets securing the payment obligations under such secured debt over the claims of holders of the Notes. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of our secured debt may assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to satisfy any payment obligations to the holders of the Notes, and a holder of the Notes may not be able to recover any principal or interest due to it under the Notes if the value of any remaining assets, after satisfying the Company's and its subsidiaries' obligations under any secured debt is not sufficient to satisfy the obligations under the Notes.

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 in "Description of the Notes" 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.

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

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from these entities to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. Further, certain loan agreements and secured trust and other financing agreements obtained by our PRC subsidiaries from lender banks, trust companies, security companies and asset management companies in the PRC contain provisions that restrict or prohibit the payment or declaration of dividends or distributions. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident

and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

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

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

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

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

We currently have, and will continue to have after the issuance of the Notes, a substantial amount of indebtedness. Our total indebtedness as of December 31, 2020 was RMB12,148.2 million (US\$1,862.0 million) and our net gearing ratio, calculated by dividing the net of total borrowings and senior notes minus cash and cash equivalents, restricted cash and pledged deposits by the total equity, was 151.0%. Our substantial indebtedness and high gearing could have significant implications, including, among others:

- 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 for our business expansion, working capital and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;

- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase our cost of additional financing.

In the future, we may, from time to time, incur substantial additional indebtedness and contingent liabilities, in which case the risks that we face as a result of our substantial indebtedness could intensify.

Under the Indenture, our ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenant. Under such covenant, 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 (i) the interest expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense is actually paid by us) and (ii) any distributions incurred, accrued or payment on any Perpetual Securities Obligation (as defined in “*Description of the Notes*”) that is accounted for as equity in accordance with the relevant generally accepted accounting principles, our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, there is no assurance that we will be able to generate sufficient cash flow for these purposes. In addition, we have experienced net cash outflows from operating activities and investing activities in the past. 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, our ability to meet the Fixed Charge Coverage Ratio requirement in the Indenture may be affected by events beyond our control. We cannot assure you that we will be able to meet such requirement. Certain of our other financing arrangements also impose operating and financial restrictions on our business. See the section entitled “*Description of Other Material Indebtedness*.” 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 any future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt.

The terms of the Notes give us enhanced flexibility to pay dividends and repurchase our shares.

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 for each of the year of 2019 and 2020 in an aggregate amount up to 20% of our profit for the year for each of the year of 2019 and 2020 without satisfying the Fixed Charge Coverage Ratio. With such an exception, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

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 further widened to 1.0% on April 16, 2012 and further widened to 2.0% on March 17, 2014. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 24.5% from July 21, 2005 to June 30, 2016. On August 11, 2015, the PBOC announced plans to improve the central parity rate of the RMB against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the RMB against the U.S. dollar depreciated by nearly 2.0% as compared to August 10, 2015, and further depreciated by nearly 1.6% on August 12, 2015 as compared to August 11, 2015. RMB has been added to its Special Drawing Rights currency basket since October 2016. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. 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. The fluctuations in exchange rates 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 and other indebtedness denominated in foreign currencies.

There are certain hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the issuance of the Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our foreign currency-denominated liabilities and our 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.

Any hedging obligation entered into or to be entered into by us or our subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to us and/or any of our subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, us and/or any of our subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may be material to our financial condition and/or any of our

subsidiaries and may be material in relation to the performance of our or their respective obligations under or in relation to the Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

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

We must offer to purchase the Notes upon the occurrence of a Change of Control, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See the section entitled “*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 sufficient available funds at the time of the occurrence of any Change of Control to make purchases of outstanding Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

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

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

We or any Subsidiary Guarantor (as the case may be) may be treated as a PRC resident enterprise for PRC tax purposes. If we or the Subsidiary Guarantor are deemed a PRC resident enterprise, the interest payable on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us or the Subsidiary Guarantor to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we or the Subsidiary Guarantor are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we or the Subsidiary Guarantor pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by nonresident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether we or any Subsidiary Guarantor (as the case may be) will be considered a PRC “resident enterprise.” If we or the Subsidiary Guarantor are required under the EIT Law to withhold PRC income tax on interest payable to our foreign noteholders that are “non-resident enterprises,” we or the Subsidiary Guarantor will 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. 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 elect to redeem the Notes prior to their maturity.

Pursuant to the terms of the Notes, we may elect to redeem the Notes prior to their maturity in accordance with the terms specified in the section entitled “Description of the Notes—Optional Redemption.” The date on which we elect to redeem the Notes may not accord with the preference of particular holders of the Notes. In addition, a holder of the Notes may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes. It may therefore cause a negative financial impact on the holders of the Notes.

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

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

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

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

We may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before

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

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

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

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

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

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

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

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

In light of land prices, sizes of projects and other factors, we may from, time to time, consider developing property developments jointly with other PRC property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that we may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in a permitted business up to an aggregate amount of up to 10.0% of our total assets. See “*Description of the Notes.*”

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. In addition, the Notes are being issued 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 the section entitled “*Transfer Restrictions.*” No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

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

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

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

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

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

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

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

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

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

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

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. 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. None of our future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. To the extent that our non-PRC subsidiaries that are prohibited by applicable laws or regulation from guaranteeing or having their shares pledged to secure the Notes (the “**Exempted Subsidiaries**”) or that are listed on a qualified exchange and their subsidiaries (the “**Listed Subsidiaries**”), they will not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Notes, neither. In addition, certain of our offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of those offshore subsidiaries not giving any Subsidiary Guarantees for the Notes (other than the 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 the PRC subsidiaries. See the section entitled “*Description of the Notes—The Subsidiary Guarantees and JV Subsidiary Guarantees*” for a list of the Non-Guarantor Subsidiaries.

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

Under the terms of the Notes, a Subsidiary Guarantor may be able to release its Subsidiary Guarantee if it sells or issues no less than 20% of the capital stock of such Subsidiary Guarantor to a third party, as long as the consolidated assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of our total assets.

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

The Subsidiary Guarantees or JV Subsidiary Guarantees (if any) 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, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

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

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

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

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

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

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

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

such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Indenture (as subsequently supplemented and/or amended) governing the Notes and in such circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions and/or steps and/or institute proceedings directly.

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

The Notes are expected to be rated “B+” by Lianhe Global. We have been assigned a corporate credit rating of “B2” with a negative outlook by Moody’s and “B+” with a stable outlook by Lianhe Global. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating or rating outlook will remain for any given period of time or that a rating or rating outlook will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or rating outlooks may adversely affect the market price of the Notes.

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

The Notes have a maturity date of less than one year. Our ability to repay the Notes and to meet our other debt service obligations depends on (a) our future operating and financial performance and ability to generate cash in the short term, which are affected by general economic, financial, competitive and other factors beyond our control, and/or (b) our ability to obtain further financing in order to repay the Notes.

Dedicating a substantial portion of our cash flow from operations to making payments on our debt, including the Notes, within a short period would limit the availability of funds for working capital, business opportunities and other general corporate purposes, increase our vulnerability to adverse general economic or industry conditions, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, and potentially increase our cost of borrowing. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing or sell assets.

In addition, the availability of external financing with which to repay our debt financing, including the Notes, is subject to numerous factors, including general political, economic and capital market conditions (both internationally and within the PRC), interest rates, credit availability from banks and other major lenders and investor confidence in us and our business, some of which may be outside our control. In addition, we may need to source alternative forms of financing in order to repay the Notes, which could expose us to higher external financing costs and/or increased levels of foreign currency and other risks.

USE OF PROCEEDS

The gross proceeds from this issuance will be approximately US\$108.8 million. We intend to use the net proceeds for refinancing our existing indebtedness and general corporate purposes.

We may adjust the foregoing plans in response to changing market conditions and therefore reallocate the use of the proceeds. Pending application of the net proceeds of this issuance, we intend to invest the net proceeds in Temporary Cash Investments (as defined under “*Description of the Notes—Definitions*”.)

EXCHANGE RATE INFORMATION

PRC

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

On March 15, 2014, PBOC announced that since March 17, 2014, the floating band of inter-bank spot foreign exchange market trading price of RMB against U.S. dollar was further widened from 1% to 2%. On each business day, the spread between the Renminbi and U.S. dollars buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3% of published central parity of U.S. dollar on that day, instead of 2%. PBOC may continue to promote the market-based Renminbi exchange rate regime, enhance the flexibility of Renminbi exchange rate in both directions, and keep the Renminbi exchange rate basically stable at an adaptive and equilibrium level. On August 11, 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. In 2016, Renminbi experienced further fluctuation in value against the U.S. dollar but in 2017 and 2018 rebounded and appreciated significantly against the U.S. dollar. In July 2018, Renminbi depreciated sharply against the U.S. dollar. In August 2019, the RMB further depreciated past 7 RMB per U.S. dollar for its first time since the global financial crisis in 2008 and has experienced fluctuations in value against the U.S. dollar since then. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

| Period | Noon Buying Rate | | | |
|---|------------------|------------------------|--------|--------|
| | Period end | Average ⁽¹⁾ | High | Low |
| | | RMB per US\$1.00 | | |
| 2015 | 6.4778 | 6.2869 | 6.4896 | 6.1870 |
| 2016 | 6.9430 | 6.6400 | 6.9580 | 6.4480 |
| 2017 | 6.5063 | 6.7350 | 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 | | | | |
| January | 6.4282 | 6.4672 | 6.4822 | 6.4282 |
| February | 6.4730 | 6.4601 | 6.4869 | 6.4344 |
| March | 6.5518 | 6.5109 | 6.5716 | 6.4932 |
| April | 6.4749 | 6.5186 | 6.5649 | 6.4710 |
| May | 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 | 6.4711 | 6.4782 | 6.5012 | 6.4608 |
| September (through September 3, 2021). | 6.4528 | 6.4558 | 6.4586 | 6.4528 |

Note:

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

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our consolidated borrowings and capitalization as of June 30, 2021:

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

The following table should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

| | As of June 30, 2021 | | | |
|--|--------------------------|--|--------------------------|--|
| | Actual | | As adjusted | |
| | (RMB'000) (unaudited) | (US\$'000) ⁽³⁾ (unaudited) | (RMB'000) (unaudited) | (US\$'000) ⁽³⁾ (unaudited) |
| Current borrowings | | | | |
| Interest-bearing bank and other borrowings | 2,406,182 | 372,670 | 2,406,182 | 372,670 |
| Senior notes | 2,332,277 | 361,224 | 2,332,277 | 361,224 |
| Total current borrowings | 4,738,459 | 733,894 | 4,738,459 | 733,894 |
| Non-current borrowings | | | | |
| Interest-bearing bank and other borrowings | 10,974,633 | 1,699,754 | 10,974,633 | 1,699,754 |
| Notes to be issued | — | — | 702,215 | 108,759 |
| Total non-current borrowings | 10,974,633 | 1,699,754 | 11,676,848 | 1,808,513 |
| Total indebtedness⁽¹⁾ | 15,713,092 | 2,433,648 | 16,415,307 | 2,542,407 |
| Total equity | 5,204,628 | 806,094 | 5,204,628 | 806,094 |
| Total capitalization⁽²⁾ | 16,179,261 | 2,505,848 | 16,881,476 | 2,614,607 |

Notes:

(1) Total indebtedness equals total current borrowings plus total non-current borrowings.

(2) Total capitalization equals total non-current borrowings plus total equity.

(3) Based on a RMB-to-US\$ exchange rate of 6.4566.

Except as otherwise disclosed in this Offering Memorandum, there has been no material adverse change in our consolidated indebtedness or capitalization since June 30, 2021.

RECENT DEVELOPMENTS

The following unaudited interim consolidated financial information for the six months ended June 30, 2021 with the comparative figures for the six months ended June 30, 2020, are extracted from the announcement of interim results for the six months ended June 30, 2021 filed with the Hong Kong Stock Exchange on August 20, 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | <u>Six months ended June 30,</u> | |
|--|--------------------------------------|--------------------------------------|
| | <u>2021</u> | <u>2020</u> |
| | <u>RMB'000</u> <u>(Unaudited)</u> | <u>RMB'000</u> <u>(Unaudited)</u> |
| Revenue | 3,788,625 | 4,553,860 |
| Cost of sales | <u>(3,099,320)</u> | <u>(3,840,599)</u> |
| Gross profit | 689,305 | 713,261 |
| Other income and gains | 62,673 | 19,444 |
| Selling and distribution expenses | (114,421) | (104,569) |
| Administrative expenses | (79,487) | (74,578) |
| Other expenses | (828) | (10,465) |
| Finance costs | (78,390) | (109,821) |
| Share of profits and losses of: | | |
| Joint ventures | (5,863) | 5,223 |
| Associates | <u>(19,806)</u> | <u>23,924</u> |
| Profit before tax | 453,183 | 462,419 |
| Income tax expense | <u>(155,103)</u> | <u>(162,800)</u> |
| Profit for the period | <u>298,080</u> | <u>299,619</u> |
| Attributable to: | | |
| Owners of the parent | 80,418 | 102,503 |
| Non-controlling interests | <u>217,662</u> | <u>197,116</u> |
| | <u>298,080</u> | <u>299,619</u> |
| Earnings per share attributable to ordinary equity holders of the parent | | |
| Basic and diluted | <u>RMB0.06</u> | <u>RMB0.07</u> |
| Other comprehensive income | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | 8,401 | 14,325 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Equity investments designated at fair value through other comprehensive income ("FVOCI"): | | |
| Change in fair value | (38,812) | (11,128) |
| Income tax effect | <u>—</u> | <u>1,836</u> |
| | (38,812) | (9,292) |
| Other comprehensive income for the period | <u>(30,411)</u> | <u>5,033</u> |
| Total comprehensive income for the period | <u>267,669</u> | <u>304,652</u> |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 50,007 | 107,536 |
| Non-controlling interests | <u>217,662</u> | <u>197,116</u> |
| | <u>267,669</u> | <u>304,652</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | June 30, 2021 | December 31, 2020 |
|---|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current assets | | |
| Property, plant and equipment | 1,013,764 | 941,547 |
| Right-of-use assets | 166,513 | 163,755 |
| Investment properties | 2,948,600 | 2,788,700 |
| Intangible assets | 6,481 | 7,084 |
| Investments in joint ventures | 510,791 | 180,725 |
| Investments in associates | 2,174,213 | 2,142,510 |
| Deferred tax assets | 342,423 | 278,034 |
| Other non-current assets | 200,385 | 527,709 |
| Equity investments designated at FVOCI | 396,035 | 643,710 |
| Total non-current assets | <u>7,759,205</u> | <u>7,673,774</u> |
| Current assets | | |
| Properties under development | 19,774,303 | 20,327,503 |
| Completed properties held for sale | 3,516,349 | 2,851,239 |
| Trade receivables | 18,455 | 1,294 |
| Due from related companies | 2,885,272 | 971,286 |
| Prepayments, deposits and other receivables | 5,372,150 | 3,762,707 |
| Tax recoverable | 766,421 | 629,284 |
| Financial assets at fair value through profit or loss ("FVTPL") | 1,702,932 | 1,934,292 |
| Contract cost assets | 118,266 | 56,610 |
| Inventories | 1,866 | 523 |
| Cash and bank balances | 5,495,812 | 6,420,932 |
| Total current assets | <u>39,651,826</u> | <u>36,955,670</u> |
| Current liabilities | | |
| Trade and bills payables | 3,386,258 | 4,001,807 |
| Other payables, deposits received and accruals | 2,720,505 | 3,166,054 |
| Due to related companies | 3,948,921 | 4,950,820 |
| Contract liabilities | 15,031,085 | 11,384,909 |
| Senior notes | 2,332,277 | 2,217,378 |
| Interest-bearing bank and other borrowings | 2,406,182 | 3,323,086 |
| Tax payable | 1,279,006 | 1,346,693 |
| Lease liabilities | 5,078 | 5,164 |
| Total current liabilities | <u>31,109,312</u> | <u>30,395,911</u> |
| Net current assets | <u>8,542,514</u> | <u>6,559,759</u> |
| Total assets less current liabilities | <u>16,301,719</u> | <u>14,233,533</u> |
| Non-current liabilities | | |
| Interest-bearing bank and other borrowings | 10,974,633 | 8,825,094 |
| Deferred tax liabilities | 110,785 | 143,125 |
| Lease liabilities | 11,673 | 3,543 |
| Total non-current liabilities | <u>11,097,091</u> | <u>8,971,762</u> |
| Net assets | <u>5,204,628</u> | <u>5,261,771</u> |
| EQUITY | | |
| Equity attributable to owners of the parent | | |
| Share capital | 124,119 | 124,119 |
| Treasury shares | (7) | (7) |
| Reserves | 2,661,075 | 2,635,955 |
| | <u>2,785,187</u> | <u>2,760,067</u> |
| Non-controlling interests | <u>2,419,441</u> | <u>2,501,704</u> |
| TOTAL EQUITY | <u>5,204,628</u> | <u>5,261,771</u> |

LAND BANK

For the six months ended June 30, 2021, the Group continued its expansion in the Yangtze River Delta Megalopolis and acquired 12 land parcels. The total contracted land price of such newly acquired land parcels was approximately RMB13,027 million. The average cost of the land parcels acquired in such period was approximately RMB5,396 per sq.m.. The table below sets forth the particulars of the newly acquired land parcels of the Group for the six months ended June 30, 2021.

| No. | City | Land parcel/ Project name | Land use | Site area sq.m. | Estimated total GFA sq.m. | Land premium RMB million | Average land cost (Based on the estimated GFA) |
|--|-------------------|------------------------------|--|--------------------|---------------------------------|-----------------------------|---|
| | | | | | | | RMB/sq.m. |
| I. Property projects developed by subsidiaries of the Group | | | | | | | |
| 1 | Nanjing . . . | Lan Hu Jun (藍湖郡) | Residential | 21,636 | 46,261 | 335 | 7,242 |
| 2 | Nanjing . . . | Tang Quan G56 (湯泉G56) | Residential | 42,677 | 82,516 | 530 | 6,423 |
| 3 | Wuxi | Zhutang (祝塘) | Residential | 19,080 | 62,095 | 270 | 4,349 |
| 4 | Hangzhou . . . | Yi He 47 Mu (頤和47畝) | Residential | 31,276 | 60,326 | 633 | 10,492 |
| 5 | Huai'an | Yunyuettianzhu (雲樾天著) | Residential | 45,369 | 129,568 | 631 | 4,870 |
| 6 | Huai'an | Da Xue Lu (大學路) | Residential | 57,258 | 151,897 | 1,061 | 6,985 |
| Sub-total | | | | 217,296 | 532,663 | 3,460 | 6,496 |
| II. Property projects developed by associates and joint ventures of the Group | | | | | | | |
| 1 | Nanjing | Pu Kou G53 (浦口G53) | Residential/ commercial/ hotel/office/ recreational and sports | 221,841 | 818,838 | 4,200 | 5,129 |
| 2 | Wuxi | Xin Kai He (新開河) | Residential | 53,937 | 158,954 | 1,029 | 6,472 |
| 3 | Wuxi | Hua Zhuang (華莊) | Residential | 27,343 | 71,606 | 989 | 13,805 |
| 4 | Hangzhou | Peng Bu (彭埠) | Commercial | 24,072 | 103,037 | 768 | 7,458 |
| 5 | Taizhou | Jinlinfu (金麟府) | Residential | 75,476 | 219,058 | 1,420 | 6,482 |
| 6 | Wenzhou | Huan Le Tian Di (歡樂天地) | Residential/ commercial | 145,658 | 509,792 | 1,161 | 2,276 |
| Sub-total | | | | 548,327 | 1,881,285 | 9,567 | 5,085 |
| Total | | | | 765,623 | 2,413,948 | 13,027 | 5,396 |

PROPERTIES DEVELOPED BY THE GROUP AND ITS JOINT VENTURES AND ASSOCIATES

As at June 30, 2021, the Group had 58 projects located in 10 cities in the PRC, of which 37 projects were developed and owned by the Group and the remaining 21 projects were developed and owned by the Group's joint ventures and associates. As at 30 June 2021, the Group had a land bank with an aggregate estimated GFA of approximately 7,577,397 sq.m., out of which the land bank with interests attributable to the Group amounted to approximately 5,218,744 sq.m.. The following table sets forth the GFA breakdown of the Group's property portfolio as at June 30, 2021 in terms of geographical location:

| City | Number of projects | Completed GFA available for sale/leasable GFA ⁽¹⁾ (sq.m.) | GFA under development (sq.m.) | Planned GFA of future development (sq.m.) | Total GFA ⁽²⁾ (sq.m.) | % of land reserve |
|--|--------------------|---|----------------------------------|--|-------------------------------------|-------------------|
| Property projects developed by subsidiaries of the Group | | | | | | |
| Nanjing | 13 | 136,201 | 563,175 | 267,236 | 966,612 | 12.8% |
| Wuxi | 10 | 39,813 | 438,905 | 163,445 | 642,163 | 8.5% |
| Hefei | 1 | — | 94,137 | — | 94,137 | 1.2% |
| Suzhou | 3 | 18,063 | 182,155 | — | 200,218 | 2.6% |
| Hangzhou | 3 | 956 | 400,769 | 751,714 | 1,153,439 | 15.2% |
| Zhenjiang | 2 | 741 | 285,363 | — | 286,104 | 3.8% |
| Xuzhou | 3 | — | 243,239 | 151,897 | 395,136 | 5.2% |
| Wenzhou | 1 | — | 52,853 | — | 52,853 | 0.7% |
| Huai'an | 1 | — | 129,466 | — | 129,466 | 1.7% |
| Sub-total | 37 | 195,774 | 2,390,062 | 1,334,292 | 3,920,128 | 51.7% |
| Property projects developed by associates and joint ventures of the Group | | | | | | |
| Nanjing | 7 | — | 894,518 | 911,132 | 1,805,650 | 23.8% |
| Wuxi | 2 | — | — | 230,560 | 230,560 | 3.1% |
| Hefei | 1 | 24,162 | — | — | 24,162 | 0.3% |
| Suzhou | 2 | 563 | 101,254 | — | 101,817 | 1.3% |
| Hangzhou | 4 | — | 367,599 | 111,587 | 479,186 | 6.3% |
| Xuzhou | 1 | — | 113,194 | — | 113,194 | 1.5% |
| Taizhou | 2 | — | 106,640 | 219,058 | 325,698 | 4.3% |
| Wenzhou | 2 | — | 577,002 | — | 577,002 | 7.7% |
| Sub-total | 21 | 24,725 | 2,160,207 | 1,472,337 | 3,657,269 | 48.3% |
| Sub-total attributable to the Group | N/A | 12,194 | 795,757 | 490,664 | 1,298,616 | N/A |
| Total land reserves | 58 | 220,499 | 4,550,269 | 2,806,629 | 7,577,397 | 100.0% |
| Total land reserves attributable to the Group | N/A | 207,968 | 3,185,819 | 1,824,956 | 5,218,744 | N/A |

Notes:

(1) Includes saleable GFA remaining unsold and leasable GFA.

(2) Total land reserves equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by the Group's joint ventures and associates, total GFA attributable to the Group are calculated based on the Group's equity interest in the respective project.

The following table sets forth details of the Group's land bank by project and geographical regions as of June 30, 2021:

| No. | Land parcel/ Project name | City | Land use/ Planned land use | Site area sq.m. | Actual/Expected completion date | Total land bank sq.m. |
|--|---|----------|---|--------------------|------------------------------------|-----------------------------|
| A. Projects developed by the Company's subsidiaries | | | | | | |
| 1 | Zhongshan Jingdian Park (鐘山晶典) | Nanjing | Residential/retail | 70,436 | October 2011 | 512 |
| 2 | Long Island Qin Park (長島觀瀾沁園) | Nanjing | Residential/retail | 38,271 | June 2015 | 343 |
| 3 | Blue Stream Town (藍溪郡) | Nanjing | Residential/retail | 117,936 | December 2017 | 1,501 |
| 4 | Peaceful Paradise (君頤東方) | Nanjing | Residential/retail/ hospital/elderly apartments | 120,210 | October 2020 | 347 |
| 5 | Dongyue Mansion (東岳府) | Nanjing | Residential/retail | 16,191 | September 2019 | 1,893 |
| 6 | Bejoy Villa (鉞悅源墅) | Nanjing | Residential/retail | 73,216 | December 2020 | 596 |
| 7 | Ninghai Road G63 (寧海路G63) | Nanjing | Residential/office | 8,144 | June 2023 | 48,524 |
| 8 | Huijian Weilai (蒼見未來) | Nanjing | Residential/retail/ recreational and sports | 272,475 | October 2021 | 364,424 |
| 9 | Shantui (山推) | Nanjing | Scientific research/ office | 30,500 | December 2023 | 104,742 |
| 10 | Jin Ling Jiu Yuan (金陵玖園) | Nanjing | Residential/retail | 38,258 | December 2022 | 166,093 |
| 11 | Nan Bu Xin Cheng G63 (南部新城G63) | Nanjing | Medical | 26,748 | December 2023 | 148,860 |
| 12 | Lan Hu Jun (藍湖郡) | Nanjing | Residential | 21,636 | June 2023 | 46,261 |
| 13 | Tang Quan G56 (湯泉G56) | Nanjing | Residential | 42,677 | August 2023 | 82,516 |
| Sub-total for Nanjing | | | | 876,698 | | 966,612 |
| 14 | Tianyuan Mansion (天元世家) | Wuxi | Residential/retail | 73,696 | December 2023 | 26,963 |
| 15 | Canal Park (京梁合) | Wuxi | Residential | 64,844 | June 2024 | 74,387 |
| 16 | Sheltered Mansion (東樾府) | Wuxi | Residential/retail/ commercial apartments | 52,132 | January 2020 | 1,909 |
| 17 | Hui Mountain International Community (惠山國際社區) | Wuxi | Residential/retail | 114,419 | June 2021 | 37,904 |
| 18 | Changjiang Fu (長江賦) | Wuxi | Residential/retail | 52,399 | October 2021 | 155,252 |
| 19 | Jiuduhui (洵都匯) | Wuxi | Residential | 11,400 | November 2021 | 24,595 |
| 20 | Chun Xiao Guan Tang (春曉觀棠) | Wuxi | Residential | 22,125 | December 2022 | 58,350 |
| 21 | Mei Gui Gong Guan (玫瑰公館) | Wuxi | Residential | 30,028 | December 2022 | 89,316 |
| 22 | He Feng Lu (和風路) | Wuxi | Residential | 28,845 | June 2023 | 111,392 |
| 23 | Zhutang (祝塘) | Wuxi | Residential | 19,080 | June 2023 | 62,095 |
| Sub-total for Wuxi | | | | 468,968 | | 642,163 |
| 24 | Zhi Lu (知廬) | Hefei | Residential/retail | 40,391 | June 2023 | 94,137 |
| Sub-total for Hefei | | | | 40,391 | | 94,137 |
| 25 | Yuan Stream Mansion (原溪) | Suzhou | Residential | 19,533 | November 2019 | 735 |
| 26 | Yun Xi Ting (雲溪庭) | Suzhou | Residential | 65,539 | June 2023 | 182,155 |
| 27 | Shui Pan Hua Ting (水畔華庭) | Suzhou | Residential | 29,962 | March 2021 | 17,328 |
| Sub-total for Suzhou | | | | 115,034 | | 200,218 |
| 28 | Yungu Tianjing Mansion (雲谷天境) | Hangzhou | Residential/retail | 20,713 | December 2020 | 956 |
| 29 | Qingshanhupan (青山湖畔) | Hangzhou | Residential/retail | 364,380 | December 2023 | 641,139 |
| 30 | Yi He Shan Zhuang (頤和山莊) | Hangzhou | Residential/retail | 399,016 | April 2024 | 511,344 |
| Sub-total for Hangzhou | | | | 784,109 | | 1,153,439 |

| No. | Land parcel/ Project name | City | Land use/ Planned land use | Site area sq.m. | Actual/Expected completion date | Total land bank sq.m. |
|---|-------------------------------|-----------|-------------------------------|--------------------|------------------------------------|-----------------------------|
| 31 | Tang Dynasty Mansion (盛唐府) | Zhenjiang | Residential/retail | 123,458 | December 2023 | 123,711 |
| 32 | Yuefu Mansion (樾府) | Zhenjiang | Residential/retail | 55,810 | August 2023 | 162,393 |
| Sub-total for Zhenjiang | | | | 179,268 | | 286,104 |
| 33 | Zhixiang Cheng (致享城) | Xuzhou | Residential/retail | 54,190 | September 2021 | 75,457 |
| 34 | Qingyunfu (青雲府) | Xuzhou | Residential/retail | 58,563 | March 2022 | 167,782 |
| 35 | Da Xue Lu (大學路) | Xuzhou | Residential | 57,258 | August 2023 | 151,897 |
| Sub-total for Xuzhou | | | | 170,011 | | 395,136 |
| 36 | Jiulongtianzhu (玫瑰天著) | Wenzhou | Residential/retail | 21,186 | June 2022 | 52,853 |
| Sub-total for Wenzhou | | | | 21,186 | | 52,853 |
| 37 | Yunyuettianzhu (雲樾天著) | Huai'an | Residential | 45,369 | November 2023 | 129,466 |
| Sub-total for Huai'an | | | | 45,369 | | 129,466 |
| Sub-total of land bank developed by subsidiaries of the Company | | | | 2,701,034 | | 3,920,128 |
| B. Projects developed by the Group's joint ventures and associates | | | | | | |
| 1 | Yuelufu (月鷺府) | Nanjing | Residential | 62,798 | May 2022 | 205,904 |
| 2 | Huilingweilai (蒼領未來) | Nanjing | Residential | 58,745 | September 2021 | 127,520 |
| 3 | Shangtang Yihefu (上棠頤和府) | Nanjing | Residential | 101,697 | May 2022 | 230,384 |
| 4 | Yun Wang Fu (雲望府) | Nanjing | Residential | 35,058 | September 2023 | 135,198 |
| 5 | Hui Tong Lu G83 (匯通路G83) | Nanjing | Residential | 35,247 | June 2023 | 92,294 |
| 6 | Jun Hui (君薈) | Nanjing | Residential | 57,302 | December 2023 | 195,512 |
| 7 | Pu Kou G53 (浦口G53) | Nanjing | Residential | 221,841 | April 2024 | 818,838 |
| Sub-total for Nanjing | | | | 572,688 | | 1,805,650 |
| Attributable to the Group | | | | 205,995 | | 659,156 |
| 8 | Xin Kai He (新開河) | Wuxi | Residential | 53,937 | October 2023 | 158,954 |
| 9 | Hua Zhuang (華莊) | Wuxi | Residential | 27,343 | August 2023 | 71,606 |
| Sub-total for Wuxi | | | | 81,280 | | 230,560 |
| Attributable to the Group | | | | 24,185 | | 66,878 |
| 10 | Yuexi Mansion (樾溪臺) | Hefei | Residential/retail | 54,783 | June 2021 | 24,162 |
| Sub-total for Hefei | | | | 54,783 | | 24,162 |
| Attributable to the Group | | | | 27,391 | | 12,081 |
| 11 | Gu Su Yue 66 (姑蘇樾66) | Suzhou | Residential | 10,219 | October 2020 | 563 |
| 12 | Lin Xi Yuan Zhu (林溪源築) | Suzhou | Residential/retail | 34,120 | September 2022 | 101,254 |
| Sub-total for Suzhou | | | | 44,339 | | 101,817 |
| Attributable to the Group | | | | 15,693 | | 40,614 |
| 13 | Lanshili (瀾仕里) | Hangzhou | Residential | 48,848 | December 2021 | 162,833 |
| 14 | Guan Hu Zhi Chen (觀湖之宸) | Hangzhou | Residential | 43,112 | April 2023 | 123,106 |
| 15 | Yue Hu Zhi Chen (閱湖之宸) | Hangzhou | Residential | 40,391 | April 2023 | 81,660 |
| 16 | Peng Bu (彭埠) | Hangzhou | Commercial | 24,072 | December 2023 | 111,587 |
| Sub-total for Hangzhou | | | | 156,423 | | 479,186 |
| Attributable to the Group | | | | 61,858 | | 179,261 |
| 17 | Wei Lai Zhi Chen (未來之宸) | Xuzhou | Residential | 36,353 | March 2023 | 113,194 |
| Sub-total for Xuzhou | | | | 36,353 | | 113,194 |
| Attributable to the Group | | | | 14,541 | | 45,278 |
| 18 | Junlanfu (君蘭府) | Taizhou | Residential/retail | 34,120 | February 2022 | 106,640 |
| 19 | Jinlinfu (金麟府) | Taizhou | Residential/retail | 75,476 | February 2022 | 219,058 |
| Sub-total for Taizhou | | | | 109,596 | | 325,698 |
| Attributable to the Group | | | | 28,743 | | 86,468 |

| No. | Land parcel/ Project name | City | Land use/ Planned land use | Site area sq.m. | Actual/Expected completion date | Total land bank sq.m. |
|--|-------------------------------------|---------|-------------------------------|--------------------|------------------------------------|-----------------------------|
| 20 | Wen Hua Fu (文華府) | Wenzhou | Residential | 19,852 | April 2022 | 67,210 |
| 21 | Huan Le Tian Di (歡樂天地) | Wenzhou | Residential/ commercial | 145,658 | April 2022 | 509,792 |
| Sub-total for Wenzhou | | | | 165,510 | | 577,002 |
| Attributable to the Group | | | | 59,941 | | 208,880 |
| Sub-total of land bank developed by the Group's joint ventures and associates | | | | 1,220,972 | | 3,657,269 |
| Sub-total of land bank developed by the Group's joint ventures and associates (attributable to the Group) | | | | 438,347 | | 1,298,616 |
| Total land bank | | | | 3,922,006 | | 7,577,397 |
| Total land bank (attributable to the Group) | | | | 3,139,381 | | 5,218,744 |

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB765.3 million or approximately 16.8% from approximately RMB4,553.9 million for the six months ended June 30, 2020 to approximately RMB3,788.6 million for the six months ended June 30, 2021 primarily as a result of the decrease in revenue from sale of properties. Details of the decrease in revenue derived from sale of properties are set out under the paragraph headed "Property Development — GFA Delivered and Revenue Recognised from Sale of Properties" in this announcement.

The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

| | Six months ended June 30, | | | |
|-------------------------------------|---------------------------|--|----------------------|--|
| | 2021 | | 2020 | |
| | Revenue (RMB'000) | Percentage of total revenue (%) | Revenue (RMB'000) | Percentage of total revenue (%) |
| Sale of properties | 3,728,442 | 98.4 | 4,522,146 | 99.3 |
| Project management income | 24,055 | 0.7 | 14,346 | 0.3 |
| Hotel operations | 11,612 | 0.3 | 11,319 | 0.3 |
| Rental income | 19,772 | 0.5 | 6,049 | 0.1 |
| Exhibition operation | 4,744 | 0.1 | — | — |
| Total | <u>3,788,625</u> | <u>100</u> | <u>4,553,860</u> | <u>100</u> |

The Group's cost of sales mainly comprised cost of property sales which was directly associated with the revenue from the sale of properties, which represented direct construction costs, land acquisition costs and capitalised borrowing costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately RMB741.3 million or approximately 19.3% from approximately RMB3,840.6 million for the six months ended June 30, 2020 to approximately RMB3,099.3 million for the six months ended June 30, 2021, which corresponded with the lower revenue recognised for the six months ended June 30, 2021 as compared to that from the same period in 2020.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately RMB24.0 million or approximately 3.4% from approximately RMB713.3 million for the six months ended June 30, 2020 to approximately RMB689.3 million for the six months ended June 30, 2021. The Group's gross profit margin increased from approximately 15.7% for the six months ended June 30, 2020 to approximately 18.2% for the six months ended June 30, 2021, which

was primarily due to the recognition of higher gross profit from Zhixiang Cheng (致享城), Hui Mountain International Community (惠山國際社區) and Huijian Weilai (薈見未來) projects in 2021.

Other Income and Gains

The Group's other income and gains primarily consist of gain on disposal of a subsidiary, fair value gains from financial assets at FVTPL, dividend income from FVOCI and FVTPL, interest income, forfeiture of deposits, government grants and others.

The Group's other income and gains increased by approximately RMB43.3 million or approximately 222.3% from approximately RMB19.4 million for the six months ended June 30, 2020 to approximately RMB62.7 million for the six months ended June 30, 2021, which was mainly due to the recognition of fair value gains from financial assets at FVTPL and gain on disposal of a subsidiary of approximately RMB23.3 million and RMB13.3 million, respectively.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly represented staff cost, advertising and business development expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately RMB9.8 million or approximately 9.4% from approximately RMB104.6 million for the six months ended June 30, 2020 to approximately RMB114.4 million for the six months ended June 30, 2021, which was mainly due to a rise in the number of property projects available for pre-sale in 2021, and accordingly, the increase in advertising and office expenses incurred therefor.

Administrative Expenses

Administrative expenses primarily comprised staff costs, travel and entertainment expenses, professional fees, office expenses, other taxes and surcharges, depreciation and amortisation and others.

The Group's administrative expenses remained relatively stable, which increased by approximately RMB4.9 million or approximately 6.6% from approximately RMB74.6 million for the six months ended June 30, 2020 to approximately RMB79.5 million for the six months ended June 30, 2021.

Other Expenses

The Group's other expenses mainly comprised one-off expenses including financial guarantee, contract expenses, compensation to customers, charitable donation expenses and others.

The Group's other expenses decreased by approximately RMB9.7 million or approximately 92.1% from approximately RMB10.5 million for the six months ended June 30, 2020 to approximately RMB0.8 million for the six months ended June 30, 2021. The decrease was mainly attributable to the fact that no compensation to customers was required to be offered and recognised during the current period, unlike that during the same period in 2020.

Finance Costs

Finance costs primarily consist of interest on bank and other borrowings and senior notes, interest expense arising from revenue contracts and interest on lease liabilities.

The Group's finance costs decreased by approximately RMB31.4 million or approximately 28.6% from approximately RMB109.8 million for the six months ended June 30, 2020 to approximately RMB78.4 million for the six months ended June 30, 2021, which was primarily attributable to the increase of interest capitalised with the increased amount of property projects.

Share of Profits and Losses of Joint Ventures and Associates

The Group's share of gains on joint ventures decreased by approximately RMB11.1 million or approximately 212.3% from a gain of approximately RMB5.2 million for the six months ended June 30, 2020 to a loss of approximately RMB5.9 million for the six months ended June 30, 2021, which was mainly attributable to the fact that new property projects as developed by joint ventures this year are yet to be delivered.

The Group's share of gains on associates decreased by approximately RMB43.7 million or approximately 182.8% from a gain of approximately RMB23.9 million for the six months ended June 30, 2020 to a loss of approximately RMB19.8 million for the six months ended June 30, 2021, which was mainly attributable to the fact that new property projects as developed by associates this year are yet to be delivered.

Income Tax Expense

Income tax represents PRC corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses remained relatively stable, which decreased by approximately RMB7.7 million or approximately 4.7% from approximately RMB162.8 million for the six months ended June 30, 2020 to approximately RMB155.1 million for the six months ended June 30, 2021.

Profit for the Period

The Group's profit for the period decreased by approximately RMB1.5 million or approximately 0.5% from approximately RMB299.6 million for the six months ended June 30, 2020 to approximately RMB298.1 million for the six months ended June 30, 2021. The Group's net profit margin increased from approximately 6.6% for the six months ended June 30, 2020 to approximately 7.9% for the six months ended June 30, 2021, which was mainly attributable to the increase in gross profit margin as compared to that from the same period in 2020, which outweighed the effect of income tax expenses on the Group's profit for the six months ended June 30, 2021.

Profit attributable to owners of the parent for the six months ended June 30, 2021 was approximately RMB80.4 million, representing a decrease of approximately 21.5% as compared to approximately RMB102.5 million for the same period in 2020. Such decrease was mainly attributable to the decrease in revenue generated and the Group's low share of profit derived from such property projects delivered.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development is capital-intensive and the Group expects to continue to incur a high level of capital expenditures for project development in the foreseeable future. The Group funds its business operations both through cash flows generated from its business operations and through external financing, primarily including bank and other borrowings.

The Group's primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs and various operating expenses.

Cash Positions

As at June 30, 2021, the Group had cash and bank balance of approximately RMB5,495.8 million (December 31, 2020: approximately RMB6,420.9 million).

Trade Receivables

As at June 30, 2021, the Group had trade receivables of approximately RMB18.5 million, compared with approximately RMB1.3 million as at December 31, 2020. The trade receivables are unsecured and non-interest-bearing same as the position as at December 31, 2020. The trade receivables as at June 30, 2021 were neither past due nor impaired and less than one year based on the invoice day.

Indebtedness

As at June 30, 2021, the Group had total borrowings (including interest-bearing bank loans, other borrowings and senior notes) of approximately RMB15,713.1 million, compared with approximately RMB14,365.6 million as at December 31, 2020. The Group's borrowings are mainly denominated in Renminbi.

Notes Issue

On March 17, 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on March 18, 2021. The Company intended to use the net proceeds from the issue of such senior notes for refinancing certain existing indebtedness of the Company and general corporate purposes. As at June 30, 2021, the net proceeds have been fully unutilised for the said purposes. For further details, please refer to the announcements of the Company dated March 12, 2021 and March 17, 2021.

Financial Risks

The Group is exposed to market risks from changes in market rates and prices, such as interest rate, credit, liquidity and foreign exchange risk.

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. 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.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the six months ended June 30, 2021. The credit risk of its other financial assets, which mainly comprise restricted cash and pledged deposits, financial assets included in prepayment, deposits and other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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.

Foreign Exchange Risk

The Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits and senior notes, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended June 30, 2021. The directors of the Company expect that any such fluctuations in exchange rate would not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Key Financial Ratios

The Group's current ratio remained relatively stable at approximately 1.2 and 1.3 as at December 31, 2020 and June 30, 2021, respectively. The Group's net gearing ratio (Note) increased from approximately 151.0% as at December 31, 2020 to approximately 196.3% as at June 30, 2021, primarily due to the decrease in cash reserves and increase in interest-bearing bank borrowings and other borrowings as at June 30, 2021.

Note:

Net gearing ratio is calculated by dividing the net of interest-bearing liabilities minus cash and bank balances by the total equity.

Contingent Liabilities

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of its completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay 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 collaterals for the mortgage loans, upon default on mortgage repayments by these customers, 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 customers take possession of the relevant properties.

As at June 30, 2021, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were approximately RMB5,512.1 million, compared with approximately RMB5,130.6 million as at December 31, 2020.

The Group did not incur any material losses during the six months ended June 30, 2021 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Board considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

The directors of the Company confirm that the Group has not encountered defaults by customers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the Group's financial condition and results of operations.

The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. As the total guarantee amount of RMB2,585.8 million as at June 30, 2021 (December 31, 2020: RMB2,467.6 million) was secured by the pledges, the Board considered no financial guarantee provision was needed in respect of the guarantees.

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

Commitments

As at June 30, 2021, the Group's capital expenditures it had contracted but yet provided for was approximately RMB10,515.3 million, compared with approximately RMB11,523.0 million as at December 31, 2020.

The COVID-19 outbreak and its impact on our Group

Since December 2019, there has been an outbreak of a novel coronavirus named COVID-19 in the PRC and worldwide. COVID-19 is highly infectious and has resulted in a significant number of hospitalizations and deaths in the PRC and many other countries and regions. To contain the spread of COVID-19, the PRC government has imposed a number of measures, including mandatory business closures, travel restrictions, quarantines, lockdowns, limitations on public gatherings and the suspension of major events. Other governments have taken similar measures with varying degrees. The COVID-19 outbreak has led to a significant decline in travel and business activities in the PRC and worldwide.

The COVID-19 outbreak poses risks to our business operation and financial condition. In response to the COVID-19 pandemic, we have implemented a series of precautionary and control measures, including temporary suspension of the construction of our development projects and temporary shutdown of our sales offices in China.

We have fully resumed our operation at the end of February 2020 in compliance with local rules and policies. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. Although the COVID-19 epidemic would cast certain impact to us, we responded proactively by adjusting our project launch schedule in a timely manner and promoting our business through various channels, including the adoption of "cloud property viewing" ("雲看房"), "cloud sales" ("雲銷售") and "cloud delivery" ("雲交付") through online live broadcasting and small applications of the new media. However, 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 Our Business—The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics."* We will keep paying close attention to the development of COVID-19 and evaluate its impact on our financial position and operating results in order to make timely response and adjustments as appropriate going forward.

Acquisition of 25% Equity Interest in Nanjing Eastern Senior Living Health Industry Co., Ltd.

On 4 February 2021, Nanjing Yincheng Real Estate Development Co., Ltd. (南京銀城房地產開發有限公司) ("**Nanjing Yincheng**"), an indirect wholly-owned subsidiary of the Company, and Jiangsu Winfast Investment Holding Group Co., Ltd. (江蘇瑞華投資控股集團有限公司) ("**Jiangsu Winfast**") entered into an agreement, pursuant to which Jiangsu Winfast agreed to sell, and Nanjing Yincheng agreed to acquire, 25% equity interest in Nanjing Eastern Senior Living Health Industry Co., Ltd. (南京東方頤年健康產業發展有限公司) ("**Nanjing Eastern Senior Living**") held by Jiangsu Winfast at a consideration of RMB335,347,000.

As of February 4, 2021, Nanjing Eastern Senior Living is owned as to 75% and 25% by Nanjing Yincheng and Jiangsu Winfast, respectively, and is an indirect non wholly-owned subsidiary of the Company. Upon completion of registration of transfer of the 25% equity interest in Nanjing Eastern Senior Living held by Jiangsu Winfast as of February 4, 2021 under the name of Nanjing Yincheng, Nanjing Eastern Senior Living will become an indirect wholly-owned subsidiary of the Company.

For further details, please refer to the announcement of the Company dated February 4, 2021.

Issuance of March 2021 Notes

On March 17, 2021, the Company issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the Stock Exchange on March 18, 2021. The Company intended to use the net proceeds from the issue of such senior notes for refinancing certain existing indebtedness of the Company and general corporate purposes. As at June 30, 2021, the net proceeds have been fully unutilised for the said purposes. For further details, please refer to the announcements of the Company dated March 12, 2021 and March 17, 2021.

Subscriptions of Structured Deposits

From December 11, 2020 to December 28, 2020, Nanjing Yinjiaan and Nanjing Yincheng (each being an indirect wholly-owned subsidiary of the Company) subscribed for three structured deposit products with an aggregate principal amount of RMB1.3 billion.

Provision of financial assistance by way of Deposit Pledges

From December 7, 2020 to December 28, 2020, in order to assist in fulfilling the short-term financing needs of Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin (each being a direct wholly-owned subsidiary of Yincheng Real Estate, which in turn, is a company controlled by Mr. Huang Qingping, a non-executive Director and a controlling shareholder of the Company), Nanjing Yinjiaan and Nanjing Yincheng provided financial assistance by way of making six deposit pledges totaling RMB2.93 billion to secure the grant of facilities made by several banks to Nanjing Langchu, Nanjing Tepuna and Nanjing Juxin.

Investment in Fund

From June 23, 2020 to November 5, 2020, Yinjiacheng (being an indirect wholly-owned subsidiary of the Company) entered into the Fund Subscription Agreements to subscribe for the Participating Shares in three tranches for a total amount of USD35.0 million on the terms and conditions of the Private Offering Memorandum.

Partnership Agreement

On 15 June 2020, Hangzhou Yinjialuo (being an indirect non wholly-owned subsidiary of the Company) entered into the Partnership Agreement with other investment partners, pursuant to which, Hangzhou Yinjialuo shall make the capital contribution in the amount of RMB157.5 million for the establishment of Jiaxing Zhenli LP, and ultimately, for property development purposes.

The Entering into of the Framework Agreements for the Acquisition of the Entire Equity Interest in and Debt of Hangzhou Qingcheng

On September 15, 2020, Hangzhou Zezhou Enterprise Management Co., Ltd., an indirect wholly-owned subsidiary of the Company entered into Acquisition Framework Agreement I with Yihe Real Estate, Hangzhou Qingcheng Property Development Co., Ltd, the Guarantors and Hangzhou Hongyuyuan LLP for the acquisition of 67% equity interest in Hangzhou Qingcheng Property Development Co., Ltd and the debt owed by Hangzhou Qingcheng Property Development Co., Ltd to Yihe Real Estate which is amounted to RMB127,173,826.52 at a consideration of RMB1,090,637,588.09 (subject to adjustments). On September 15, 2020

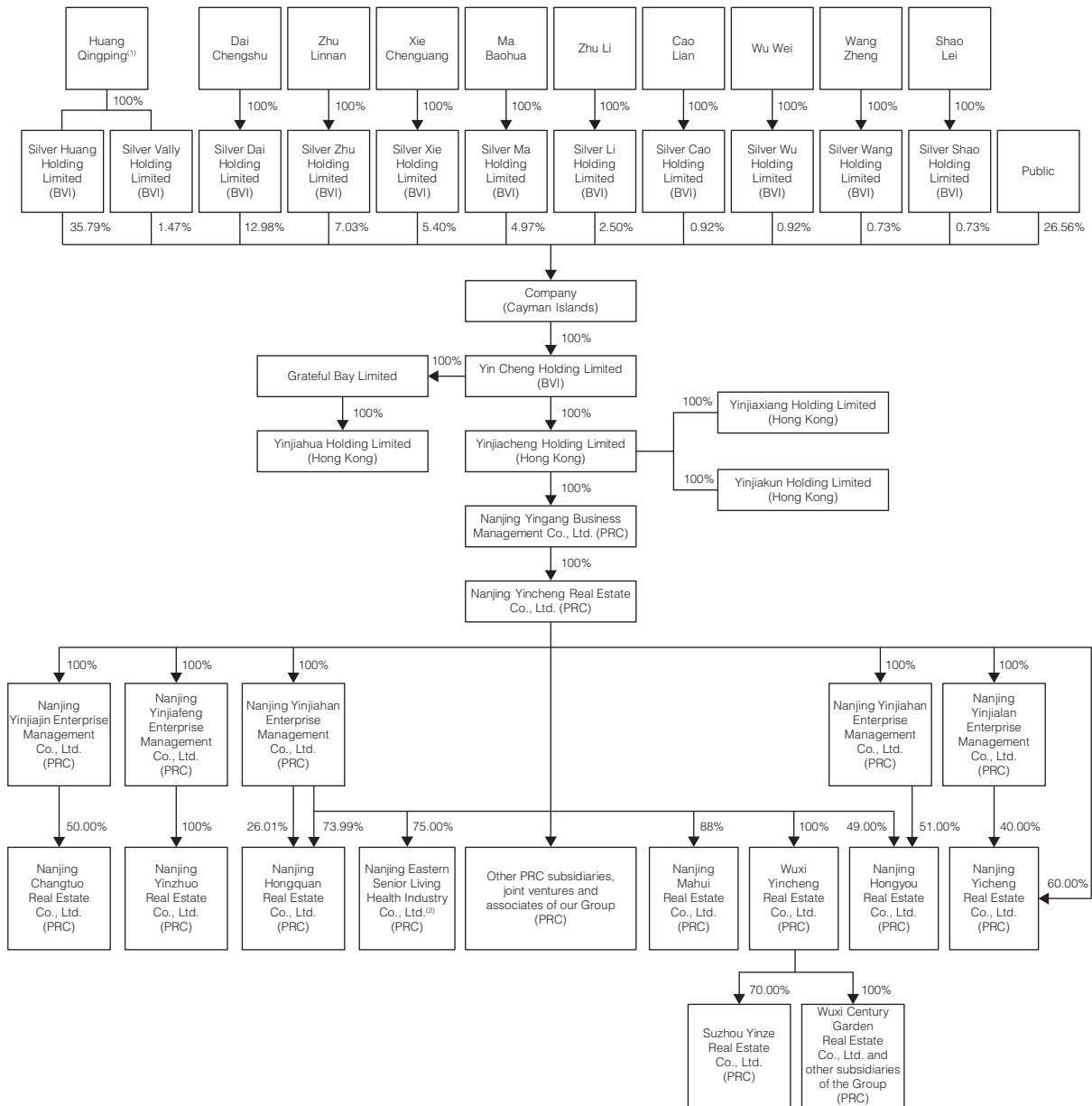
Hangzhou Zezhou Enterprise Management Co., Ltd. entered into an Acquisition Framework Agreement II with the Huahong Parties and Hangzhou Qingcheng Property Development Co., Ltd for the acquisition of 33% equity interest in Hangzhou Qingcheng Property Development Co., Ltd and the debt owed by Hangzhou Qingcheng Property Development Co., Ltd to the Huahong Parties and their associates which is amounted to RMB41,360,903.78 at a consideration of RMB106,360,903.78 (subject to adjustments).

Cooperation Agreement in Relation to Development of the Project Land Held by Wuxi Xuelang

On October 20, 2020, Wuxi Huayu won the tender for acquiring (i) the entire equity interest in Wuxi Xuelang Changguang Real Estate Co., Ltd. from Wuxi Shanshui; and (ii) the debt in the amount of RMB700,000,000 owed by Wuxi Xuelang Changguang Real Estate Co., Ltd. to Wuxi Shanshui, at the Project Company Acquisition Consideration of RMB752,087,000 and the Transaction Service Fee of RMB4,708,600. The principal asset of Wuxi Xuelang Changguang Real Estate Co., Ltd. is the Project Land, a land parcel situated at the east to Wuhu Avenue, south to Gaoyuan Road, west to Planning Road and north to Hefeng Road. On November 10, 2020, the Equity Transaction Agreement was entered into between Wuxi Huayu and Wuxi Shanshui for the this Project Company Acquisition.

CORPORATE STRUCTURE

The following diagram briefly outlines our shareholding and simplified group structure as of the date of this Offering Memorandum:



Notes:

- The shares indirectly held by Huang Qingping through Silver Vally Holding Limited may be used for share incentive plan in future.
- Nanjing Eastern Senior Living Health Industry Co., Ltd. is a non-wholly owned subsidiary of our Company with Jiangsu Ruihua Investment Holding Group Co., Ltd. (江蘇瑞華投資控股集團有限公司), being the other shareholder, holding 25.00% equity interests in Nanjing Eastern Senior Living Health Industry Co., Ltd. Jiangsu Ruihua Investment Holding Group Co., Ltd. (江蘇瑞華投資控股集團有限公司) is not related to our Group save for its interest in Nanjing Eastern Senior Living Health Industry Co., Ltd.

BUSINESS

OVERVIEW

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou. We ranked 90th among the “Top 100 Real Estate Developer in China in 2020” in terms of comprehensive strength for the year ended 2019 according to the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院). We have also been recognised by the Jiangsu Real Estate Association as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively for 17 years since 2002 and ranked the first on such list in 2019. During the year ended December 31, 2019, we were awarded the “Top 20 Growing Enterprises in China’s Real Estate Industry in 2019”. During the year ended December 31, 2020, we were awarded “2020 China Specialized Real Estate Company” (2020中國特色地產運營優秀企業) and “2020 China TOP 100 Real Estate Developers” (2020中國房地產百強企業), “2020 China TOP 100 Listed Real Estate Companies” (2020中國上市房企百強企業) and “Specialised Chinese Real Estate Enterprise with Excellence in Operation in 2020” (2020中國特色地產運營優秀企業).

We were primarily engaged in the development and sale of residential properties targeting middle to upper-middle income households. Whilst we will continue to focus our business on sales of properties, we plan to selectively own properties developed by us, such as elderly care homes and long-term rental apartments, for investment purpose in the near future in order to diversify our revenue model.

Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of management services; (iii) the hotel operations; and (iv) the leasing of investment properties owned and developed by us; and (v) exhibition operation. Our property development projects are mainly (i) owned and developed by us or (ii) developed by cooperating with third-party property developers through our joint ventures and associates (as defined under IFRS).

Leveraging the experience of Yincheng Real Estate, the former holding company of Nanjing Yincheng Real Estate Co., Ltd. (南京銀城房地產開發有限公司) and our sister company, which commenced property development operation in 1996, we have been engaged in property development in Nanjing since 2002 with a track record of more than 18 years. We have been specialising in developing property projects in Nanjing and other strategically selected cities in the Yangtze River Delta Megalopolis, which we believe possess high growth potential.

Leveraging the success we achieved in Nanjing, we have successfully expanded our footprint to its neighbouring cities, such as Wuxi since 2005, Suzhou and Zhenjiang since 2017, Hangzhou, Xuzhou, Ma'anshan and Hefei since 2018, Taizhou since 2019 and Wenzhou since 2020. The flourishing economic environment together with the population growth and increasing labor mobility contributes to a considerable housing demand in Yangtze River Delta Megalopolis. We believe that the Yangtze River Delta Megalopolis will continue to enjoy economic growth and will strengthen its position as one of the most rapidly growing region in the PRC.

We offer a wide range of residential properties, including high-rise apartments, multi-storey apartments and low-density houses. To develop quality properties for customers of all ages, we introduced five series of residential properties, each targeting a different segment of our customers: our “Yi series (頤系列)” residence are developed for our elderly customers’ enjoyment of a relaxing and healthy lifestyle, our “Shang series (尚系列)” residence are developed for the pleasure of our younger customers, our “Zhi series (致系列)” residence are developed for middle income households who focus on functionality and convenience, our “Zhong series (中系列)” residence are developed for home upgraders who appreciate comfort and quality and our “He series (和系列)” residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. The residential properties developed by us include multi-functional ancillary facilities, such as retail shops, schools, clubhouses, gym rooms, car parking spaces, hospital and community centres, which aim to provide a high quality and convenient living environment that caters for the lifestyle and daily needs of our customers’ community. For example, we are collaborating with Tencent to develop the smart home system for “Kinma Q+ Community,” a property project that targets the youth community by offering commercial apartments integrated with intelligent home technology, a common entertainment centre comprising facilities such as library, bars, café, eSports arena, and other commercial spaces. “Peaceful Paradise” is another property project under development where we plan to set up a retirement community for the aged, comprising residential areas with ancillary facilities, such as elderly care homes and a hospital. We will also establish a “centre for all ages (全齡會館區域)” equipped with various facilities, such as gym rooms, classrooms, health care centres, restaurants and book corners in our “Honor Mansion,” “Dream Mansion” and “Blue Stream Town” to address the needs of our customers of all ages.

As of December 31, 2020, we have a property portfolio of 49 property projects located in ten cities with an aggregate GFA attributable to us of approximately 4,782,696 sq.m., including (i) aggregate GFA available for sale and aggregate leasable GFA for completed projects of approximately 65,028 sq.m.; (ii) aggregate GFA for properties under development of approximately 2,859,947 sq.m.; and (iii) aggregate GFA properties held for future development of approximately 1,857,721 sq.m. Among our 49 property projects, 33 were owned and developed by our subsidiaries and 16 were developed and owned by our joint ventures and associates (as defined under IFRS).

For the year ended December 31, 2020, our contracted sales amount together with our joint ventures and associates amounted to approximately RMB23,208.3 million, representing an increase of approximately 17.1% from approximately RMB19,821.4 million for the year ended December 31, 2019. Such increase was mainly attributable to the increase in contracted sales GFA of our Group together with the joint ventures and associates to approximately 1,153,237 sq.m. for the year ended December 31, 2020, representing an increase of approximately 2.1% from approximately 1,129,071 sq.m. for the year ended December 31, 2019. For the year ended December 31, 2020, the ASP recorded in our contracted sales together with our joint ventures and associates was approximately RMB20,125 per sq.m., representing an increase of approximately 14.6% from approximately RMB17,555 per sq.m. for the year ended December 31, 2019. Such increase was mainly due to the higher ASP recognised for projects in Nanjing and Hangzhou. The contracted sales from properties located in Nanjing, Wuxi, Suzhou, Hangzhou, Taizhou, Wenzhou, Xuzhou, Hefei, Zhenjiang and Ma’anshan contributed to approximately 39.2%, 5.2%, 5.0%, 20.2%, 3.6%, 10.5%, 6.8%, 4.8%, 3.8% and 0.9% respectively of the total contracted sales of our Group together with its joint ventures and associates for the year ended December 31, 2020.

We acquired land mainly through (i) participation in the public tender, auction and listing-for-sale process organized by the relevant government authorities; and (ii) acquisition of equity interests from third parties in those companies which own the land use rights.

We have established a standardised development process that we apply across our entire business operations, which covers the full spectrum of the property development cycle from site selection, feasibility study, land acquisition, project planning and design, construction, procurement and quality control to sales and marketing, delivery and after-sale services. With these standardised operating procedures, we are able to effectively manage our projects, efficiently oversee the progress of development and ensure the standard of quality is applied consistently in each of our development projects, which optimised our investment returns.

Adhering to our core development strategy of “leading quality, excellent services and energy conservation (“品質領先、服務卓越、綠色節能”) with an aim to develop quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages (“全齡宜居、健康舒適、智慧便捷”), not only do we adopt stringent quality control procedures to ensure that our properties and services are in compliance with the relevant PRC laws and regulations relating to quality and safety, but also a property design philosophy that introduces customer-oriented designs which best suit their needs, so that our properties can bring convenience and value-added experience to our customers. In addition, we are committed to adopting environmentally friendly construction materials and designs which help minimise the hazards caused to the environment and optimise energy efficiency. Our abundant land bank, our quality property offering, our strong property development capabilities together with our well-established brand recognition also contributed to our rapid expansion and financial success. Based on the above features, we believe that our quality property development projects are or will be well received in locations in which we operate or plan to expand.

We mainly derived our revenue from the sales of residential and commercial properties. For the years ended December 31, 2018, 2019 and 2020, our total revenue were RMB5,070.1 million, RMB9,092.5 million and RMB10,679.6 million, respectively, while our net profit for the same periods were RMB495.3 million, RMB360.4 million and RMB386.1 million respectively.

A breakdown of our revenue by segment for each of the years ended December 31, 2018, 2019 and 2020 is set out below:

| | Year ended December 31, | | | | | |
|--|-------------------------|--------------|------------------|--------------|-------------------|--------------|
| | 2018 | | 2019 | | 2020 | |
| | RMB | % | RMB | % | RMB | % |
| Sale of properties | 5,067,075 | 99.9 | 8,996,128 | 98.9 | 10,589,619 | 99.2 |
| Project management income | — | — | 79,679 | 0.9 | 30,489 | 0.28 |
| Hotel operations | — | — | 13,460 | 0.1 | 40,290 | 0.37 |
| Rental income | 3,019 | 0.1 | 3,205 | 0.1 | 16,360 | 0.14 |
| Exhibition operation | — | — | — | — | 2,876 | 0.01 |
| Total | 5,070,094 | 100.0 | 9,092,472 | 100.0 | 10,679,634 | 100.0 |

The details of the revenue recognised from our sale of properties by geographical location for the periods indicated are set out below:

| | Year ended December 31, | | | | | |
|--|-------------------------|-----------------------|----------------------|--------------------------|-----------------------|----------------------|
| | 2019 | | | 2020 | | |
| | Revenue | GFA delivered | Recognised ASP | Revenue | GFA delivered | Recognised ASP |
| RMB'000 | sq.m. | RMB/sq.m. | RMB'000 | sq.m. | RMB/sq.m. | |
| Nanjing | | | | | | |
| Peaceful Paradise | 175,413 | 5,563 | 31,532 | 25,064 | 859 | 29,178 |
| Blue Stream Town | 63,927 | 4,692 | 13,625 | 26,018 | 1,069 | 24,339 |
| Dongyue Mansion | 868,710 | 21,120 | 41,132 | 509,792 | 13,232 | 38,527 |
| Ideal Palace | 94,929 | 8,348 | 11,371 | 7,314 | 610 | 11,990 |
| Honor Mansion | 3,796,526 | 141,130 | 26,901 | 2,373,919 | 94,810 | 25,039 |
| Kinma Q+ Community | 939,645 | 44,743 | 21,001 | 33,721 | 1,911 | 17,645 |
| Long Island Qin Park | 48 | 12 | 4,000 | — | — | — |
| Xidi International Community | 80 | — | 506 | 1,132 | 101 | 11,208 |
| Bejoy Villa | 632,717 | 21,409 | 29,534 | 1,731,287 | 57,858 | 29,923 |
| First phase of Airport Exhibition Town | — | — | — | 697,317 | 61,713 | 11,299 |
| Jiang Shan Yu Mansion | — | — | N/A | 415,137 | 22,685 | 18,300 |
| | <u>6,571,995</u> | <u>247,017</u> | <u>26,605</u> | <u>5,820,701</u> | <u>254,848</u> | <u>22,840</u> |
| Wuxi | | | | | | |
| Tianyuan Mansion | 207 | — | — | 97 | 36 | 5,139 |
| Canal Park | 2,016 | 396 | 5,091 | 985 | 192 | 5,130 |
| Hui Mountain International Community | 489,023 | 80,138 | 6,102 | 952,341 | 86,851 | 10,965 |
| Sheltered Mansion | 1,469,969 | 78,361 | 18,759 | 681,443 | 61,823 | 11,022 |
| | <u>1,961,215</u> | <u>158,895</u> | <u>12,343</u> | <u>1,634,866</u> | <u>148,902</u> | <u>10,979</u> |
| Zhenjiang | | | | | | |
| Yuefu Mansion | — | — | — | 342,459 | 21,889 | 15,645 |
| Tang Dynasty Mansion | 462,918 | 33,953 | 13,634 | 194,022 | 15,195 | 12,769 |
| | <u>462,918</u> | <u>33,953</u> | <u>13,634</u> | <u>536,481</u> | <u>37,084</u> | <u>14,467</u> |
| Suzhou | | | | | | |
| Yuan Stream Mansion | — | — | N/A | 377,970 | 12,620 | 29,950 |
| Hangzhou | | | | | | |
| Yungutianjing Mansion | — | — | N/A | 1,188,418 | 48,296 | 24,607 |
| Qingshanhupan | — | — | N/A | 621,425 | 37,303 | 16,659 |
| | <u>—</u> | <u>—</u> | <u>N/A</u> | <u>1,809,843</u> | <u>85,599</u> | <u>21,143</u> |
| Xuzhou | | | | | | |
| Yinshan Road Parcel | — | — | N/A | 409,758 | 47,472 | 8,632 |
| Total | <u>8,996,128</u> | <u>439,865</u> | <u>20,452</u> | <u>10,589,619</u> | <u>586,525</u> | <u>18,055</u> |

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths are crucial to our success and essential for our future growth:

We have an established track record and reputation in developing residential properties

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou. We were primarily engaged in the development and sale of residential properties targeting middle to

upper-middle income households. We ranked 90th among the “Top 100 Real Estate Developer in China in 2020” in terms of comprehensive strength according to the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院). We have also been recognised by the Jiangsu Real Estate Association (江蘇省房地產協會) as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively for 17 years since 2002 and ranked the second successively on such list in 2018.

Leveraging our extensive experience in property development operation since 1996, we have been engaged in property development in Nanjing since 2002 with a track record of more than 18 years. We have successfully tapped into other selected cities in Yangtze River Delta Megalopolis, which we believe possess high growth potential. The flourishing economic environment together with the population growth and increasing labor mobility contributes to a considerable housing demand in Yangtze River Delta Megalopolis. With more than 18 years of experience in the residential real estate industry, we believe that we have developed sophisticated property development capabilities and created a strong brand recognition, which is pivotal for us to maintain our position in our existing markets and to further expand our business in other cities in the Yangtze River Delta Megalopolis.

As of December 31, 2020, we have a property portfolio of 49 property projects located in ten cities with an aggregate GFA attributable to us of approximately 4,782,696 sq.m., including (i) aggregate GFA available for sale and aggregate leasable GFA for completed projects of approximately 65,028 sq.m.; (ii) aggregate GFA for properties under development of approximately 2,859,947 sq.m.; and (iii) aggregate GFA properties held for future development of approximately 1,857,721 sq.m. Further, our reputation, quality of properties, a proven track record in the property development business and our success in establishing our “Yincheng (銀城)” brand have enabled us to receive various awards. We were awarded “2020 China Specialized Real Estate Company” (2020中國特色地產運營優秀企業) and “2020 China Top 100 Real Estate Developers” (2020中國房地產百強企業) by China Real Estate Top 10 Research in the year of 2020. We were awarded “2019 China Quality Real Estate Award (2019年度中國品質地產獎)” by Leju Finance Institute (樂居財經研究院), “2017 Nanjing Popular Real Estate Enterprise—Golden Flag Award (南京房地產年度紅榜企業—金旗獎)” by House.china.com.cn (中國網地產), “The Real Estate Craftsmanship Award 2017 (2017年度最具匠心房企)” by Yicai—China Real Estate Finance (第一財經—中國房地產金融) and “2015 Nanjing Real Estate Purple Gold List—Nanjing Real Estate Outstanding Brand Award (南京樓市紫金榜—南京房地產實力品牌獎)” by Oriental Guardian (東方衛報).

As a result of our established track record and reputation, our properties are able to command a premium in pricing compared with the average contractual selling price in the cities where they are situated. The average contractual selling price is different from the recognised ASP due to (i) the time difference between commencement of pre-sales to delivery of the properties; and (ii) the tax impact as the average contractual selling price takes into account the VAT tax and business tax whereas the recognised ASP is calculated net of tax. For the years ended December 31, 2018, 2019 and 2020, the average selling price recorded in the contracted sales of our Group together with our joint ventures and associates were approximately RMB19,029 per sq.m., RMB17,555 per sq.m. and RMB20,125 per sq.m., respectively.

A geographic breakdown of our contracted sales together with our joint venture and associates for the years ended December 31, 2018, 2019 and 2020 is set out below.

| City | For the year ended 31 December 2018 | | | % of contracted sales in 2018 | For the year ended 31 December 2019 | | | % of contracted sales in 2019 | For the year ended 31 December 2020 | | | % of contracted sales in 2020 |
|------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|
| | Contracted GFA sold sq.m. | Contracted sales RMB'000 | Contracted ASP RMB/sq.m. | | Contracted GFA sold sq.m. | Contracted sales RMB'000 | Contracted ASP RMB/sq.m. | | Contracted GFA sold sq.m. | Contracted sales RMB'000 | Contracted ASP RMB/sq.m. | |
| Nanjing | 215,640 | 5,033,455 | 23,342 | 52.7% | 584,090 | 11,433,340 | 19,575 | 57.7% | 392,735 | 9,107,960 | 23,191 | 39.2% |
| Wuxi | 167,871 | 2,574,626 | 15,337 | 27.0% | 216,282 | 2,820,405 | 13,040 | 14.2% | 83,889 | 1,205,710 | 14,373 | 5.2% |
| Suzhou | 33,488 | 784,860 | 23,437 | 8.2% | 50,885 | 1,386,410 | 27,246 | 7.0% | 47,167 | 1,169,630 | 24,798 | 5.0% |
| Hangzhou | — | — | — | 0% | 61,376 | 1,591,420 | 25,929 | 8.0% | 196,838 | 4,678,240 | 23,767 | 20.2% |
| Taizhou | — | — | — | 0% | 9,827 | 191,110 | 19,447 | 1.0% | 44,729 | 830,680 | 18,571 | 3.6% |
| Wenzhou | — | — | — | 0% | — | — | — | 0% | 105,063 | 2,443,378 | 23,256 | 10.5% |
| Xuzhou | — | — | — | 0% | 74,964 | 686,840 | 9,162 | 3.5% | 132,287 | 1,574,580 | 11,903 | 6.8% |
| Hefei | — | — | — | 0% | 52,746 | 750,440 | 14,227 | 3.7% | 57,704 | 1,123,450 | 19,469 | 4.8% |
| Zhenjiang | 51,899 | 790,800 | 15,237 | 8.3% | 39,362 | 625,420 | 15,889 | 3.2% | 59,890 | 873,340 | 14,582 | 3.8% |
| Ma'anshan | 32,690 | 360,820 | 11,038 | 3.8% | 39,539 | 336,000 | 8,498 | 1.7% | 32,935 | 201,360 | 6,114 | 0.9% |
| Total | 501,588 | 9,544,561 | 19,029 | 100.0% | 1,129,071 | 19,821,385 | 17,555 | 100.0% | 1,153,237 | 23,208,328 | 20,125 | 100.0% |

We believe our reputable brand image and our dedication in providing high quality and customer-oriented properties provide us with a competitive advantage and allow us to maintain sustainable growth in the PRC real estate market.

We focus on developing quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages

In order to enhance our customers' satisfaction, we adopt stringent quality control measures throughout our property development process to ensure regulatory compliance and the quality of our properties. Our construction management centre and the independent certified project supervisory companies are engaged to monitor the quality of our projects through on-site supervision and inspection. We maintain a database of approved construction contractors and raw material suppliers as to their qualifications, scale and experience, and they are required to comply with our quality standards and specifications. Furthermore, we adopt strict selection criteria as to the materials and equipment used in our projects, including their specifications and brand requirements. For further details relating to our quality control policies, please refer to "Business—Property Development Process—Stage three: Project construction, procurement and quality control" below.

We offer a wide array of residential properties, including high-rise apartments, multi-storey apartments and low-density houses, with ancillary facilities catering to the needs and preferences of different segments of our target customers. To develop quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages ("全齡宜居、健康舒適、智慧便捷"), we introduced five series of residential properties, each targeting a different segment of our customers: our "Yi series (頤系列)" residence are developed for our elderly customers' enjoyment of a relaxing and healthy lifestyle, our "Shang series (尚系列)" residence are developed for the pleasure of our younger customers, our "Zhi series (致系列)" residence are developed for middle income households who focus on functionality and convenience, our "Zhong series (中系列)" residence are developed for home upgraders who appreciate comfort and quality and our "He series (和系列)" residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle.

We pride ourselves in our customer-oriented design philosophy pursuant to which we pay a lot attention to details with an aim to bringing increased convenience and value-added experience to our customers. We design our properties based on our customers' feedback and our understanding of their daily experience. For properties positioned as full-fitting residence, we endeavour to create a comfortable and healthy living environment to our customers through quality materials used, refined decoration and adopting equipment/devices of internationally renowned brands. We are collaborating with Tencent to develop the smart home system for "Kinma Q+ Community," a property project that targets the youth community by offering

commercial apartments integrated with intelligent home technology, a common entertainment centre comprising facilities such as library, bars, café, eSports arena, and other commercial spaces. “Peaceful Paradise” is another property project under development where we plan to set up a retirement community for the aged, comprising residential areas with ancillary facilities, such as elderly care homes and a hospital. We will also establish a “centre for all ages (全齡會館區域)” equipped with various facilities, such as gym rooms, classrooms, health care centres, restaurants and book corners in our “Honor Mansion,” “Dream Mansion” and “Blue Stream Town” to address the needs of our customers of all ages.

In addition, we are committed to adopting healthy and green building designs which incorporate energy saving features in, for example, temperature control system, ventilation system, water purification devices, thermal insulation and soundproofing application, in order to promote the well-being of the residents and optimise the energy efficiency. Our “Peaceful Paradise” and “Honor Mansion” were granted the “Certificate of Healthy Building Design Label (健康建築設計標識證書)” in 2017 and 2018, respectively. Moreover, we also stress the requirements in product research, development, construction and after-sales, to enhance the highlights and energy-saving performance of green buildings. Our three projects, Nanjing Yincheng Huihu Yaju Yihu Garden Building 1-11, Huihu Yaju Huiya Garden Building 1-9 and Huihu Yaju Huisong Garden Building 1-8 have also obtained two-star green building certification in 2019.

Leveraging our knowledge of and insights into market trends as well as customers’ preferences, our products have been well-received by our customers. We received various awards and recognitions in relation to our property projects, for example, our “Xidi International Community” was awarded the National Green Building Demonstration Project Awards (國家綠色建築示範工程) in 2011, whereas our “Peaceful Paradise” and “Honor Mansion” were among the pioneer projects in Jiangsu Province granted with a “National Health Construction Tier-2 Design Recognition (全國健康建築二星設計標識)” by Chinese Society for Urban Studies (中國城市科學研究會) in 2017 and 2018, respectively. In 2019, our “Peaceful Paradise” was awarded the “Pioneer of the Housing and Urban-Rural Construction System in Jiangsu Province (江蘇省住房和城鄉建設系統工人先鋒號)”, while our residential project, Yuan Stream Mansion (原溪), was awarded “Winner Award for Space category in Interior Design of the American Architecture Master Prize (AMP)” and “ICONIC AWARDS: Innovative Architecture” in Germany in 2019 and 2020, respectively.

We possess strong development and operational capabilities with standardized property development procedures to expedite asset turnover and facilitate efficient operation

We have developed standardised property development procedures which cover the full spectrum of the property development cycle from market analysis, site selection, land acquisition, project planning and design, construction and quality control to sales and marketing and customer services to expedite asset turnover, facilitate efficient operation and to ensure consistent high quality and costs control of our projects. For each project, we formulate a detailed development plan which includes a breakdown of key work-streams for each stage of the life cycle of a project, with the targeted timeframe and clear division of responsibilities among responsible personnel and relevant parties. We also closely monitor the status of each key stage of our projects and actively conduct real-time analysis on the property value and profits generated from our project as part of our cash flow management.

We believe strong execution capabilities are essential to ensuring successful implementation of our development procedures. We issue internal guidance and policies from time to time to ensure uniform practice from our employees. We have also maintained close and collaborative relationships with our architectural design firms, construction contractors and raw material suppliers that are pre-approved, which allows us to control costs while ensuring construction quality.

We typically target to commence pre-sale within eight months from the land acquisition. Whilst we strive to shorten our property development cycle, we have placed and will continue to place significant emphasis on personalised design and quality control of our properties, so as to strike a balance between our asset turnover and the quality of our properties. We believe

our standardised procedures not only help ensure consistent product quality, but also enable us to enhance our operating efficiency and replicate our success in new markets as well as to boost our Shareholder's return.

We have collaborated with a third party software developer to develop and maintain an information technology system used in the management of our property development projects. The system enables us to collect information to monitor and manage our operations, such as sales of properties, procurement and cost control and construction progress. The third party software developer is responsible for devising and implementing the information technology system within the prescribed time as well as to provide the installation services, trainings and technical support to our Group in operating the information technology system. Our Group shall be granted the licensed right to use the system and shall make payment to the software developer according to the agreed payment schedule. We believe this system provides a unified platform for our financial and business management and enables us to standardise our property development procedures to enhance our operational efficiency.

We provide excellent customer services and maintain close relationship with our customers, enhancing the recognition of our “Yincheng” brand

We devote significant efforts to understand our customer's needs and to increase their satisfaction. Our customer relationship department participates in various stages of the property development process:

- *Post land acquisition*—conducting surveys to understand the characteristics of the customers in the target region and obtain the customers' opinion during the project positioning planning phase;
- *Design phase*—assisting in identifying and providing recommendations on any design deficiencies based on their understanding of the previous experience of the actual users;
- *Construction phase*—collaborating with other departments of our Group to inspect the samples of construction works before the commencement of the large-scale construction;
- *Sales and marketing phase*—assisting in reviewing the publicity and marketing materials; inspecting the demonstration areas and display rooms; and engaging the third-party organizations to conduct customer satisfaction surveys;
- *Delivery phase*—conducting functional inspections on the properties and the ancillary facilities and coordinating remediation of any defects detected prior to the delivery to our customers; and
- *Post-delivery phase*—continuously following up on any complaints and enquiries from the property owners; engaging the third-party organizations to conduct customer satisfaction surveys to monitor the quality of the properties; and maintaining and upgrading the properties and public facilities.

We believe the above measures allow us to enhance the quality of the properties and provide a more convenient, efficient and comfortable living experience to our customers. In order to maintain a close relationship with our customers, we are committed to using various communication channels such as mobile apps to collect their feedback and share the latest information with respect to the properties with our customers. In addition, we operate a 24-hour hotline to handle complaints and enquiries from our customers and organise activities such as music festivals from time to time to enhance our rapport with our customers and to further strengthen our brand.

We have abundant land reserves at premium locations in most of the cities in which we operate for our future development

We adopt the development strategy of “regional focus with in-depth market penetration in metropolitan cities” (“區域聚焦、深耕都市圈”). We have strategically selected and acquired high quality land at premium locations in most of the cities in which we operate including Nanjing, Suzhou, Wuxi, Hangzhou and Zhenjiang for our future development. As of December 31, 2020, we had land reserves with an aggregate estimated GFA of approximately 5,988,145 sq.m., out of which the land bank with interests attributable to us amounted to approximately 4,782,696 sq.m. Our land bank with interests attributable to us comprises: (i) aggregate GFA available for sale and aggregate leasable GFA for completed projects of approximately 65,028 sq.m.; (ii) aggregate GFA for properties under development of approximately 2,859,947 sq.m.; and (iii) aggregate GFA properties held for future development of approximately 1,857,721 sq.m.. We believe that our quality land reserve is sufficient to support our continued growth in the near future. For further details relating to our land services, please refer to “*Property Development—Summary of our land reserves*” below.

We believe the following factors have contributed to our proven land acquisition capability to support our continued growth:

- We have acquired extensive experience and knowledge in the real estate market in Nanjing, in particular, residential property development, which enables us to identify high quality land for property development and expand our business in other cities located in the Yangtze River Delta Megalopolis.
- We have established our reputation and brand with a proven track record. Our property development projects are well-received by the local communities. This enables us to have relatively easy access to land reserves from local government authorities.
- In addition to land acquisitions through public tender, auction or listing-for-sale organized by the relevant government authorities, we have acquired land parcels from third parties by acquiring equity interests in those companies that possess land use rights. Our various acquisition strategies and keen market insight provide us with access to desirable location at competitive costs for our future expansion and increase our profitability.

We have a professional, experienced and stable management team supported by loyal and committed employees

We have a professional, experienced and stable management team with proven execution capability and vision. Our management team members have extensive experience and in-depth knowledge in the property market, demographics and customer preferences in Nanjing and other strategically selected cities in the Yangtze River Delta Megalopolis. Most of our directors and senior management also possess more than 20 years of experience in the PRC real estate or real-estate-related industry on average and have served our Group for more than 15 years on average. In particular, our president, Ma Baohua, was recognised as one of the top 100 property managers co-awarded by Sina Finance, Leju, China Real Estate Association, Shanghai Securities News and China Entrepreneur Magazine in 2017. Most of our senior management have a master’s degree or above. Please refer to the section headed “*Director and Senior Management*” in the Offering Memorandum for further details of the credentials and experience of our directors and senior management.

In addition, we have loyal and committed employees with substantial expertise in various aspects of project development, investment, sales and marketing, project management, research and design, finance and customer services. We recruit employees from well-known universities in the PRC and leading enterprises in the respective fields and most of our employees attained tertiary education or above. We also provide continuing vocational trainings to our staff to expand their expertise and professional knowledge. In 2018, we introduced a co-investment system with a view to promoting the motivation of our employees to achieve better

performance and to linking up the common interest of the operations and management teams and the shareholders through profit sharing and joint liability. We have also in place other project incentive schemes to encourage our employees to meet certain pre-set quality standards in various phases of the development processes. We believe that such policies allow us to attract and retain talent and are effective in enhancing the quality of our services.

We believe the stability, experience and industry knowledge of our management team members and our employees have significantly contributed to our success and will continue to be critical to our future growth.

OUR STRATEGIES

We will continue to enhance our leading position in Nanjing and strategically expand into other selected cities

We intend to continue to focus on in-depth market penetration in Nanjing while strategically expand our presence into other selected cities in the Yangtze River Delta Megalopolis. For the years ended December 31, 2018, 2019 and 2020, approximately 97.8%, 73.1% and 55.0% of our revenue were derived from property projects in Nanjing, respectively. Leveraging our strong brand name and extensive experience in property development in Nanjing, we will adopt a deep-plough strategy to further acquire high quality land and offer a wide range of products to our customers in order to strengthen our position in this city.

On the other hand, we see the development potentials in other neighbouring cities near the Yangtze River Economic Belt, the Zhejiang Hangzhou Bay Area and Huaihai Economic Zone, such as Suzhou, Hangzhou and Xuzhou with increasing purchasing power and growing property markets. In order to capture these new opportunities and to maintain a diversified property portfolio, we have expanded into some of these cities. Cities such as Hangzhou and Suzhou have solid economic foundation and strong purchasing power of urban households. Therefore, we plan to enhance our market shares in these areas, in particular, Suzhou and Hangzhou, by prudently engaging in land acquisition activities and actively seeking opportunities to cooperate with other third party developers to jointly develop projects.

We adhere to the development strategy of “based in Nanjing, cultivate the Yangtze River Delta and radiate the urban area” (“立足南京，深耕長三角，輻射都市圈”). As at December 31, 2020, we have expanded our business from Nanjing to 10 core cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Hangzhou, Suzhou, Wenzhou, Zhenjiang, Ma’anshan, Xuzhou, Hefei, Taizhou and Changshu, which have been experiencing rapid economic development. In particular, we made our first foray in the first half of 2020 into Wenzhou and Changshu (a county-level city hosted by Suzhou City), which was a further step of our entry into the five regional markets of Nanjing, Southern Jiangsu, Zhejiang, Huaihai and Anhui. We believe that the population size and GDP level of Yangtze River Delta Megalopolis will support strong demand for residential properties. We intend to adopt the current operation and management model and land acquisition strategies for our potential development projects in these areas. We also intend to set up branches in the cities that we plan to expand into to manage our business in those cities.

We believe our sophisticated execution capabilities and in-depth knowledge in the property development market allows us to replicate our success in these cities and seize any business opportunities that may arise.

We seek to enhance our product quality and customer satisfaction

We will continue to enhance our product quality by strengthening the design, construction and sales procedures of our property development as well as improving the services provided by us. We will further enhance our customer services by (i) conducting researches to understand their lifestyle and habits, which provide guidance for us to design products which suits the needs and taste of our customers; and (ii) engaging third-party organizations to conduct satisfaction surveys and mysterious visitor surveys to evaluate and monitor our service quality.

In addition, we intend to continue to identify and collaborate with reputable and experienced architectural design firms and construction contractors to develop properties which can meet our customers' changing preferences and the evolving market demand. We will strive to offer our customers livable, eco-friendly and high quality properties which are in line with our core development strategy of "leading quality, excellent services and energy conservation" ("品質領先、服務卓越、綠色節能") by enhancing the architectural and landscape designs, functionality of the properties and level of comfort and convenience which can be brought to the customers.

Furthermore, to increase the value and improve the quality of our properties, we started to implement the "Excellent City Plan" (優城計劃) in the second half of 2017, which aims to rectify any defects with respect to the design and quality of our properties and public areas of our newly completed projects. We also commenced the implementation of the "Bright City Plan" (亮城計劃) in August 2017, which involves maintenance and repair of the properties which were delivered to our customers for more than 10 years and were worn off in order to keep the buildings, the public area and certain related facilities (such as recreation facilities, garden and security facilities) in good condition. The property company will estimate the costs for maintenance and repair for each project and our Group will assess the estimated costs. In 2019, we established a new delivery policy for our completed projects pursuant to which the following conditions must be fulfilled before the properties are delivered to our customers: (a) for issues with respect to the public area which may affect the customer's use of the property or living experience, 100% of rectification rate should be attained; and for issues which may affect the maintenance of the property in the future, over 85% of rectification rate should be attained; and (b) all properties should be examined by a third-party inspection company and over 95% of the issues identified should be resolved. In the same year, we also adopted a physical examination mechanism for our properties where we will conduct physical examination and maintenance of our properties every year to extend the lifespan of our properties. In addition, we have internal policies to ensure and will continue to ensure that information submitted to the relevant governmental authorities and the legal documentation should be complete. These initiatives are and will be funded by our internal resources and if necessary, supplemented by contributions from the residents.

We will continue to adopt a diversified development strategy by utilizing different models in property development to increase flexibility and efficiency

Our property development projects were mainly (i) owned and developed by us or (ii) developed by cooperating with third-party property developers through our joint ventures and associates (as defined under IFRS).

We plan to continue to develop strategic partnership with other third-party business partners to jointly develop property projects. We have been actively exploring co-development opportunities with other reputable real estate developers, which enabled us to reduce the capital commitments in connection with land acquisitions and the relevant project construction activities, and to better manage our risk exposure to any volatility of our revenue. We also intend to seek business opportunities to cooperate with other third-party business partners such as IT services providers, health care providers and educational institutions which can provide value-added services to our property projects by incorporating innovative features in our properties and raising the living standard of our customers. We believe that leveraging the brand name and competitive strengths of each other, such strategic partnership allows us to create synergy and foster mutual benefits between our business partners and us in the course of cooperation through resources integration and optimisation, thereby enhancing the brand recognition and market presence of both of us.

Apart from participating in public tender, auction and listing-for-sale, we would also continue to explore the possibility of acquiring land from third parties by acquiring equity interests in companies that possess land use rights. Considering the uniqueness of each project, market condition and our operational and management capacity, we will undertake different models to increase our flexibility and efficiency in property development when opportunity arises.

We have focused our business on development and sale of residential properties and we will continue to do so in the future. We are required to hold certain properties developed by us pursuant to conditions in the land grant contracts and we held these properties for investment purposes. Pursuant to such conditions, we are required to hold the properties of a specified minimum GFA mainly for the use of an elderly care home, commercial use for the operation of a hotel or recreational use for the operation of an exhibition centre for a fixed period of time. We also intend to selectively own properties developed by us taking into account of the market conditions for investment purpose such as long-term rental apartments and elderly care homes in the future to maintain a balanced development portfolio. As of December 31, 2020, we had investment properties of total GFA of approximately 335,247 sq.m., whereas our completed property projects available for sale or lease had an aggregate GFA attributable to us of approximately 65,028 sq.m. As of December 31, 2018, 2019 and 2020, the carrying amount of our investment properties was RMB811.9 million, RMB918.2 million and RMB2,788.7 million, respectively. In light of the population ageing in the PRC, the State Council and the local governments have promulgated various policies to prioritise the land supply for senior housing. In addition, cities such as Nanjing and Hangzhou were listed as pilot cities for development of the rental housing market.

We believe our diversified development strategy allows us to reduce our exposure to the risks in case of any unexpected downturn in the residential property market, including changes in governmental policies, and increase the awareness of our Group's brand name and reputation. We will also strive to develop a wide range of residential properties which target different groups of customers with specific market positioning such as the youth and the aged. With an aim to become a leading property developer in the Yangtze River Delta Megalopolis, we believe that the synergy between the different types of properties we offer helps increase the overall attractiveness of our properties in general.

We will continue to balance our financial management with our growth and to improve our operational efficiency

We intend to continue our effort in developing properties with green and healthy design features, which we believe can further strengthen our competitive edge in the market and support a higher selling price of our properties. On the other hand, in order to further expedite our asset turnover and enhance our operational efficiency to shorten our property development cycle, we plan to continue to adopt standardised property development procedures and strengthen our project management and execution capabilities while maintaining the quality of our properties.

As we expand our business operations, we will utilise diverse financing channels, including equity and debt offerings and borrowings from financial institutions such as banks and trust companies. We expect to employ prudent levels of leverage to finance our business operations and ensure that our level of indebtedness is appropriate for the growth of our business. We will continue to adopt coherent business and financial strategies as well as cost control measures in order to balance quality growth and cash flow management. We believe that by adhering to prudent financial management, we will be able to enjoy a sustainable growth. We also plan to continue to closely monitor our capital and cash positions and carefully manage our land use rights cost, construction cost and operating expenses to maintain our profit margins.

We will continue to attract, retain and motivate our talented and experienced personnel

We believe our success and future growth depends on our ability to attract and retain talented and experienced professionals. We are committed to building a highly professional team with strong execution capabilities, which shares our values, vision and corporate culture. We will continue to offer systematic and comprehensive training programs to our employees to enhance their expertise and skills, and to keep them abreast of the latest development in the PRC real estate industry. For example, we have established various training schemes for our employees of different ranks, such as the "Zhumeng scheme (築夢計劃)" which aims to provide systematic trainings to our trainees, "Zhuneng scheme (築能計劃)" which aims to provide systemic trainings to our supervisors, "Zhucheng scheme (築城計劃)" which aims to enhance

the ability of our middle management members to identify and nurture the talents and “Zhufeng scheme (築峰計劃)” which aims to enhance the leadership skills of our directors and senior management and assist them in implementing the strategies of our Group.

We will continue to offer competitive remuneration packages to attract and retain talented professionals. For example, we plan to improve our co-investment system by enlarging the scope of the participants as well as raising the required co-investment amount and the leverage ratio of such co-investments for certain key project members. We may also consider introducing other incentive schemes, such as the share option scheme, to increase the operational efficiency, enhance the work performance and promote the sense of ownership of our staff.

We will further enhance our brand recognition and increase our customers’ loyalty

We believe we have successfully established our “Yincheng (銀城)” brand in locations in which we operate. In order to cope with our expansion strategies, we plan to continue to focus on our brand management and may consider cooperating with other consulting companies to enhance our brand management system and marketing strategies. We will also endeavour to develop high quality properties and create green and healthy community integrated with smart home technology in order to maintain our reputation in the industry. Further, we plan to enhance our brand recognition in the Yangtze River Delta Megalopolis by organising, sponsoring and participating in festivals, celebrity events and other publicity events in addition to our usual marketing means through media and billboard advertisements. In order to enhance the residents’ lifestyle and to maintain a close relationship with them, we will also organise activities for the owners of the properties such as plays for parents and kids, summer camps, sport games, art festival and music festival every year. We believe our efforts will enable us to increase our brand awareness, which will also serve to amplify the value of our properties and increase our customer’s loyalty and satisfaction.

OUR BUSINESS MODEL

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Wuxi, Suzhou, Hangzhou, Zhenjiang, Ma’anshan, Hefei, Taizhou and Wenzhou. Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of management services; (iii) the hotel operations; (iv) the leasing of investment properties owned and developed by us; and (v) exhibition operation. Our property development projects are mainly (i) owned and developed by us or (ii) developed by cooperating with third-party property developers through our joint ventures or associates (as defined under IFRS).

PROPERTY DEVELOPMENT

Our residential properties mainly target middle to upper-middle income households who are actual users being first-time home buyers or customers with a need to upgrade their living environment. Our property portfolio primarily comprised residential properties, which were accompanied by ancillary properties or facilities such as retail spaces, schools, clubhouses, car parks and gym rooms to satisfy our customers’ daily needs for living, entertainment and leisure. We will also establish a “centre for all ages (全齡會館區域)” equipped with various facilities, such as gym rooms, classrooms, health care centres, restaurants and book corners in our “Honor Mansion,” “Dream Mansion” and “Blue Stream Town” to address the needs of our customers of all ages. We offer a wide array of residential properties of different sizes and styles, namely high-rise apartments, multi-storey apartments and low-density houses.

Summary of our land reserves

The following table sets forth the GFA breakdown of our property portfolio as of December 31, 2020 in terms of geographical location:

| City | Number of projects | Completed GFA available for sale/leasable GFA ⁽¹⁾ | GFA under development (sq.m.) | Planned GFA of future development (sq.m.) | Total GFA ⁽²⁾ (sq.m.) | % of land reserve (sq.m.) |
|--|--------------------|--|-------------------------------|---|----------------------------------|---------------------------|
| Property projects developed by subsidiaries of the Group | | | | | | |
| Nanjing | 12 | 18,414 | 816,636 | 333,580 | 1,168,630 | 19.5% |
| Wuxi | 9 | 35,147 | 449,066 | 207,276 | 691,489 | 11.6% |
| Suzhou | 3 | 1,161 | 88,770 | 182,155 | 272,086 | 4.5% |
| Hangzhou | 3 | 1,716 | 217,957 | 869,574 | 1,089,247 | 18.2% |
| Xuzhou | 2 | — | 243,218 | — | 243,218 | 4.1% |
| Zhenjiang | 2 | 2,126 | 258,500 | 69,240 | 329,866 | 5.5% |
| Hefei | 1 | — | 94,137 | — | 94,137 | 1.6% |
| Wenzhou | 1 | — | 52,853 | — | 52,853 | 0.9% |
| Sub-total | 33 | 58,564 | 2,221,137 | 1,661,825 | 3,941,526 | 65.8% |
| Property projects developed by associates and joint ventures of the Group | | | | | | |
| Nanjing | 6 | 463 | 563,808 | 287,806 | 852,077 | 14.2% |
| Suzhou | 2 | 967 | 101,254 | — | 102,221 | 1.7% |
| Hefei | 1 | 7,454 | 5,702 | — | 13,156 | 0.2% |
| Ma'anshan | 1 | 4,633 | 288,434 | 131,455 | 424,522 | 7.1% |
| Taizhou | 1 | — | 106,640 | — | 106,640 | 1.8% |
| Hangzhou | 3 | — | 367,599 | — | 367,599 | 6.1% |
| Wenzhou | 1 | — | 67,210 | — | 67,210 | 1.1% |
| Xuzhou | 1 | — | 113,194 | — | 113,194 | 1.9% |
| Sub-total | 16 | 13,517 | 1,613,841 | 419,261 | 2,046,619 | 34.2% |
| Sub-total attributable to the Group | N/A | 6,464 | 638,810 | 195,896 | 841,170 | N/A |
| Total land reserves | 49 | 72,081 | 3,834,978 | 2,081,086 | 5,988,145 | 100.0% |
| Total land reserves attributable to the Group | N/A | 65,028 | 2,859,947 | 1,857,721 | 4,782,696 | N/A |

Notes:

(1) Includes saleable GFA remaining unsold and leasable GFA.

(2) Total land reserves equal to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. For properties held by our Group's joint ventures and associates (as defined under IFRS), total GFA attributable to the Group are calculated based on the Group's equity interest in the respective projects.

To develop quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages (“全齡宜居、健康舒適、智慧便捷”), we introduced five series of residential properties, each targeting a different segment of our customers:

- our “Yi series (頤系列)” residence are developed for our elderly customers' enjoyment of a relaxing and healthy lifestyle. Our “Peaceful Paradise” is in our “Yi series (頤系列)”;
- our “Shang series (尚系列)” residence are developed for the pleasure of our younger and stylish customers. Our “Kinma Q+ Community” is in our “Shang series (尚系列)”;

- our “Zhi series (致系列)” residence are developed for middle income households who focus on functionality and convenience. Our “Ideal Palace,” “Blue Stream Town” and “Dream Garden” are in our “Zhi series (致系列)”;
- our “Zhong series (中系列)” residence are developed for home upgraders who appreciate comfort and quality. Our “Mountain View Village” and “Dream Mansion” are in our “Zhong series (中系列)”;
- our “He series (和系列)” residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. Our “Long Island Run Park,” “Long Island Qin Park,” “Long Island Xi Park,” “Tianyuan Mansion” and “Yuan Stream Mansion” are in our “He series (和系列).”

PROPERTY INVESTMENT

Property lease Income

Our rental income for the year ended 31 December 2019 was RMB3.2 million, representing an increase of 6% compared to the same period in 2018. The rental income remained stable for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018. Our rental income for the year ended December 31, 2020 was approximately RMB16.4 million, representing an increase of approximately 412.5% compared to the rental income of approximately RMB3.2 million for the year ended December 31, 2019. The sharp increase was mainly due to the growth in revenue generated from the leasing of investment properties of Peaceful Paradise.

Investment Properties

As at December 31, 2018, 2019 and 2020, we had two, two and seven investment properties with a total GFA of approximately 81,924 sq.m., 72,931 sq.m. and 335,247 sq.m., respectively. We had commenced the leasing of three investment property with a total GFA of 98,154 sq.m. as at December 31, 2020.

PROJECT MANAGEMENT FOR PROPERTY DEVELOPMENTS

We provide various project management services to property projects developed by our associates and joint ventures, including but not limited to engineering, procurement, design, cost control and customer services. For the year ended December 31, 2020, revenue generated from our Group’s project management services was approximately RMB30.5 million, representing a decrease of approximately 61.7% from approximately RMB79.7 million for the year ended December 31, 2019. The decrease was primarily due to the fact that less project management services were provided in 2020 for the existing property projects as developed by our Group’s associates and joint ventures.

HOTEL OPERATIONS

We operate and manage the Hangzhou Zhongdu Qingshan Wonderland Hotel (the “Hotel”), which is the first ecotypic and commercial resort hotel constructed pursuant to the standard of five-star hotel in the Lin’an District. For the year ended December 31, 2020, income generated from the operation of the Hotel was approximately RMB40.3 million, representing an increase of approximately 198.5% from approximately RMB13.5 million for the year ended December 31, 2019. The increase was attributable to the full year operation of the Hotel in 2020 as compared to such income generated in the last quarter of 2019 since the acquisition of such Hotel in September 2019.

EXHIBITION OPERATION

In 2020, through the operation of the first phase of Airport Exhibition Town, we extended our business to the provision of exhibition management services, including but not limited to the leasing of venue, and the provision of administration and marketing services for exhibitions of various nature.

For the year ended December 31, 2020, income generated from such exhibition operation was approximately RMB2.9 million, which represents a completely new revenue stream of our Group.

OUR PROPERTY DEVELOPMENT MANAGEMENT

We have established detailed procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications, prompt decision-making and responsiveness to changing market conditions. We have established various centres at our headquarters, including investment and development centre, research and design centre, operation and management centre, cost control centre, procurement management centre, construction management centre, sales and marketing centre, customer relationship centre, president office, securities affairs department, financial management centre, capital management centre, human resources and administration centre, information and data centre, legal and audit department, commercial development centre to oversee and coordinate different aspects. Our headquarters and our regional project companies work closely together in developing a property development project.

PROPERTY DEVELOPMENT PROCESS

Each project development is unique and is designed to cater to the preferences of specific target customers and markets and the project planning and execution of our operation could vary from project to project. To develop quality property development projects, we have adopted a standardised approach in our daily operation to maximise our operational efficiency while being flexible to accommodate new developments in the fast-evolving business and regulatory environments of the PRC property market.

Our development process typically consists of the following stages:

| | Key activities | Duration ⁽¹⁾ (approximately) |
|-----------------------|--|---|
| Stage One | Site selection, feasibility study and land acquisition <ul style="list-style-type: none"> ● Identify city and site for development ● Conduct feasibility studies ● Land acquisition | ● one month |
| Stage Two | Project planning and design <ul style="list-style-type: none"> ● Project market positioning, design and development planning ● Costs evaluation and financing | ● three months |
| Stage Three | Project construction, procurement and quality control <ul style="list-style-type: none"> ● Select and engage construction contractors through tendering process ● Obtain certificates and permits ● Project construction, management and quality control | ● 24 to 30 months ^{(2), (3)} |
| Stage Four | Sales and marketing <ul style="list-style-type: none"> ● Formulate sales strategy and determine sale price ● Conduct sale and pre-sale transactions ● Customers' payment arrangements | ● 15–20 months for pre-sale and three to six months for sales of properties after completion ⁽³⁾ |

| | Key activities | Duration ⁽¹⁾ (approximately) |
|----------------------|--|--|
| Stage Five | Delivery and after-sales services <ul style="list-style-type: none"> ● Delivery of our properties ● Property management and after-sale services | <ul style="list-style-type: none"> ● three months for delivery ● one to five years for after-sale services |

Notes:

- (1) *The duration as indicated for each key activity is for illustrative purposes only, based on our internal record and estimates.*
- (2) *From commencement of construction work to completion certificate being obtained.*
- (3) *For property projects with pre-sale arrangements, stage three—project construction, procurement and quality control and stage four—sales and marketing may overlap for a certain period of time. We typically target to commence pre-sales within two to three months after commencement of construction works. However, the actual pre-sale commencement date for each project may vary depending on the prevailing market conditions and project progress.*

Stage one: Site selection, feasibility study and land acquisition

Site selection

Site selection is one of the most important steps in our property development process. Our investment and development centre at our headquarters is responsible for formulating our overall development strategies and investment plan, identifying a potential project, conducting market research and performing preliminary screening. Key factors considered in selection of appropriate cities or areas for development includes: (1) general economic conditions and development prospects; (2) demographics, purchasing power and target customers; (3) land costs and land reserve; (4) property price and potential for property value appreciation; and (5) demand and supply conditions of the real estate market.

Once a city or an area is identified, our investment and development centre at our headquarters will collect market information on the potential sites in the city or area and conduct a preliminary market research based on criteria such as the transportation, demographics, economic conditions and ancillary facilities of the potential sites for preliminary review. If positive feedback of the preliminary review is received, further feasibility studies will be carried out.

Feasibility study

Taking into account the feedback from our senior management members on the project proposal, led by our headquarters, our investment and development, design management, operation and management, cost management and financial management teams will prepare a feasibility study report on a particular site with information such as a preliminary design proposal and operational plan as well as assessment on the investment costs, investment return, capital requirements and cash flow of the proposed project against the availability of our resources and its compatibility with our strategic direction for approval by our senior management. If the relevant financial information can satisfy our requirements, the feasibility study report will be submitted to our investment committee for review and approval. If our investment committee votes in favour of the potential project, we will proceed to carry out actions to acquire the relevant land parcel.

Land Acquisition

We acquired land for our projects mainly through two methods: (i) public tender, auction or listing-for-sale and (ii) acquisition of equity interests in companies that hold land use rights. Our investment and development centre is responsible for coordinating the land acquisition process.

- *Public Tender, Auction or Listing-for-sale:* We acquired a portion of our land through public tender, auction or listing-for-sale organized by government authorities.
- *Acquisition of Equity Interests or Investments in Companies:* We have acquired a majority of our land through acquiring equity interests in companies that possess land use rights for target lands. This method allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties, which enables us to obtain target lands at competitive prices.

Stage two: Project planning and design

Project market positioning, design and development planning

We will cooperate with architectural design firms who provide strategic and technical advice services to formulate our conceptual plans into a detailed and in-depth project design plan. Our project planning and design primarily covers the following aspects:

- *Project market positioning.* Based on the market position analysis conducted by our sales and marketing centre on the cities where the property is located, our research and design centre determines the product line for the property to be developed by selecting from one of our five series and outlines a general master plan which delineates general contours of the potential project plan, such as the general concept and theme, planning and design specifications, usage of land such as residential areas, car parking spaces and commercial use, and the likely plot ratio. It ensures that the master design and design plan meets our internal design philosophy and standards and conforms to our costs control and operational requirements. Our customer relationship centre also helps conduct surveys to understand the characteristics of the potential customers in the target region and collect their opinion during this phase.
- *Property design planning.* We engage architectural design firms to provide various design services, including but not limited to interior design, and the design of ventilation systems, interior and exterior piping systems, landscaping and public spaces, civil defense properties and temporary sale centers. Our research and design centre works closely with such architectural design firms to provide them with the design direction and criteria to ensure that the project designs meet our specifications and the overall architectural concept, and are in compliance with the local regulations. We establish a supplier database of architectural design firms which we have previously collaborated. We typically use a tender process to select architectural design firms following an assessment on their price, reputation, track record, performance and proposed design concepts. We currently maintain strategic relationships with several renowned third-party architectural design firms, such as Nanjing Yangtze River Urban Architectural Design Co., Ltd. (長江都市建築設計院). As these architectural design firms have previously worked with our Group, they are familiar with our requirements and have demonstrated strong design capabilities. In addition, our customer relationship centre assists in identifying and providing recommendations on any design deficiencies based on their understanding of the previous experience of the actual users. We believe our close and collaborative relationship with these architectural design firms will increase our operational efficiency.

Once a project design plan is made, it is submitted to our products committee for approval. Such design plan may be amended for several times after discussion.

Costs evaluation and financing

We operate in a capital-intensive industry that requires a high level of capital expenditure. The costs of a project generally include land acquisition costs, construction costs, marketing expenses, financing costs and other related costs. Prior to the commencement of each project, we typically undertake costs evaluation and set a budget for the land acquisition costs by taking into account of the project's planned market position and our internal assessment of the likely costs involved based on our similar projects. Upon approval of the master plan, the local project company will prepare a detailed costs analysis and budget for each stage of the project which will be submitted to the cost management centre at our headquarters for approval. We then update our costs evaluation based on the costs analysis provided by the local project company. We closely monitor construction activities and project development progress on-site to ensure the project budget is adhered to. We also further evaluate the costs after the completion of the project.

On the basis of our cost evaluation, we also undertake financing studies for each project, which include a cash flow analysis and our estimation of the project's profits, assets and liabilities based on the cash flows generated from our business operations, external financing and repayment schedules.

Project Financing

The development costs mainly comprise of land price and construction cost. In relation to the timing of the Group's funding requirements of its property portfolio, the land price is incurred at stage one of the property development process in relation to site selection, feasibility study and land acquisition which lasts for approximately one month while the construction cost is incurred at stage three of the property development process in relation to project construction, procurement and quality control which lasts for approximately 24 to 30 months.

We used our internal resources to fund the land price at stage one of the property development process, which were normally replenished with the proceeds from the pre-sales and sales of our properties, while we finance the construction and other development costs at stage three of the property development process with borrowings from financial institutions, pre-sale proceeds and internal resources. Such application of our funding is due to the prohibition under the applicable PRC laws and regulations for loans to be provided to real estate development enterprises and trust financing to be provided for property projects before the land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits are obtained.

We closely monitor our projected funding schedule and it is our internal control policy to have monthly update in relation to the estimated future development costs to be incurred and the expected future payment schedule to ensure our project companies have sufficient cash flow for operation and development. Our financial management centre and financial department of each project company are responsible for the projection of funding schedule for property projects and the monthly update in the projected funding schedule is subject to the approval of our management.

The projected funding schedule and our plans to finance our funding requirements are subject to the following key assumptions and in the absence of unforeseen circumstances:

- after the construction land planning permit is obtained, the actual construction costs will not deviate materially from the budget;
- there will be no material changes to the existing bank policies and PRC government policies in relation to our access to capital and methods to finance our property projects;
- contracts on the sale of properties will not be cancelled and there will be no significant delay in construction; and

- there will be no significant changes in the PRC political, legal, fiscal or economic conditions and there will be no material changes in the applicable PRC rules and regulations.

Our directors consider that the projected funding schedule and our plans to finance our funding requirements are subject to adjustment in accordance with the market conditions, our ability to secure borrowings from financial institutions and actual pre-sales and sales status.

Sale and pre-sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our development costs, make interest payments and repay debt obligations.

Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development. Please refer to “*Business—Property Development Process—Stage four: Sales and marketing—Conduct sales and pre-sales transactions*” and “*Regulation—Real Estate Transactions—Pre-sale of commodity properties*” for further details.

Bank Loans

Bank loans are our primary source of external financing. Our ability to obtain financing from banks for our projects depends on various economic measures introduced by the central and local governments. According to a guideline issued by the CBRC on August 30, 2004, no bank loans may be granted with respect to projects for which the land use right certificates, construction land planning permits, construction work planning permits or construction work commencement permits have not been obtained. On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratios for Fixed Asset Investment Projects (關於調整固定資產投資項目資本金比例的通知), which stipulates a minimum capital requirement of 20% for ordinary commodity apartments and indemnificatory housing and a minimum capital requirement of 30% for other real estate development projects. On September 9, 2015, the State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment* (關於調整和完善固定資產投資項目資本金制度的通知), according to which the minimum capital ratio for other real estate development projects is adjusted from 30% to 25%.

Trust and Other Financing Arrangements

Similar to other property developers in the PRC, we occasionally enter into financing arrangements with trust companies or asset management companies in the ordinary course of business to finance our property development. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, and therefore is an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments.

Stage three: Project construction, procurement and quality control

Select and engage construction contractors through tendering process

We outsource all our construction work of our property development projects to third-party construction contractors. We maintain a database of qualified contractors which we select to attend the tender process in accordance with the relevant PRC laws and regulations. We generally invite at least three to four construction contractors from our database of approved qualified contractors for tendering and we typically consider factors such as the contractors' scale, professional qualifications and certifications, industry reputation, track record and price.

We sign construction contracts with our major construction contractors based on the requirement under the relevant laws and regulations, government policies and our standard template. The principal terms of these contracts signed with our key contractors include, among others, the work specifications, time of delivery, fees and payment terms, quality

requirements and the respective obligations of the contractors and us during the project. Our contractors are generally responsible for the major construction of the project, including but not limited to main structure, foundation digging, curtain wall installation, equipment installation and mechanical and electrical engineering work.

Our contractors submit the payment application to us with details of the construction progress and the payment amount according to the payment schedule specified in the relevant construction contracts. Our project team checks the construction status, followed by costs review by our cost management centre and our audit department before payment is made to our contractors. The amount of payments made to the contractors is primarily determined based on labor and material costs and construction progress, subject to any adjustments set forth in the construction contracts. We typically make payments according to the project progress as specified in the contract, settling approximately 95% of the total payment upon completion of the construction and retaining the remaining approximately 5% of the total payment for quality warranties purpose. The contractors are generally required to provide us with a warranty period typically ranging from two to five years, and the unused portion of the retention fee will be returned to the contractors after the warranty period has expired or by instalments over the warranty period. We are entitled to request our contractors to carry out variation works, which may involve the alteration or modification of the design, quality and quantity of works. We will notify our contractors by way of a written notice describing the detailed works to be carried out as a result of such variation order. We will discuss with our contractors to mutually agree on the sum of variation orders with reference to the market price.

We require the quality of construction to meet applicable laws and regulations as well as our specifications. In the event of a delay in construction or a breach of warranty, we may seek liquidated damages or other remedies against the construction contractor. We generally have the contractual rights to terminate the construction contracts with prior written notice, upon occurrence of circumstances such as (i) assignment or sub-contracting of the construction work without our prior consent, (ii) quality deficiency which is non-remediable or attracts adverse publicity coverage due to the default on the part of the contractor; (iii) material delay caused by the contractor which brings risks of default in timely delivery to our customers; or (iv) failure of the contractors to replace the project manager in accordance with the construction contract.

Procurement

The contractors are normally responsible for purchasing the construction materials such as steel and cement. They are required to purchase construction materials either from brands designated by us or that satisfy the quality standards specified by us. We may allow adjustment of the fee if fluctuations in the market prices of such commodities exceed or below a certain threshold (typically 5%).

On the other hand, we are generally responsible for purchasing specialised building materials and equipment such as elevators, tubular piles, stone materials, tiles, doors, windows and curtain walls. We select our raw material suppliers by way of tenders, considering factors include but not limited to the product quality, price and reputation of the suppliers.

As of the date of this Offering Memorandum, we have not experienced any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operation.

Obtaining certificates and permits

According to PRC laws and regulations, once we obtain the rights to develop a parcel of land, we apply for the various permits and licenses that we need in order to begin the construction of our properties, which include the following:

- real estate certificate (不動產權證書), which is a certificate of the right of a developer to use the parcel of land;

- construction land planning permit (建設工程用地規劃許可證), which is a permit formally allowing a developer to conduct the geological survey, planning and design of the parcel of land;
- construction work planning permit (建設工程規劃許可證), which is a permit indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction work commencement permit; and
- construction work commencement permit (建築工程施工許可證), which is a permit required for commencement of construction.

Project construction, management and quality control

We have established procedures to ensure that our properties are in compliance with the relevant regulations and meet our standards. The main contractors are required to first carry out construction works on a sample basis and only proceeds to the full-scale construction upon inspection by and receiving approval from us. Our construction management centre at our headquarters and local project company is responsible for monitoring the quality control procedures in the construction stage through on-site patrols and quality inspections. Our operation and management centre at our headquarters and local project company is responsible for devising the detailed plan specifying the responsibilities and target timeframe for each stage of the development process and conducting regular reviews and evaluation to keep our projects on track.

To ensure quality and monitor the progress of construction works, an independent certified project supervisory company is engaged to oversee the progress, safety measures and quality standard of our property development projects. We generally engage a third-party project supervisory company through tender and the selection criteria include their qualification, composition and experience of the supervisory team, track record and fees. Our policy in relation to ensuring quality and monitor the progress of construction works of our main contractors also applies to our sub-contractors.

Stage four: Sales and marketing

Formulate sales strategy and determine sale price

We mainly rely on the efforts of our own sales and marketing centre for the sales of our properties. Our sales and marketing centre at our headquarters are responsible for formulating the sales strategies and pricing plan and the sales and marketing team of the local project companies are responsible for the developing and implementation of various sales and marketing policies for each individual property project. We also engage third-party research companies to rate the quality of services delivered by our sales personnel. In addition, we engaged the Yincheng Real Estate Group to provide certain marketing and sales services, including but not limited to providing marketing and sales services to the on-site sales office of our Group. We believe that Yincheng Real Estate Group has a deeper understanding of the properties we developed and thus is capable to provide better sales and marketing services to our Group.

We determine the sale price of our properties mainly with reference to a number of factors including our target profitability, our target customers, the price of market comparables, the property market conditions and development costs. Prior to the sales of our properties, we usually conduct meetings with several potential purchasers to obtain information on the acceptance level on the pricing of our properties, which also affects our final decision on the sales price.

We predominantly employed media and commercials on websites, self-media, national and local television networks, billboards, visual media and print media and model displays of the proposed projects. It is also our plan to continue to organise, sponsor and participate in large-scale events in cities which we have presence or plan to expand to enhance the recognition of our "Yincheng" brand.

Conduct sales and pre-sales transactions

Pre-sales

We predominately pre-sold our properties prior to the completion of construction. Various PRC laws and regulations governing pre-sales of properties impose conditions to be fulfilled before the pre-sales of a particular property can commence. The following are certain of the conditions which must be fulfilled in order to obtain the pre-sale permits:

- the land premium is paid in full and the land use right certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- in terms of the properties put into pre-sale, at least 25% of the total amount of the investment fund has been injected into the development and the progress of construction and the expected completion and delivery dates have been ascertained; and
- the progress of the construction should meet the local government's requirements for pre-sale.

Our pre-sale contracts are prepared in accordance with the applicable PRC laws and regulations. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sales with the relevant local authorities and provide warranties on the quality of properties we sell to our customers for periods as required by PRC laws and regulations.

We adopt stringent measures to ensure our pre-sale proceeds are used only to finance the relevant development project in compliance with the applicable regulatory requirements. For each commodity property project with its use of pre-sale proceeds being subject to the relevant PRC laws and regulations, we always set up designated bank account(s) where the pre-sale proceeds are paid into. In general, the supervising bank or PRC government authority would review our applications for the use of the pre-sale proceeds for financing of the construction of the relevant project or for other allowed purposes and the release of part of the pre-sale proceeds by the supervising bank or PRC government authority to us is subject to the stage of construction development.

Depending on the type of properties and the revenue generated, it typically takes 18 to 24 months from commencement of pre-sale to the delivery of these properties before we recognise revenue from such projects.

Sales of completed properties

In certain cities such as Nanjing and Suzhou, the local governments have recently imposed relevant restriction and policies on pre-sale of properties. In Nanjing, the property developers can only sell the properties after completion if the bidding price of the relevant parcel of land acquired reaches 90% of the ceiling price. In Suzhou, the local governments have imposed conditions on pre-sale of properties that if the price of the relevant parcel of land acquired by the property developer exceeds the market guide price, the property developer cannot apply for pre-sale permits until the roofing of the structure is completed; if the price of the relevant parcel of land acquired by the property developer exceeds 110% of the market guide price, the property developer cannot apply for pre-sale permits until the completion inspection acceptance procedure is completed. The abovementioned policies were effective on August 12, 2016.

Customers' payment arrangements

Our customers may purchase their property either through one lump sum payment or through mortgage loans. Should our customer choose to make a lump sum payment for the purchase, the customer will be required to fully settle the purchase price shortly after the date of execution of the contract. Should the customer wish to settle the purchase through mortgage, the customer shall be required to pay a certain percentage of the purchase price as down payment. The specific amount depends on the relevant policies on down payment of the local government.

In line with market practice in the PRC, we generally provide guarantees as security for mortgage loans from the banks to our customers. Guarantees for mortgages on pre-sold residential properties are generally discharged when the property ownership certificates are pledged as securities to the mortgagee bank. Guarantees provided by us would cover the principal amount of mortgages granted by the banks to our customers, accrued interests and any penalty imposed by mortgagee banks for defaults in mortgage payment by the purchasers. As of December 31, 2020, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB5,130.6 million. Please refer to "*Risk Factors—Risks Relating to Our Business—We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments*" in this Offering Memorandum for the risk associated with our guarantee arrangement for customers on pre-sold residential properties.

Stage five: Delivery and after-sales services

Delivery of our properties

We aim to deliver properties to our customers within the time frame prescribed in the sale and purchase contracts (including the pre-sale contracts). Under the current PRC rules and regulations, we are required to obtain a completion certificate prior to delivering properties to our customers. Our construction management centre and customer relationship centre jointly inspect the properties prior to delivery to ensure that our quality standard has been met. We will notify our customers in writing before the delivery date stipulated in the sale and purchase agreements to arrange the delivery procedures. We also undertake to assist our customers in applying for the real estate certificates.

We provide our customers with a warranty for the quality of the structure of the building and certain fittings and fixtures. In particular, we generally provide the following warranties, amongst others, for our residential properties:

- warranty as to the foundation and main structure of the properties for the period designed for reasonable use of the relevant properties;
- five-year warranty for defects relating to the waterproofing of property surfaces, bathrooms, kitchen, rooms and walls; and
- two-year warranty with respect to the electricity, sewage pipes and equipment instalment.

Our construction contractors are responsible for warranties in respect of the relevant quality standards and for the costs incurred for the relevant maintenance work. In general, our customers have the right to terminate the sales and purchase agreements in circumstances where there are material delays in the delivery of our properties which exceed the periods stipulated in the relevant sales and purchase agreements, material quality defects with respect to our properties, material changes made by us to the design of the properties which result in changes in areas such as property layout, spatial dimension and orientation, and material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the sales and purchase agreements.

As of the date of this Offering Memorandum, we did not experience any incident of late delivery of properties which had a material impact on us. Nor had we been involved in any material claims or received any material complaints with respect to the quality of properties which cannot be rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts during the same period.

Property management and after-sale services

We have engaged Nanjing Yincheng Property Service Co., Ltd. (南京銀城物業服務有限公司), a property management company which is a wholly-owned subsidiary of Yincheng Life Service Co., Ltd. (controlled by Mr. Huang Qing Ping, a director of the Company), to provide property management services including security, property maintenance, gardening and other ancillary services to our customers. The property management company also assists the project teams in handover inspections and the after-sales service required on our completed projects.

The property management company is primarily responsible for after-sales service for our customers, but our customer relationship centre will continue to supervise the property management companies after delivery of our properties. In particular, our customer relationship centre is responsible for:

- handling any complaints and feedback made by customers;
- operating the 24-hour hotline to answer the enquiries from the customers;
- engaging third-party organizations to conduct customer satisfaction surveys;
- coordinating with the contractors to maintain, repair and/or upgrade the properties and ancillary facilities; and
- liaising with property management companies to address concerns posed by customers.

Our customer relationship centre is responsible for handling complaints from customers. After receiving a complaint, our customer relationship centre will pass the complaint to the responsible department of the Group to follow up and to solve the issues raised by our customers.

COMPETITION

Both the national and regional residential property development markets in the PRC are highly fragmented and competitive. We primarily face competition from national, regional and local property developers and mainly compete with them in terms of brand recognition, quality, land reserves, financial resources, pricing, operational strategy and customer loyalty.

It is expected that fierce competition in Jiangsu Province will continue in the near future. Government policies and regulations such as imposing restrictions on housing purchases and conditions on land acquisitions to curb the market speculation may lead to further intensified competition in the residential property markets. However, we believe that they are still supported by various market drivers, for example, stable economic development, improving purchasing power of urban households, accelerating urbanisation and the development of metropolitan clusters. As an established PRC property developer, we believe that our reputation, diversified products of high quality, efficient operation system and extensive experience in the industry, allow us to react promptly and effectively in the PRC property market. In addition, in light of the supportive government policies on long-term rental apartments and senior housing, we also plan to expand our portfolio by engaging in the property development in these segments. Therefore, we believe that the property development market in Yangtze River Delta Megalopolis has a considerable growth potential.

QUALITY CONTROL

Stringent quality control is critical to our reputation and success. We have placed, and will continue to place, significant emphasis on quality control over our project development to ensure regulatory compliance and quality of our properties. The following is a summary of the key quality control measures we implement:

- *Selection of construction contractors:* We select high quality construction contractors with the requisite qualifications through tender process. Our construction contractors are required to provide quality warranties to us and they are subject to our regular review on their performance and compliance with the relevant construction contracts.
- *Standardized guidelines:* We have established a comprehensive set of standardized technical and quality control guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes.
- *Inspection of materials:* We normally specify the brands and/or specifications of the construction materials to be procured by the construction contractors. We also carry out on-site/sampling inspections on the construction materials used during the whole development process to ensure that they are in accordance with our quality standards and specifications and the applicable regulatory requirements.
- *Regular checks during construction phase:* We conduct regular on-site inspections and spot checks on our construction projects to monitor the quality of the construction work, site safety and the project progress. We also carry out periodic evaluation meetings to discuss any ad hoc issues spotted during the development progress and the remedial actions to be taken. We would require our construction contractors to implement immediate rectification measures if any quality control issues are identified. Upon rectification, we re-inspect the quality control issues to ensure that such issues have been resolved.
- *Engagement of certified construction supervision companies:* In compliance with PRC laws and regulations, we engage independent certified project supervisory companies to assist in monitoring certain aspects of our project construction. Generally, these construction supervision companies conduct quality and safety control checks on building materials and workmanship on site. They also assist in monitoring the progress of construction, work site safety and construction completion schedules.
- *Post-completion customer surveys:* We engaged third-party service providers to carry out customer surveys on an annual basis to obtain their feedback to improve the quality of our services and products.

INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage for their property projects. We do not maintain any insurance policies for our residential property development projects. We generally require the contractors we engaged in our property development projects to maintain insurance coverage in accordance with the agreements. We will continue to closely monitor the quality and safety measures being implemented on our construction sites in order to minimise the risks of damage to our property and other liabilities that may be attributable to us.

However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. Please refer to “*Risk Factors—Risks Relating to Our Business—Current insurance coverage may not be adequate to cover all risks related to our operations*” in this Offering Memorandum for further details.

LABOR, HEALTH AND WORK SAFETY

We are subject to various laws and regulations which set forth the relevant provisions on working hours, work safety, rest and vacation, wages, health and safety, social insurance and welfare for employees of our Group. As of the date of this Offering Memorandum, there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group. Our human resources and administration centre is responsible for dealing with our employees' safety and security matters.

Under PRC laws and regulations, the construction contractor assumes responsibility for the safety of the construction site. Generally, a general contractor has overall responsibility for the site and the subcontractors are required to comply with the safety measures adopted by a general contractor. We provide our employees with working manual which contains policies and procedures regarding work safety and occupational health issues.

As of the date of this Offering Memorandum, there had been no reported material safety accident occurred to our employees nor claims for personal or property damages made by our employees against us and no compensation was paid to our employees in respect of claims for personal or property damages that had a material impact on us.

EMPLOYEES

As of December 31, 2020, we had a total of 880 employees.

We actively recruit skilled and qualified personnel in local markets through various channels, such as internet advertisement placing, internal referrals, recruitment agencies and recruitment events held by us. We believe our workforce is one of the most important assets of our Group. We offer employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. We have also established systematic training programmes for our employees to enhance their knowledge of our corporate culture, property development project, sales techniques and information technology skills based on their positions and expertise. For example, we have established various training schemes for our employees of different ranks, such as the "Zhumeng scheme (築夢計劃)" which aims to provide systematic trainings to our trainees, "Zhuneng scheme (築能計劃)" which aims to provide systemic trainings to our supervisors, "Zhucheng scheme (築城計劃)" which aims to enhance the ability of our middle management members to identify and nurture the talents and "Zhufeng scheme (築峰計劃)" which aims to enhance the leadership skills of our directors and senior management and assist them in implementing the strategy of our Group.

There is a labor union established by our Group's employees. We believe that we have maintained good relationships with our employees. As of the date of this Offering Memorandum, there had been no complaint or claims from employees or labor dispute which materially and adversely affected, or was likely to have a material adverse effect on, our operations.

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 agreements with our customers, agreement with construction contractors or suppliers and our guarantee of mortgage agreements entered into between our customers and mortgagee banks.

As of the date of this Offering Memorandum, we were not involved in any actual or threatened litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on our financial condition or results of operation.

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

You should read this section in conjunction with our consolidated financial statements, together with the notes included elsewhere in this Offering Memorandum. Our Company's consolidated financial statements have been prepared in accordance with IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors" in this Offering Memorandum.

OVERVIEW

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou.

As of December 31, 2020, we have a property portfolio of 49 property projects located in ten cities with an aggregate GFA attributable to us of approximately 4,782,696 sq.m., including (i) aggregate GFA available for sale and aggregate leasable GFA for completed projects of approximately 65,028 sq.m.; (ii) aggregate GFA for properties under development of approximately 2,859,947 sq.m.; and (iii) aggregate GFA properties held for future development of approximately 1,857,721 sq.m. Among our 49 property projects, 33 were owned and developed by our subsidiaries and 16 were developed and owned by our joint ventures and associates (as defined under IFRS).

For the year ended December 31, 2020, our contracted sales amount together with our joint ventures and associates amounted to approximately RMB23,208.3 million, representing an increase of approximately 17.1% from approximately RMB19,821.4 million for the year ended December 31, 2019. Such increase was mainly attributable to the increase in contracted sales GFA of our Group together with its joint ventures and associates to approximately 1,153,237 sq.m. for the year ended December 31, 2020, representing an increase of approximately 2.1% from approximately 1,129,071 sq.m. for the year ended December 31, 2019. For the year ended December 31, 2020, the ASP recorded in our contracted sales together with our joint ventures and associates was approximately RMB20,125 per sq.m., representing an increase of approximately 14.6% from approximately RMB17,555 per sq.m. for the year ended December 31, 2019. Such increase was mainly due to the higher ASP recognised for projects in Nanjing and Hangzhou. The contracted sales from properties located in Nanjing, Wuxi, Suzhou, Hangzhou, Taizhou, Wenzhou, Xuzhou, Hefei, Zhenjiang and Ma'anshan contributed to approximately 39.2%, 5.2%, 5.0%, 20.2%, 3.6%, 10.5%, 6.8%, 4.8%, 3.8% and 0.9% respectively of the total contracted sales of our Group together with its joint ventures and associates for the year ended December 31, 2020.

We offer a wide range of residential properties, including high-rise apartments, multi-storey apartments and low-density houses (including townhouses and duplex-unit houses). To develop quality properties for customers of all ages, we introduced five series of residential properties, each targeting a different segment of our customers: our “Yi series (頤系列)” residence are developed for our elderly customers’ enjoyment of a relaxing and healthy lifestyle, our “Shang series (尚系列)” residence are developed for the pleasure of our younger customers, our “Zhi series (致系列)” residence are developed for middle income households who focus on functionality and convenience, our “Zhong series (中系列)” residence are developed for home upgraders who appreciate comfort and quality and our “He series (和系列)” residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. The residential properties developed by us include multi-functional ancillary facilities, such as retail shops, schools, clubhouses, gym rooms, car parking spaces, hospital and community centres, which aim to provide a high quality and convenient living environment that caters for the lifestyle and daily needs of our customers’ community.

Although objective factors such as the COVID-19 pandemic casted certain impact to us, we responded proactively by adjusting our project launch schedule in a timely manner and promoting our business through various channels, including the adoption of “cloud property viewing” (“雲看房”), “cloud sales” (“雲銷售”) and “cloud delivery” (“雲交付”) through online live broadcasting and small new media applications. By adopting such approach, not only did we develop our online customer base, we also underwent the digital transformation, which may stimulate the online purchasing power when we launch our projects in the second half of the year. Meanwhile, our abundant land bank, our quality property offering, our strong property development capabilities together with our well-established brand recognition also contributed to our rapid expansion and financial success. Based on the above features, we believe that our quality property development projects are or will be well received in locations in which we operate or plan to expand.

We received various awards during the year ended December 31, 2020 including “2020 China Specialized Real Estate Company” (“2020中國特色地產運營優秀企業”) and “2020 China TOP 100 Real Estate Developers” (“2020中國房地產百強企業”). Our residential project, Yuan Stream Mansion (原溪), was also awarded “ICONIC AWARDS: Innovative Architecture” (“ICONIC德國標誌性創新建築設計獎”) in Germany. We ranked 90th among the “Top 100 Real Estate Developer in China in 2020” in terms of comprehensive strength for the year ended 2019 according to the Enterprise Research Institute of Development Research Centre of the State Council, Real Estate Research Institute of Tsinghua University and China Index Academy. We have also been recognised by the Jiangsu Real Estate Association as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively for 17 years since 2002 and ranked the second successively on such list in 2018.

Our company has been listed on the HKSE since March 6, 2019 and the Company’s shares are listed under the stock code 1902.

We mainly derived our revenue from the sales of residential and commercial properties. For the years ended December 31, 2018, 2019 and 2020, our total revenue were RMB5,070.1 million, RMB9,092.5 million and RMB10,679.6 million, respectively, while our net profit for the same periods were RMB495.3 million, RMB360.4 million and RMB386.1 million, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Economic Conditions and Regulatory Environment in the PRC

The overall economic growth and urbanisation 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 urbanisation will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply and demand for properties and property pricing trends in the cities and regions where we operate and intend to operate.

Furthermore, our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government has in recent years promulgated various control measures aimed at stabilizing the residential property market while encouraging genuine demand for housing. It is expected that such policies will continue to be in force in the near future and the local government will adjust its policies based on the market conditions from time to time. Please refer to the paragraph headed *“Risk Factors—Risks Relating to Our Industry—Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate”* in this Offering Memorandum. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in cities and regions where we have or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

Ability to Obtain Land Reserves for Development

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. We primarily acquire land for our projects through public tenders, auctions and listing-for-sale process organised by the relevant government authorities, and from third parties by acquiring equity interests in companies that possess land use rights. Please refer to the paragraph headed *“Business—Property Development Process—Stage one: Site selection, feasibility study and land acquisition—Land acquisition”* in this Offering Memorandum for further details.

Our ability to acquire land depends on a variety of factors, such as the local overall economic conditions, the availability of land parcels legally provided by the government, our effectiveness in estimating the profits of the acquired land parcels and the competition for such land parcels. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. All these regulations further intensify the competition for land in China amount property developers. Furthermore, the rapid development of the cities in which we operate or we plan to enter may result in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our cost for acquiring land use rights will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers.

Land acquisition and construction costs

Our land acquisition costs and construction costs comprise most of our cost of sales during the years ended December 31, 2018, 2019 and 2020. The price and availability of land may vary from period to period due to factors such as consumer demand and market conditions. Construction costs have also increased in recent years mainly due to the increase in labour costs and cost of raw materials. As a result, we are exposed to the market risk of price fluctuation, and fluctuation in such prices may cause fluctuation in our cost of sales. Any increase in the price of our land acquisition costs and construction costs would negatively impact our gross profit margin if we are unable to transfer the increased cost resulting from such price increase through increasing the selling price of our properties.

For the year ended December 31, 2020, we continued our expansion in the Yangtze River Delta Megalopolis and acquired 17 high-quality land parcels with an aggregate site area of 927,399 sq.m., and the estimated total GFA is expected to be 2,161,042 sq.m.. The total contracted land price of such newly acquired land parcels was RMB15,240 million. The average cost of such newly acquired land parcels was RMB7,052 per sq.m.. The table below sets forth the particulars of our newly acquired land parcels for the year ended December 31, 2020:

| No. | City | Land parcel/Project name | Land use | Site area sq.m. | Estimated total GFA sq.m. | Land premium RMB million | Average land cost (Based on the estimated GFA) RMB/sq.m. |
|--|----------|--------------------------|--------------------|--------------------|---------------------------------|-----------------------------|---|
| I. Property projects developed by subsidiaries of the Group | | | | | | | |
| 1 | Wenzhou | Jiulongtianzhu | Residential | 21,186 | 51,955 | 537 | 10,340 |
| 2 | Hefei | Zhi Lu | Residential | 40,391 | 94,137 | 782 | 8,307 |
| 3 | Wuxi | Chun Xiao Guan Tang | Residential | 22,125 | 59,822 | 460 | 7,694 |
| 4 | Wuxi | Mei Gui Gong Guan | Residential | 30,028 | 89,609 | 656 | 7,324 |
| 5 | Hangzhou | Qing Shan Gui Yu | Residential/hotel | 343,443 | 408,175 | 1,650 | 4,042 |
| 6 | Suzhou | Yu Dong Lu | Residential | 65,539 | 182,155 | 961 | 5,275 |
| 7 | Wuxi | He Feng Lu | Residential/retail | 28,845 | 108,030 | 752 | 6,962 |
| 8 | Suzhou | Shui Pan Hua Ting | Residential | 29,962 | 88,770 | 165 | 1,859 |
| Sub-total | | | | 581,519 | 1,082,653 | 5,963 | 5,508 |
| II. Property projects developed by associates and joint ventures of the Group | | | | | | | |
| 1 | Hangzhou | Lanshili | Residential/retail | 48,848 | 162,833 | 1,365 | 8,381 |
| 2 | Hangzhou | Guan Hu Zhi Chen 05 | Residential | 26,019 | 85,084 | 1,186 | 13,938 |
| 3 | Hangzhou | Guan Hu Zhi Chen 04 | Residential | 43,112 | 126,649 | 1,770 | 13,972 |
| 4 | Suzhou | Lin Xi Yuan Zhu | Residential | 44,088 | 102,846 | 463 | 4,502 |
| 5 | Wenzhou | Wen Hua Fu | Residential/retail | 19,852 | 64,779 | 372 | 5,743 |
| 6 | Xuzhou | Wei Lai Zhi Chen | Residential | 36,353 | 113,194 | 421 | 3,721 |
| 7 | Nanjing | Yunwangfu | Residential | 35,058 | 135,198 | 1,710 | 12,648 |
| 8 | Nanjing | Jun Hui | Residential | 57,303 | 195,512 | 660 | 3,376 |
| 9 | Nanjing | Hui Tong Lu G83 | Residential/retail | 35,247 | 92,294 | 1,330 | 14,410 |
| Sub-total | | | | 345,880 | 1,078,389 | 9,277 | 8,603 |
| Total | | | | 927,399 | 2,161,042 | 15,240 | 7,052 |

Access to Adequate Financing and Capital Resources

Property development is capital-intensive and we expect to continue to incur a high level of capital expenditures for project development in the foreseeable future. We fund our business operations both through cash flows generated from our business operations and through external financing, primarily including bank and other borrowings. As at December 31, 2018, 2019 and 2020, our outstanding bank and other borrowings amounted to RMB10,191.4 million, RMB10,500.0 million and RMB12,148.2 million, respectively. On December 18, 2019, we issued senior notes due 2020 in an aggregate principal amount of US\$100 million with an interest rate of 12.5% per annum, which was fully redeemed at maturity on December 21, 2020. On June 26, 2020, we issued senior notes due 2021 in an aggregate principal amount of US\$140 million with an interest rate of 12.0% per annum which was fully redeemed. On March 17, 2020, we issued senior notes due 2022 in an aggregate principal amount of US\$165 million with an interest rate of 11.8% per annum. On November 4, 2020, we issued senior notes due 2021 in an aggregate principal amount of US\$200 million with an interest rate of 12.0% per annum. 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.

We obtained secured trust financings from a few trust companies in the PRC. Compared to bank loans, trust financings are more readily obtainable and generally do not link their interest rates to the PBOC benchmark lending rates, while they typically charge higher interest rates than those charged by commercial banks. Any such further measures that the PRC government may implement could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may significantly impact our real estate development business.

Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including, among other things: our future results of operations, financial condition and cash flows; the condition of the international and domestic financial markets and financing availability; requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets; changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and changes in the PRC policies regarding regulation and control of the property market. Our ability to access capital at reasonable cost may have a significant impact on our results of operations and financial position.

Timing of Property Development

According to our accounting policy for revenue recognition, no revenue is recognised with respect to a property project until it has been completed, sold and delivered to the customers. The development of our property projects may take many months before the commencement of pre-sales or completion and delivery. As market demand fluctuates, the revenue we recognise in a particular period may depend on market conditions at the time a particular project is pre-sold or sold. Moreover, delays in construction, regulatory approval and other processes can adversely affect the timetable of our projects. Since the delivery of our properties varies according to our construction timetable, our results of operations are likely to continue to fluctuate in the future. In order to mitigate these fluctuations, we aim to schedule projects so they will be at different stages of development during any particular period.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. For the year ended December 31, 2018, 2019 and 2020, we recorded LAT expenses of RMB304.0 million, RMB444.2 million and RMB137.5 million, respectively. We have accrued all LAT payable on our property sales and transfers in compliance with the relevant LAT laws and regulations. However, 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.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial statements.

Adoption of IFRS 9 and IFRS 15

Effective from January 1, 2018, IFRS 15 Revenue from Contracts with Customers and related amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**") replaced the previous revenue standards IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations. IFRS 9 Financial Instruments ("**IFRS 9**") replaced the provision of IAS 39 Financial Instruments: Recognition and Measurement. We have early adopted IFRS 15 and consistently applied it throughout the years ended December 31, 2017, 2018 and 2019 and in the period covered by the interim comparative financial information. We adopted IFRS 9 from January 1, 2018 as the standard does not allow the use of hindsight if we apply it retrospectively. Our directors have assessed the effects of the adoption of IFRS 15 and IFRS 9 on our Group's consolidated financial statements. Our directors consider that the adoption of IFRS 15 resulted in interest expense being recognised to reflect the effect of the financing benefit obtained from the customers during the period between the payment date and the completion date of legal assignment, with a corresponding increase to revenue on sale of properties recognised during the years ended December 31, 2018, 2019 and 2020. Our directors consider the impact on our financial position and performance would be insignificant if IAS 39 instead of IFRS 9 had been applied.

Our Group has performed an assessment on the impact of the adoption of IFRS 15 and is of the view that the application of IFRS 15 does not have any impact on timing of revenue recognition; and have no material impact on net assets and net profit. And such adoption of IFRS 15 gives rise to substantial increase in the classification of contract liabilities mainly due to the significant financing component. IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears. Advance payments are common in the Group's arrangements with its customers, when properties are pre-sold by the Group while the property is still under construction. Where such advance payment schemes include a significant financing component, the transaction price needs to be adjusted to separately account for this component. Such adjustment will result in interest expense being recognised to reflect the effect of the financing benefit to be obtained from the customers during the period between the payment date and the completion date of legal assignment, with a corresponding increase to revenue on sale of properties recognised.

The actual extent of impact of IFRS 15 also depends on whether and by how much such interest expense can be capitalised as part of the cost of the properties under IAS 23 — Borrowing costs. Based on our initial assessment and estimation, the following sets forth the impact of major financial items if IAS 18 was applied instead of IFRS 15:

| | <u>31/12/2018</u> | <u>31/12/2019</u> | <u>31/12/2020</u> |
|-----------------------------------|-------------------|-------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Increase/(decrease) in | | | |
| Total assets | (85,681) | (190,520) | (292,317) |
| Total liabilities | (96,940) | (208,111) | (317,296) |
| Net assets | 11,259 | 17,591 | 24,979 |
| Revenue | (233,925) | (245,149) | (284,097) |
| Cost of sales | (189,045) | (205,273) | (227,847) |
| Gross profit | (44,880) | (39,876) | (56,250) |
| Finance costs | (56,139) | (45,856) | (64,404) |
| Net profit for the year | 11,259 | 5,980 | 8,154 |

Adoption of IFRS 16

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at January 1, 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

Lease liabilities at January 1, 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at January 1, 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before January 1, 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. For the leasehold land and buildings (that were held to earn rental income) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at January 1, 2019. They continue to be measured at fair value applying IAS 40. The Group has used the following elective practical expedients when applying IFRS 16 at January 1, 2019: (1) Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application; (2) Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

The impacts arising from the adoption of IFRS 16 as at January 1, 2019 are as follows:

| | 31/12/2019 |
|---|-------------------|
| | RMB'000 |
| Increase/(decrease) in | |
| Total assets | 19,642 |
| Total liabilities | 19,642 |
| Right-of-use assets | 20,889 |
| Prepayments and other receivables | (1,247) |
| Lease liabilities | 19,642 |

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services provided in the ordinary course of our Group's activities. Revenue is shown net of taxes.

Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if our Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Our revenue from sales of properties is recognised when construction of the relevant properties has been completed and we have obtained the project completion report issued by the relevant government authorities, the purchasers obtain the physical possession or legal title of the completed properties, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

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.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending

their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment properties

Investment 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, including the corresponding tax effect. Fair value are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in profit or loss in the year of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owned-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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 normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

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 cost.

Financial liabilities (under IAS 39 and IFRS 9)

Initial recognition and measurement

Financial liabilities are recognised when, and only when, our Group becomes a party to the contractual provisions of the financial instruments. Our Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(ii) Financial guarantee contracts

Financial guarantee contracts issued by our 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, our Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Share-based payments

Employees (including senior executives) of Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation mode.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the

number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and on-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

In the process of applying our Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and completed properties held for sale

Our 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, our Group considers whether a property generates cash flows largely independently of the other assets held by our 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, our 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.

PRC LAND APPRECIATION TAX ("LAT")

Our 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. Our Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Estimate of fair value of investment properties

Investment properties under construction 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, our 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.

The principal assumptions for our Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amounts of investment properties at December 31, 2018, 2019 and 2020 were RMB811.9 million, RMB918.2 million and RMB2,788.7 million, respectively.

Summary Consolidated Financial Information

| | Year ended December 31, | | | |
|---|-------------------------|------------------|-------------------|------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) | (RMB'000) | (RMB'000) | (US\$'000) |
| | (audited) | (audited) | (audited) | (unaudited) |
| Revenue | 5,070,094 | 9,092,472 | 10,679,634 | 1,636,726 |
| Cost of sales | (3,600,043) | (7,613,165) | (9,522,203) | (1,459,341) |
| Gross profit | 1,470,051 | 1,479,307 | 1,157,431 | 177,384 |
| Other income and gains | 324,069 | 65,800 | 64,773 | 9,927 |
| Selling and distribution expenses | (237,271) | (294,980) | (258,419) | (39,604) |
| Administrative expenses | (331,536) | (292,408) | (226,693) | (34,742) |
| Other expenses | (15,909) | (22,828) | (20,142) | (3,087) |
| Fair value gains on investment properties | 14,803 | 106,300 | 125,670 | 19,260 |
| Finance costs | (254,007) | (166,991) | (202,330) | (31,008) |
| Share of profits and losses of: Joint venture | (19,716) | (15,440) | (9,879) | (1,514) |
| Associates (as defined under IFRS) | 111,373 | 81,369 | 43,988 | 6,741 |
| Profit before tax | 1,061,857 | 940,129 | 674,399 | 103,356 |
| Income tax expense | (566,535) | (579,769) | (288,255) | (44,177) |
| Profit and total comprehensive income for the year | 495,322 | 360,360 | 386,144 | 59,179 |
| Attributable to: | | | | |
| Owners of the parent | 442,440 | 150,309 | 182,627 | 27,989 |
| Non-controlling interests | 52,882 | 210,051 | 203,517 | 31,190 |
| | 495,322 | 360,360 | 386,144 | 59,179 |

| | Year ended December 31, | | | |
|--|-------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Earnings Per Share Attributable to Ordinary Equity Holders of the Parent | | | | |
| Basic and diluted | 0.47 | 0.11 | 0.13 | 0.02 |
| Other Comprehensive Income | | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of foreign operations | — | 33,022 | (20,988) | (3,217) |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Change in use from an owner-occupied property to an investment property carried at fair value | — | — | 14,351 | 2,199 |
| Equity investments designated at fair value through other comprehensive income change in fair value | — | 1,965 | 109,509 | 16,783 |
| Income tax effect | — | (324) | (3,588) | (550) |
| | — | 1,641 | 120,272 | 18,432 |
| Other Comprehensive Income for the Period | — | 34,663 | 99,284 | 15,216 |
| Total Comprehensive Income for the Period | 495,322 | 395,023 | 485,428 | 74,395 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 442,440 | 184,972 | 281,911 | 43,205 |
| Non-controlling interests | 52,882 | 210,051 | 203,517 | 31,190 |
| | 495,322 | 395,023 | 485,428 | 74,395 |

See “Business—Overview” for details of the revenue recognised from our sale of properties by geographical location for the years ended December 31, 2019 and 2020.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Year ended December 31, 2020 compared to year ended December 31, 2019

Revenue

Our revenue increased by approximately RMB1,587.1 million or approximately 17.5% from approximately RMB9,092.5 million for the year ended December 31, 2019 to approximately RMB10,679.6 million for the year ended December 31, 2020 as a result of an increase in revenue derived from sale of properties.

The table below sets forth each component of our Group's revenue and their respective percentages of total revenue represented for the periods indicated.

| | Year ended December 31, | | | |
|---------------------------|-------------------------|--------------|-------------------|--------------|
| | 2019 | | 2020 | |
| | (RMB'000) | % | (RMB'000) | % |
| Sale of properties | 8,996,128 | 98.9 | 10,589,619 | 99.2 |
| Project management income | 79,679 | 0.9 | 30,489 | 0.28 |
| Hotel operations | 13,460 | 0.1 | 40,290 | 0.37 |
| Rental income | 3,205 | 0.1 | 16,360 | 0.14 |
| Exhibition operation | — | — | 2,876 | 0.01 |
| Total | 9,092,472 | 100.0 | 10,679,634 | 100.0 |

Revenue recognised from sale of properties increased by approximately 17.7% from approximately RMB8,996.1 million for the year ended December 31, 2019 to approximately RMB10,589.6 million for the year ended December 31, 2020, accounting for approximately 99.2% of our total revenue. Such increase was primarily due to the total GFA delivered from Honor Mansion, Bejoy Villa, Hui Mountain International Community and Yungutianjing Mansion which generated revenue of approximately RMB2,373.9 million, RMB1,731.3 million, RMB952.3 million and RMB1,188.4 million, respectively, during the year ended December 31, 2020.

Cost of Sales

Our cost of sales increased by approximately RMB1,909.0 million or approximately 25.1% from approximately RMB7,613.2 million for the year ended December 31, 2019 to approximately RMB9,522.2 million for the year ended December 31, 2020, which was mainly due to the higher cost of per sq.m. of Yungutianjing Mansion, Bejoy Villa, Tang Dynasty Mansion and Yuefu Mansion. Such increase was also attributable to the fact that we recognised a large amount of revenue for the year ended December 31, 2020 and accordingly, the related cost of sales was recognised during the same year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by RMB321.9 million or approximately 21.8% from approximately RMB1,479.3 million for the year ended December 31, 2019 to approximately RMB1,157.4 million for the year ended December 31, 2020. Our gross profit margin decreased from approximately 16.3% for the year ended December 31, 2019 to approximately 10.8% for the year ended December 31, 2020, which was primarily due to the low gross profit attributable to the sales of Yungutianjing Mansion, the revenue of which accounted for approximately 11% of our total revenue generated from sales of properties. Such decrease was also attributable to the recognition of relatively high cost incurred in several acquisition projects.

Other Income and Gains

Our other income and gains decreased by approximately RMB1.0 million or approximately 1.5% from approximately RMB65.8 million for the year ended December 31, 2019 to approximately RMB64.8 million for the year ended December 31, 2020, which was mainly due to the fact that no recovery of financial guarantees contracts and security deposit for breaking contracts was recognised during 2020.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by decreased by approximately RMB36.6 million or approximately 12.4% from approximately RMB295.0 million for the year ended December 31, 2019 to approximately RMB258.4 million for the year ended December 31, 2020, which was mainly due to the decrease in advertising expenses incurred for Sheltered Mansion, Jiangshan Yue Mansion and Kinma Q + Community, the disposal of the Tianjing project in Ma'anshan and the lowered staff cost incurred during 2020.

Administrative Expenses

Our administrative expenses decreased by approximately RMB65.7 million or approximately 22.5% from approximately RMB292.4 million for the year ended December 31, 2019 to approximately RMB226.7 million for the year ended 31 December 2020, which was mainly due to the adjustment of our organisational structure in 2020, which contributed to improved efficiency on human resources utilisation and the reduction in unnecessary manpower expenditures.

Other Expenses

Our other expenses decreased by approximately RMB2.7 million or approximately 11.8% from approximately RMB22.8 million for the year ended December 31, 2019 to approximately RMB20.1 million for the year ended December 31, 2020, which was mainly due to the fact that less foreign exchange losses was incurred as compared to that for the year ended December 31, 2019.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by approximately RMB19.4 million or approximately 18.3% from approximately RMB106.3 million for the year ended December 31, 2019 to approximately RMB125.7 million for the year ended December 31, 2020, which was mainly generated from the increase in fair value of the projects of Peaceful Paradise, Keya Mansion, Zhi Lu and Yungutianjing Mansion.

Finance Costs

Our finance costs increased by approximately RMB35.3 million or approximately 21.1% from approximately RMB167.0 million for the year ended December 31, 2019 to approximately RMB202.3 million for the year ended December 31, 2020, which was primarily due to the increase in interest expenses caused by the increase in borrowings and advance receipts.

Share of Profits and Losses of Joint Ventures and Associates

Our share of losses on joint ventures decreased by approximately RMB5.5 million or approximately 35.7% from a loss of approximately RMB15.4 million for the year ended December 31, 2019 to a loss of approximately RMB9.9 million for the year ended December 31, 2020, which was mainly due to the profit generated from cooperative projects operated and delivered by joint ventures, such as Dream Mansion and Suhe Bay.

Our share of profits on associates decreased by approximately RMB37.4 million or approximately 45.9% from a gain of approximately RMB81.4 million for the year ended December 31, 2019 to a gain of approximately RMB44.0 million for the year ended December 31, 2020, which was mainly attributable to the lower gross profit margin of the projects operated and delivered by associates, such as Town City and Huilingweilai.

Income Tax

Our income tax expenses decreased by approximately RMB291.5 million or approximately 50.3% from approximately RMB579.8 million for the year ended December 31, 2019 to approximately RMB288.3 million for the year ended December 31, 2020, which was mainly due to the decrease in profit before tax.

Profit for the Year

Our profit for the year increased by approximately RMB25.7 million or approximately 7.1% from approximately RMB360.4 million for the year ended December 31, 2019 to approximately RMB386.1 million for the year ended December 31, 2020. Our net profit margin decreased from approximately 4.0% for the year ended December 31, 2019 to approximately 3.6% for the year ended December 31, 2020, which was mainly due to (i) the decrease in gross profit margin for the year ended December 31, 2020; and (ii) the decrease in the share of gains of joint ventures and associates for the year ended December 31, 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018

Revenue

Our total revenue increased by RMB4,022.4 million or 79.3% from RMB5,070.1 million for the year ended December 31, 2018 to RMB9,092.5 million for the year ended December 31, 2019 mainly as a result of increase in revenue derived from sale of properties.

The table below sets forth each component of our Group's revenue and their respective percentages of total revenue for the periods indicated.

| | 2018 | | 2019 | |
|-------------------------------------|------------------|--------------------|------------------|--------------------|
| | Revenue | % of Total Revenue | Revenue | % of Total Revenue |
| Sale of properties | 5,067,075 | 99.9 | 8,996,128 | 98.9 |
| Project management income | — | — | 79,679 | 0.9 |
| Hotel operations | — | — | 13,460 | 0.1 |
| Rental income | 3,019 | 0.1 | 3,205 | 0.1 |
| Total | <u>5,070,094</u> | <u>100.0</u> | <u>9,092,472</u> | <u>100.0</u> |

Revenue derived from sale of properties increased by RMB3,929.0 million or 77.5% from RMB5,067.1 million for the year ended December 31, 2018 to RMB8,996.1 million for the year ended December 31, 2019. The increase in revenue derived from sale of properties was primarily due to increased revenue contributed by the delivery of Honor Mansion, Dongyue Mansion, Sheltered Mansion, Kinma Q+ Community and Bejoy Villa.

Cost of sales

Our cost of sales increased by RMB4,013.1 million or 114.8% from RMB3,600.0 million for the year ended December 31, 2018 to RMB7,613.2 million for the year ended December 31, 2019, which was mainly due to our acquisition of additional interests in the then associates holding Dongyue Mansion and Kinma Q+ Community in the first half of 2018, which caused (i) both companies to become subsidiaries of us; and (ii) the differences (i.e. acquisition premiums) between the consideration paid upon acquisition and the carrying amounts of the acquired companies' net assets to be included in the cost of developed projects. Both companies delivered projects in 2019, and the acquisition premiums were carried forward to cost of sales resulting in the increase of such cost. Such increase was also due to the fact that we recognised a large amount of revenue in 2019 and the related cost of sales was recognised in the same period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit was stable. Our gross profit margin decreased from 29.0% for the year ended December 31, 2018 to 16.3% for the year ended December 31, 2019, which was primarily due to the lower gross profit attributable to the sales of Honor Mansion, the revenue of which accounted for 42.2% of that from sales of properties.

Other income and gains

Our other income and gains decreased by RMB258.3 million or 79.7% from RMB324.1 million for the year ended December 31, 2018 to RMB65.8 million for the year ended December 31, 2019, which was mainly due to the decrease in investment income from business combinations achieved in stages and the lowered investment gain on fair value change of Kinma Q+ Community and Dongyue Mansion, as compared to that in 2018.

Selling and distribution expenses

Our selling and distribution expenses increased by RMB57.7 million or 24.3% from RMB237.3 million for the year ended December 31, 2018 to RMB295.0 million for the year ended December 31, 2019, which was mainly due to the increase in advertising expenses and staff costs.

Administrative expenses

Our administrative expenses decreased by RMB39.1 million or 11.8% from RMB331.5 million for the year ended December 31, 2018 to RMB292.4 million for the year ended December 31, 2019, which was mainly due to our successful Listing and the decrease in listing expenses incurred while stricter expense control was performed in 2019.

Other expenses

Our other expenses increased by RMB6.9 million or 43.4% from RMB15.9 million for the year ended December 31, 2018 to RMB22.8 million for the year ended December 31, 2019, which was mainly due to the recognition of exchange loss.

Fair value gains on investment properties

Our fair value gains on investment properties increased by RMB91.5 million or 618.2% from RMB14.8 million for the year ended December 31, 2018 to RMB106.3 million for the year ended December 31, 2019, which was mainly generated from the increase in fair value of Peaceful Paradise.

Finance costs

Our finance costs decreased from RMB254.0 million for the year ended December 31, 2018 to RMB167.0 million for the year ended December 31, 2019, which was primarily due to the capitalisation of interest-bearing borrowings and other borrowings.

Share of profits and losses of joint ventures and associates (as defined under IFRS)

Our share of loss on joint ventures decreased by RMB4.3 million or 21.8% from a loss of RMB19.7 million for the year ended December 31, 2018 to a loss of RMB15.4 million for the year ended December 31, 2019, which was mainly due to the profit of cooperative projects.

Our share of gains on associates decreased by RMB30.0 million or 26.9% from a gain of RMB111.4 million for the year ended December 31, 2018 to a gain of RMB81.4 million for the year ended December 31, 2019, which was mainly attributable to the lower gross profit margin of the delivered projects operated by joint ventures and associates (as defined under IFRS).

Income tax expenses

Our income tax expenses increased by RMB13.3 million or 2.3% from RMB566.5 million for the year ended December 31, 2018 to RMB579.8 million for the year ended December 31, 2019 which was mainly due to the increase of LAT under the PRC tax law.

Profit and total comprehensive income for the year

Our profit for the year decreased by RMB134.9 million or 27.2% from RMB495.3 million for the year ended December 31, 2018 to RMB360.4 million for the year ended December 31, 2019. Our net profit margin decreased from 9.8% for the year ended December 31, 2018 to 4.1% for the year ended December 31, 2019, which was mainly due to (i) the decrease in gross profit margin for the year ended December 31, 2019; (ii) the increase in selling and distribution expenses caused by increased sales of properties for the year ended December 31, 2019; and (iii) the decrease in the share of profits of joint ventures and associates (as defined under IFRS)

as the shareholding percentages of the Group in such companies which delivered properties in the year ended December 31, 2019 were in general lower than that in the year ended December 31, 2018.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets and Liabilities

We recorded net current assets of RMB5,656.7 million, RMB6,383.0 million and RMB6,559.8 million as of December 31, 2018, 2019 and 2020, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

| | As at December 31, | | | |
|--|------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| CURRENT ASSETS | | | | |
| Properties under development | 17,397,704 | 16,166,537 | 20,327,503 | 3,115,326 |
| Completed properties held for sale . . . | 2,123,761 | 6,227,457 | 2,851,239 | 436,971 |
| Trade receivables | 2 | 1,458 | 1,294 | 198 |
| Due from related companies | 1,184,581 | 895,762 | 971,286 | 148,856 |
| Prepaid land lease payments | 5,440 | — | — | — |
| Prepayments, deposits and other receivables | 939,409 | 2,729,374 | 3,762,707 | 576,660 |
| Tax recoverable | 145,782 | 342,007 | 629,284 | 96,442 |
| Financial assets at fair value through profit or loss ("FVTPL") | — | — | 1,934,292 | 296,443 |
| Other current assets | — | 56,245 | 56,610 | 8,676 |
| Inventories | — | 890 | 523 | 80 |
| Restricted cash | 122,820 | 1,137,115 | 708,538 | 108,588 |
| Pledged deposits | 7,441 | 29 | 2,194,070 | 336,256 |
| Cash and cash equivalents | 1,589,181 | 2,894,255 | 3,518,324 | 539,207 |
| Total current assets | 23,516,121 | 30,451,129 | 36,955,670 | 5,663,704 |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 2,250,325 | 2,742,799 | 4,001,807 | 613,304 |
| Other payables, deposits received and accruals | 2,908,338 | 3,969,718 | 3,166,054 | 485,219 |
| Due to related companies | 1,615,416 | 624,499 | 4,950,820 | 758,746 |
| Interest-bearing bank and other borrowings | 5,300,063 | 4,917,819 | 3,323,086 | 509,285 |
| Senior notes | — | — | 2,217,378 | 339,828 |
| Lease liabilities | — | 16,826 | 5,164 | 791 |
| Contract liabilities | 5,274,810 | 10,503,434 | 11,384,909 | 1,744,814 |
| Financial guarantee contracts | 6,289 | — | — | — |
| Tax payable | 504,146 | 1,293,051 | 1,346,693 | 206,390 |
| Total current liabilities | 17,859,387 | 24,068,146 | 30,395,911 | 4,658,377 |
| NET CURRENT ASSETS | 5,656,734 | 6,382,983 | 6,559,759 | 1,005,327 |

Our net current assets increased by RMB726.3 million or 12.8% from RMB5,656.7 million as of December 31, 2018 to RMB6,383.0 million as of December 31, 2019, which was mainly due to a significant increase in completed properties held for sale of 4,103.7 million as a result of the completion of the construction of Honor Mansion, Bejoy Villa and Yuan Stream mainly as a result of significant growth of contracted sales which were recognized as contract liabilities.

Our net current assets increased by RMB176.8 million or 2.8% from RMB6,383.0 million as of December 31, 2019 to RMB6,559.7 million as of December 31, 2020, which was mainly due to an increase in properties under development of RMB4,161.0 million as a result of an increase in the number of property projects and our business expansion and an increase in the

pledged deposits of RMB2,194.0 million; and partially offset by the issue of the senior notes in the amount of RMB2,217.4 million and an increase in due to related companies of RMB4,326.3 million mainly as a result of the cash advances provided by related parties to support our property development business.

Cash Flow

Our operations are capital intensive, and our primary uses of cash are for the payment of acquisition of land use rights, construction costs, staff costs, various operating expenses and have been funded through a combination of cash generated from our operations, bank and other borrowings and advance from related companies. The following table summarises, for the periods indicated, our statements of cash flow:

| | Year ended December 31, | | | |
|--|-------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Net cash flows (used in)/from operating activities . . . | (3,251,073) | 3,496,033 | 1,427,910 | 218,837 |
| Net cash flows from/(used in) investing activities . . . | 1,390,147 | (6,197,300) | (6,460,831) | (990,166) |
| Net cash flows from financing activities | 2,278,804 | 4,006,341 | 5,656,990 | 866,972 |
| Net increase in cash and cash equivalents | 417,878 | 1,305,074 | 624,069 | 95,643 |
| Cash and cash equivalents at beginning of period . . . | 1,171,303 | 1,589,181 | 2,894,255 | 443,564 |
| Cash and cash equivalents at end of period | 1,589,181 | 2,894,255 | 3,518,324 | 539,207 |

Operating activities

Our cash inflow from operating activities was principally from the receipt of proceeds for our sale of properties. Our cash outflow used in operating activities was principally for acquisition of land use rights and construction costs. The net cash outflow from operating activities for the year ended December 31, 2018 was mainly attributable to the increase in our development costs in relation to properties under development and completed properties held for sale.

For the year ended December 31, 2020, we had net cash generated from operating activities of RMB1,427.9 million mainly as a result of (i) profit before tax of RMB674.3 million generated for the year, (ii) decrease in properties under development and completed properties held for sale of RMB3,477.0 million, and (iii) increase in trade and bills payables of RMB1,000.9 million; and partially offset by (i) decrease in other payables, deposits received and accruals of RMB2,154.0 million, and (ii) increase in prepayments, deposits and other receivables of RMB783.4 million.

For the year ended December 31, 2019, we had net cash generated from operating activities of RMB3,496.0 million mainly as a result of (i) profit before tax of RMB940.1 million generated for the year, (ii) decrease in properties under development and completed properties held for sale of RMB985.4 million, (iii) decrease in prepayments, deposits and other receivables of RMB2,114.4 million, (iv) decrease in amounts due from related companies of RMB1,005.5 million, and (v) increase in contract liabilities of RMB5,222.2 million; and partially offset by (i) decrease in restricted cash of RMB1,014.3 million, (ii) decrease in other payables, deposits received and accruals of RMB3,508.8 million, (iii) decrease in amounts due to related companies of RMB1,778.6 million, (iv) interest paid of RMB585.3 million, and (v) tax paid of RMB328.7 million.

For the year ended December 31, 2018, we had net cash used in operating activities of RMB3,251.1 million mainly as a result of (i) increase in properties under development and completed properties held for sale of RMB5,854.9 million, (ii) decrease in contract liabilities of RMB740.9 million and (iii) interest paid of RMB509.8 million, and (iv) tax paid of RMB263.3 million; and partially offset by (i) profit before tax of RMB1,061.9 million generated for the year, (ii) decrease in prepayments, deposits and other receivables of RMB1,600.4 million, (iii) increase in trade and bills payables of RMB1,237.1 million.

Investing activities

Our cash inflow from investing activities was principally payments of advances to third parties, related companies, joint ventures and associates (as defined under IFRS). Our cash outflow used in investing activities was principally purchase of property, plant and equipment and investment properties, advances to third parties and advances to related companies and advances to joint ventures and associates (as defined under IFRS).

For the year ended December 31, 2020, we had net cash used in investing activities of RMB6,460.8 million primarily attributable to (i) advances to third parties of RMB3,854.4 million and (ii) purchases of items of financial assets at FVTPL of RMB1,920.8 million; and partially offset by (i) settlement of advances to third parties of RMB3,623.4 million and (ii) settlement of advances to joint ventures and associates of RMB1,478.9 million.

For the year ended December 31, 2019, we had net cash used in investing activities of RMB6,197.3 million primarily attributable to (i) net advances to third parties and related companies of RMB1,518.2 million and RMB1,364.8 million, respectively, and (ii) acquisition of subsidiaries not accounted for as a business combination of RMB2,386.4 million.

For the year ended December 31, 2018, we had net cash generated from investing activities of RMB1,390.1 million primarily attributable to net payment from joint ventures and associates (as defined under IFRS) of RMB1,409.1 million and net payment from settlement of advances to third parties of RMB982.9 million, which was partially offset by additions in investment properties of RMB379.0 million.

Financing activities

Our cash inflow from financing activities was principally from proceeds from bank and other borrowings. Our cash outflow used in financing activities was principally for the repayment of borrowings.

For the year ended December 31, 2020, we had net cash generated from financing activities of RMB5,657.0 million primarily attributable to (i) advances from related companies of RMB16,597.1 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB9,741.1 million; partially offset by (i) repayment of advances from related companies of RMB13,834.8 million and (ii) repayment of interest-bearing bank and other borrowings of RMB8,353.7 million.

For the year ended December 31, 2019, we had net cash generated from financing activities of RMB4,006.3 million primarily attributable to (i) net advances from third parties of RMB2,072.0 million; (ii) net advances from related companies of RMB801.0 million and (iii) net proceeds from issue of new shares of RMB755.2 million and capital contribution from non-controlling shareholders of subsidiaries of RMB509.0 million.

For the year ended December 31, 2018, we had net cash generated from financing activities of RMB2,278.8 million primarily attributable to net proceeds from interest-bearing bank and other borrowings of RMB3,958.3 million, which was partially offset by net repayment of advances from to third parties and related companies of RMB961.2 million and RMB620.0 million.

CAPITAL EXPENDITURES

Our Group's capital expenditures have principally consisted of expenditures on acquisitions of investment properties and property, plant and equipment in our operations. For the years ended December 31, 2018, 2019 and 2020, we incurred capital expenditures of RMB671.1 million, RMB723.0 million and RMB406.2 million, respectively, which mainly consist of purchases of items of property, plant and equipment, purchase of other intangible assets and purchase of investment properties.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

Our Group had commitments for future minimum lease payments under non-cancellable operating lease arrangements, which fall due as follows:

| | As of December 31, | | |
|--|--------------------|----------------|------------------|
| | 2018 | 2019 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 |
| Within one year | 3,380 | 19,097 | 42,526 |
| In the second to fifth year, inclusive | 5,742 | 194,862 | 305,475 |
| After five years | 241 | 487,186 | 678,512 |
| Total | <u>9,363</u> | <u>701,145</u> | <u>1,026,513</u> |

Capital commitments

We had the following capital commitments, which were not provided for in our consolidated financial statements:

| | As of December 31, | | | |
|---|----------------------|----------------------|----------------------|-------------------------|
| | 2018 | 2019 | 2020 | |
| | RMB'000 (audited) | RMB'000 (audited) | RMB'000 (audited) | US\$'000 (unaudited) |
| Contracted, but not provided for: | | | | |
| Property under development | 5,587,460 | 6,527,318 | 10,247,313 | 1,570,469 |
| Property, plant and equipment | 52,806 | 320,768 | 753,017 | 115,405 |
| Investment properties | 121,803 | — | 196,416 | 30,102 |
| Capital contributions payable to subsidiaries | 115,000 | — | 1,320,093 | 202,313 |
| Capital contributions payable to associates | 75,000 | — | 326,300 | 50,008 |
| Total | <u>5,952,069</u> | <u>6,848,086</u> | <u>12,843,139</u> | <u>1,968,297</u> |

INDEBTEDNESS

The following table sets out our total debts as of December 31, 2018, 2019 and 2020:

| | As of December 31, | | | |
|---|------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Current | | | | |
| Bank loans — secured | — | 200,000 | — | — |
| Other loans — secured | 906,000 | 373,000 | 576,000 | 88,276 |
| Other loans — unsecured | — | 697,620 | 326,245 | 49,999 |
| Current portion of long term bank loans — secured.. | 3,009,980 | 2,863,036 | 2,321,141 | 355,730 |
| Current portion of long term other loans — secured. | 1,384,083 | 634,163 | 99,700 | 15,280 |
| Current portion of long term other loans — unsecured | — | 150,000 | — | — |
| Total current borrowings | <u>5,300,063</u> | <u>4,917,819</u> | <u>3,323,086</u> | <u>509,285</u> |
| Non-current | | | | |
| Bank loans — secured | 4,791,341 | 3,485,634 | 7,401,345 | 1,134,306 |
| Other loans — secured | — | 2,093,506 | 1,381,497 | 211,724 |
| Other loans — unsecured | 100,000 | 3,000 | 42,252 | 6,475 |
| Total non-current borrowings | <u>4,891,341</u> | <u>5,582,140</u> | <u>8,825,094</u> | <u>1,352,505</u> |
| Total borrowings | <u>10,191,404</u> | <u>10,499,959</u> | <u>12,148,180</u> | <u>1,861,790</u> |

The following table sets forth the repayment schedule of our borrowings as of December 31, 2018, 2019 and 2020:

| | Year ended December 31, | | | |
|--|-------------------------|------------------------|------------------------|---------------------------|
| | 2018 | 2019 | 2020 | |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (US\$'000) (unaudited) |
| Interest-bearing bank loans and other borrowings: | | | | |
| Repayable within one year | 5,300,063 | 4,917,819 | 3,323,086 | 509,285 |
| Repayable in the second year | 2,573,458 | 2,316,179 | 2,455,705 | 376,353 |
| Repayable within two to five years | 2,317,883 | 2,810,431 | 5,886,433 | 902,135 |
| Repayable after five years | — | 455,530 | 482,956 | 74,016 |
| Total | <u>10,191,404</u> | <u>10,499,959</u> | <u>12,148,180</u> | <u>1,861,790</u> |

The following table sets out the range of interest rates for our borrowings as at the end of each reporting period:

| | As of December 31, | | |
|----------------------------|--------------------|--------------|--------------|
| | 2018 | 2019 | 2020 |
| Bank loans | 4.83%–6.65% | 4.72%–8.00% | 4.46%–6.90% |
| Other borrowings | 7.50%–14.30% | 7.00%–15.00% | 7.00%–13.00% |

Notes Issue

On November 4, 2020, we issued US\$200,000,000 12.0% senior notes due 2021, which were listed on the HKSE on November 5, 2020. We intended to use the net proceeds from the issue of such senior notes for refinancing of our existing indebtedness and general corporate purposes. As of the date of this Offering Memorandum, the net proceeds have already been utilised for the aforementioned purposes.

On March 17, 2021, we issued US\$165,000,000 11.8% senior notes due 2022, which were listed on the HKSE on March 18, 2021. We intended to use the net proceeds from the issue of such senior notes for refinancing of our existing indebtedness and general corporate purposes. As of the date of this Offering Memorandum, the net proceeds have already been utilised for the aforementioned purposes.

The following table sets out the borrowings that were pledged with certain of our assets as at the end of each reporting period:

| | As of December 31, | | | |
|---|--------------------|-----------|------------|-----------|
| | 2018 | 2019 | 2020 | |
| | RMB'000 | RMB'000 | RMB'000 | US\$'000 |
| Investment properties | 211,182 | 225,087 | 602,490 | 92,336 |
| Right-of-use assets | — | 107,332 | 8,834 | 1,354 |
| Prepaid land lease payments | 109,678 | — | — | — |
| Properties under development | 10,630,510 | 8,214,416 | 10,872,645 | 1,666,306 |
| Completed properties held for sale | 1,304,153 | 3,630,080 | 579,493 | 88,811 |
| Property, plant and equipment | — | 112,224 | 105,301 | 16,138 |
| Equity investments were irrevocably designated at FVOCI | — | 326,723 | 491,567 | 75,336 |

As at December 31, 2018, we pledged 100.00% equity interest in Xuzhou Changshun Real Estate Co., Ltd., 33.00% equity interest in Nanjing Yinjialan Enterprise Management Co., Ltd., 100.00% equity interest in Nanjing Yinjiashan Enterprise Management Co., Ltd., 100.00% equity interest in Hangzhou Yinhong Industrial Co., Ltd., and 100.00% equity interest in Nanjing Yinjihui Enterprise Management Co., Ltd. for certain banking facilities granted to us.

As at December 31, 2019, we pledged 51.00% equity interest in Nanjing Yinjiaze Enterprise Management Co., Ltd., 50.00% equity interest in Nanjing Jiuchengxing Real Estate Co., Ltd., 59.94% equity interest in Hefei Yinzhilu Enterprise Management Co., Ltd., 100.00% equity interest in Hangzhou Yinhong Industrial Co., Ltd., 100.00% equity interest in Yixing Yinze Real Estate Co., Ltd., 100.00% equity interest in Xuzhou Tongshun Real Estate Co., Ltd. and 51.00% equity interest in Hangzhou Yinjiayuan Enterprise Management Co., Ltd. for certain banking facilities granted to us.

As of December 31, 2020, we pledged 100.00% equity interest in Nanjing Yincheng Medical Management Co., Ltd., 100.00% equity interest in Zhejiang Lin'an Zhongdu Real Estate Co., Ltd., 25.00% equity interest in Nanjing Zhijun Real Estate Development Co., Ltd., 90.00% equity interest in Xuzhou Tongshun Real Estate Development Co., Ltd., 100.00% equity interest in Wenzhou Yinju Real Estate Development Co., Ltd., 51.00% equity interest in Hangzhou Zezhou Enterprise Management Co., Ltd. and 100.00% equity interest in Wuxi Yinzebo Enterprise Management Co., Ltd. for certain banking facilities granted to us.

Our Controlling Shareholder and Yincheng Real Estate had guaranteed certain of our Group's bank loans up to RMB7,413.1 million, RMB2,269.2 million and RMB2,614.8 million as of December 31, 2018, 2019 and 2020, respectively.

Our balance of bank and other borrowings increased mainly attributable to the increase in financial needs in light of our business expansion.

As at December 31, 2020, we had total bank and other borrowings of RMB12,148.2 million; we had aggregate banking facilities of RMB22,840.0 million, of which RMB6,440 million was unutilized. We are not committed to draw down the unutilized amount. We have also obtained an unsecured credit facility from an independent third party financial institution in the amount of RMB1,760.0 million. As of the date of this Offering Memorandum, the total amount of credit facility available for drawdown was nil.

Our directors confirm that there had not been any delay or default in repayment of borrowings or material non-compliance with the covenants or requirements contained in our borrowings agreements that affect the renewal of such borrowings as of the date of this Offering Memorandum. Our directors do not expect that such covenants and requirements would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our business plans.

As of the date of this Offering Memorandum, our directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us, and breaches of bank covenants that would not have a material impact in our business financial condition or results of operations.

Contingent liabilities

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

| | As of December 31, | | |
|---|--------------------|------------------|------------------|
| | 2018 | 2019 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 |
| Guarantees given to banks in connection with facilities granted to purchasers of our Group's properties | 2,887,081 | 5,258,668 | 5,130,590 |
| Guarantees given to banks and other institutions in connection with facilities granted to related companies . | <u>871,651</u> | <u>1,569,000</u> | <u>2,467,592</u> |
| | <u>3,758,732</u> | <u>6,827,668</u> | <u>7,598,182</u> |

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a customer defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks.

Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. Our 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 customers take possession of the relevant properties.

We did not incur any material losses as the date of this Offering Memorandum in respect of the guarantees provided for mortgage facilities granted to purchasers of our completed properties held for sale. The directors of our Company consider that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

In addition, our Group provided guarantees to banks and other institutions in connection with financial facilities granted to related companies. The directors of our Company consider that no provision is needed in respect of the guarantees. As of the date of this Offering Memorandum, all such guarantees have been released and discharged.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding at December 31, 2020 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

Except for the contingent liabilities disclosed above, as at December 31, 2020, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

| | Year ended December 31, | | |
|---|-------------------------|------|------|
| | 2018 | 2019 | 2020 |
| Gross profit margin (%) ⁽¹⁾ | 29.0 | 16.3 | 10.8 |
| Net profit margin (%) ⁽²⁾ | 9.8 | 4.0 | 3.6 |
| Return on equity (%) ⁽³⁾ | 22.5 | 11.2 | 8.3 |
| Return on total assets (%) ⁽⁴⁾ | 2.4 | 1.2 | 1.0 |
| Interest coverage (times) ⁽⁵⁾ | 5.2 | 6.6 | 4.3 |

| | As of December 31, | | |
|--------------------------------------|--------------------|--------|--------|
| | 2018 | 2019 | 2020 |
| Current ratio ⁽⁶⁾ | 1.3 | 1.3 | 1.2 |
| Net gearing ratio (%) ⁽⁷⁾ | 351.5% | 160.6% | 151.0% |

Notes:

- (1) Gross profit margin was calculated on gross profit divided by turnover for the respective period. See the section headed "*—Review of Historical Results of Operation*" for more details on our gross profit margins.
- (2) Net profit margin was calculated on profit for the year/period divided by turnover for the respective period. See the section headed "*—Review of Historical Results of Operation*" for more details on our net profit margins.
- (3) Return on equity for the three years ended December 31, 2018, 2019 and 2020 was calculated based on the profit for the respective periods divided by the total equity as at the respective periods (sum of opening and closing balances of the total equity of the respective periods and then divided by two) and multiplied by 100%.
- (4) Return on total assets for the three years ended December 31, 2018, 2019 and 2020 was calculated based on the net profit for the respective periods divided by the average total assets of the respective periods (sum of opening and closing balances of the total assets of the respective periods and then divided by two) and multiplied by 100%.
- (5) Interest coverage equals profit before interest and tax divided by interest expenses in the relevant period.
- (6) Current ratios were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.
- (7) Net gearing ratios were calculated by dividing the net of interest-bearing bank borrowings minus cash and cash equivalents, restricted cash and pledged deposits by the total equity.

Interest coverage

Our interest coverage ratios were 5.2 times, 6.6 times and 4.3 times as of December 31, 2018, 2019 and 2020, respectively, which generally maintained at a stable level.

Current ratio

Our current ratio remained relatively stable at 1.3, 1.3 and 1.2 as of December 31, 2018, 2019 and 2020, respectively.

Net gearing ratio

Our net gearing ratio was 351.5%, 160.6% and 151.0% as of December 31, 2018, 2019 and 2020, respectively. The decrease in our net gearing ratio as of December 31, 2020 was primarily due to the increases of our cash and cash equivalents and total equity.

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit, liquidity and foreign exchange risks.

Interest rate risk

Our Group's exposure to risk for changes in market interest rates relates primarily to our Group's interest-bearing bank and other borrowings. Our Group does not use derivative financial instruments to hedge interest rate risk. Our Group manages its interest cost using variable rate bank borrowings and other borrowings.

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Our Group has no concentrations of credit risk in view of its large number of customers. Our Group did not record any significant bad debt losses during the year ended December 31, 2020. The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, financial assets included in prepayment, deposits and other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Our 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.

Foreign Exchange Risk

Our Group mainly operates its business in the PRC. Other than the foreign currency denominated bank deposits and senior notes, our Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended December 31, 2020. Our directors expect that any such fluctuations in exchange rate would not have material adverse effect on our operation.

Our Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. Our Group considers that no foreign exchange hedging arrangement is needed currently.

Capital management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

REGULATION

This section summarizes the principal PRC laws and regulations which are relevant to our business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to our business and operations.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

In accordance with the Law of the PRC on Urban Real Estate Administration (《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 2019 (effective in 2020)), 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, and amended on January 8, 2011, March 19, 2018, March 24, 2019 and November 29, 2020, respectively), 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, fulfil the following conditions: (i) The registered capital shall be RMB1 million or above; (ii) The enterprise shall have not less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and not less than 2 full-time accountants with certificates of qualifications. The Development Regulations also stipulates that the local government of a province, autonomous region or municipality under direct administration of the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

Pursuant to the Development Regulations, a developer who aims to establish a real estate development enterprise shall apply for registration with the administration for industry and commerce. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business license.

Foreign-Invested Real Estate Enterprises

Pursuant to the Special Administrative Measures for Access of foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)》(2020年版)) (the “Negative List”), which was promulgated by MOFCOM and NDRC on June 23, 2020 and became effective on July 23, 2020, real estate development does not fall within the Negative List for access of foreign investments and the restrictive measures for construction of golf courses and villas are applicable equally to domestic and foreign investment. According to the official explanation, the reason for such change was that construction of golf courses and villas is prohibited for both domestic and foreign investment pursuant to Prohibited Land Use Catalogue (2012 Version) (《禁止用地項目目錄(2012年本)》) promulgated by Ministry of Land Resources and National Development and Reform Commission.

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

- establishment of a foreign invested enterprise in China, independently or jointly with any other investors;

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

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

On December 30, 2019, the MOFCOM and State Administration for Market Regulation promulgated the Measures for Foreign Investment Information Reporting (外商投資信息報告辦法), which became effective on January 1, 2020. Where foreign investors carry out investment activities in the PRC directly or indirectly, the foreign investors or foreign-invested enterprises shall submit investment information to competent commerce departments in accordance with the Measures for Foreign Investment Information Reporting.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinions on Regulating Foreign Capital Access into the Real Estate Market and Management (《關於規範房地產市場外資准入和管理的意見》) which provides that: (i) a foreign institution or individual, when purchasing the not-for-self-use real estates in China, shall follow the principles of commercial presence, and, according to relevant regulations in respect of foreign investment in real estate, apply for establishing a foreign investment enterprise. After ratified and registered by relevant departments, an overseas institution or individual may engage in the related business in accordance with the approved business scope; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies; (v) foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign joint venture engaged in real estate industry.

On August 14, 2006, The General Office of MOFCOM promulgated the Circular on Thorough Implementation of the Opinions (《關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉有關問題的通知》). This Circular sets out the definition of FIREE as foreign invested enterprise which carries out construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks, or, development of land or a whole land lot aimed at the abovementioned construction projects.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Notice on Adjusting the Policies on the Market Access and Administration of Foreign Investment in the Real Estate Industry (《關於調整房地產市場外資准入和管理有關政策的

通知》) (the “**Circular**”), which amended certain policies on foreign-invested real estate enterprises and property purchase by overseas organizations and individuals as stated in the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) as follows, (i) the requirements for the registered capital and total investment of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-Foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》); (ii) 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 cancelled; (iii) the procedure of the foreign exchange registration related to foreign direct investment is simplified.

MOFCOM and SAFE 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》) (the “**Circular 50**”) (promulgated on May 23, 2007, and amended on 2015 by Decision of the Ministry of Commerce on Revising Some Regulations and Normative Documents (《關於修改部分規章和規範性文件的決定》)). Under the Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project development, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. Moreover, acquiring or investing in domestic real estate enterprises by means of “round-trip” investment (including when there is a single person in charge) shall be strictly controlled. Foreign investors shall not change the person in charge of a domestic real estate enterprise in order to avoid the examination and procedure process for foreign-invested real estate. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

On November 22, 2010, MOFCOM promulgated the Notice on Strengthening the Approval and Filing Administration of Foreign Investment in the Real Estate Industry (《關於加強外商投資房地產業審批備案管理的通知》), which provides that a real estate enterprise established in China with foreign capital is prohibited from arbitraging by purchasing and selling domestic properties which have been completed or which are under construction; local competent authorities of commerce shall not approve investment companies engaging in real estate development and operation, and shall strictly control the establishment of real estate enterprises in China by way of round-trip investment.

Pursuant to the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (關於調整和完善固定資產投資項目資本金制度的通知), which was promulgated by the State Council on September 9, 2015, the minimum capital ratio for other real estate development projects is adjusted to 25%.

QUALIFICATIONS OF REAL ESTATE DEVELOPERS

Classification of real estate enterprise qualification

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of obtainment of the business license, file the relevant documents with the competent department of real estate development of the place where the registration authority is located. The competent department of real estate development shall, on the basis of the assets, specialized technical personnel and development and management achievements, verify the level of qualification of the real estate development enterprise in question. The real estate development enterprise shall, in accordance with the verified level of qualification, undertake corresponding real estate development projects.

Pursuant to the Real Estate Development Enterprise Qualification Management Regulations (《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 be approved in accordance with the provisions of application for the enterprise qualification level. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business.

Pursuant to the Circular 77, enterprises engaged in real estate development are classified into four qualification levels: Level I, Level II, Level III and Level IV in accordance with their financial conditions, experience of real estate development business, construction quality, the professional personnel they employ, and quality control system etc. Different qualification levels are subject to different levels of supervisions by competent authorities. I.e., level I qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction; and qualifications of level II or lower ones are to be examined by the construction authorities at the provincial level. A newly established real estate development enterprise shall file the documents with the competent department of real estate development for the record, the latter shall issue the provisional qualification certificates to the eligible developers within 30 days. The provisional qualification certificate is effective for 1 year from its issuance while the competent department of real estate development may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate development enterprise shall apply for qualification classification within 1 month before the expiry of the provisional qualification certificate.

Business scope of a real estate developer

Under the Circular 77, a developer of any qualification classification may only engage in the development and sale of the real estate within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A Level I real estate developer may undertake a real estate development projects throughout the country without any limit on the scale of the project. A real estate developer of Level II or lower may undertake a project with a GFA of less than 250,000 square meters and the specific scopes of business shall be as formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Annual inspection of a real estate developer

Pursuant to the Circular 77, the qualification of a real estate developer should be subject to annual inspection. The construction authority under the State Council or its authorized institution is responsible for conducting the annual inspection of the qualification of Level I real estate developers. Measures for annual inspection of developers of Level II or lower qualification shall be formulated by the construction authorities under the people's government of the relevant province, autonomous region or provincial-level municipality.

LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

Land Grants

In April 1988, the National People's Congress (the “**NPC**”) passed an amendment to the Constitution of the PRC. 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 SCNPC also amended the Land Administration Law of the PRC (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

Under the Provisional Regulations of the PRC on Grant and Transfer of the Land-Use Rights of State-owned Urban Land (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) (the “**Provisional Regulations on Grant and Transfer**”) promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. After full

payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. According to the Urban Real Estate Law, a land user who obtains land use rights under the grant system must develop the land according to the land usage as indicated in the land grant contract and must commence the development within the time frame agreed to under the land grant contract.

In accordance with the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by NPC on May 28, 2020, and effective on January 1, 2021, the term of land use rights for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use rights for other uses shall be dealt with according to the then-current relevant laws. In addition, if the State resumes the possession of land for public interest during the term of the relevant land use rights, compensation shall be paid to the owners of residential properties and other real estate on the land and the relevant land premium shall be refunded to them by the State.

Methods of land grant

Under the Development Regulations, the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有土地使用權規定》) (promulgated by the Ministry of Land and Resources (the “MLR”) on May 9, 2002 and implemented on July 1, 2002 and revised on September 28, 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the “**Land Grant Regulations**”) effective on November 1, 2007, land for industry (except land for mining), commercial use, tourism, entertainment and residential commodity properties, or where there are two or more intended users for a certain piece of land must be granted by way of public tender, public auction or listing-for-sale processes. A number of measures in the Land Grant Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly.

The MLR and the Ministry of Supervision issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses by Soliciting Auction Bids or Listing on a Land Exchange (《關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知》) on March 31, 2004, which requires all local land administration authorities to strictly enforce the way of public tender, public auction or listing-for-sale processes. In addition, beginning on August 31, 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with for the reason of problems left from history.

On May 13, 2011, the MLR promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Sale (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides, among other things (i) how to correctly implement the land transfer policy through tenders, auctions and listing-for-sale; (ii) an explanation of improvements in the transparency of the system of tenders, auctions and listings for housing land; (iii) an explanation of adjustments and improvements to the land transfer policy through tenders, auctions and listing-for-sale; (iv) promotion of online operation of the transfer of land use rights; (v) improvement in contracts for land transfers through tenders, auctions and listing-for-sale.

On June 11, 2003, the MLR promulgated the Regulations on the Grant of State-owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

Circular on Facilitating the Continuously Healthy Development of Property Market (《關於促進房地產市場持續健康發展的通知》) promulgated by the State Council on August 12, 2003 requires control of the land supply for or suspend the approval for high end commodity properties in the area with overstock of high end and large-size properties, high end office buildings and commercial properties. High end commercial housing refers to the high-end residential property and commercial property developed by the property developer. On September 30, 2007, MLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties in Housing of Urban Low-Income Family and Further Strengthening the Macro-control of Land Supply (《國土資源部關於認真貫徹〈國務院關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》) as amended on December 3, 2010, to further enhance the control of land supply, which stipulates that the supply of the land to be developed for low-rent housing, economically affordable housing and low or medium priced and small or medium sized housing must be no less than 70% of the total land supply of the current year.

On September 21, 2010, MLR and MOHURD jointly promulgated the Notice of Further Strengthening Control and Regulation of Land and Construction of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulated, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for economically affordable housing, housing for redevelopment of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small or medium sized, price-capped housing must be increased. Where the above-mentioned housing land supply plan is not completed, no land may be supplied for the construction of large-sized and high-grade housing; (ii) the grant of two or more bundled parcels of lands and undeveloped land is prohibited; (iii) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1; (iv) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) committing such crimes as forgery of instruments with an aim to shark the land and/or illegally sell the land; (2) illegal transfer of land use rights; (3) where the land is idling for a period of more than one year due to the enterprises' reasons; and (4) noncompliance with the land development requirements specified in land grant contracts; and (v) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years since commencement of the construction.

On November 18, 2009, the MOF, the MLR, the PBOC, the National Audit Office and Ministry of Supervision issued A Notice on Further Strengthening the Land Transfer Revenue and Expenditure Management (《關於進一步加強土地出讓收支管理的通知》) jointly, which stipulates:

- (a) The payer shall pay the sum of money as stipulated by the contract. If a unit or individual that fails to pay up the land price as required, the municipal or county land resource management department must neither approve, issue the state-owned land use certificate nor issue certificate in a segmented way by the proportion of the land price paid.
- (b) The term for paying the full land transfer price by installments agreed between the municipal or county land resource management department and land transferee pursuant to law shall not exceed one year in principle. The proportion of first payment shall not be less than 50% of total land transfer price. The land price (rent) payable for the current period shall be fully paid in a lump sum without any arrangement for installments as agreed in land lease contracts.
- (c) Where the entities and individuals that fail to pay land price on time or fail to start construction as agreed in contracts, they shall not be allowed to participate in new land grant transaction activities during the period when they are in arrears with incomes from land grants.

On March 8, 2010, the MLR issued A Notice of the Problems on Strengthening the Supply and Supervision of the Land used for Real Estate Development (《關於加強房地產用地供應和監管有關問題的通知》), among others, strictly regulating the behavior of commercial land transfer and the lowest price of land transfer, strictly implementing the verification process on land bidder qualification, strictly managing the land transfer contract, and insisting on and improving the land bid invitation, auction and listing system, and Strictly dealing with idle real estate land.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於印發〈限制用地項目目錄〉(2012年本)和〈禁止用地項目目錄〉(2012年本)的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects should not exceed (i) seven 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 is not lower than 1.0.

The Measures on the Administration of Land Reservation (《土地儲備管理辦法》), promulgated by MLR, MOF, the PBOC and the CBRC on January 3, 2018, define “Land Reservation” and stipulate the administrative, regulatory and implementing procedures involved with the planning, the storage standard, prophase development, management and protection, supply and capital management and the regulatory responsibility of reserve land.

Land transfer from current land users

Under the Urban Real Estate Law, at least 25% of total amount of investment or development must have been made or completed before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights.

DEVELOPMENT OF REAL ESTATE PROJECTS

In October 2004, the NDRC issued the Interim Provisions on Approving Foreign Investment Projects (外商投資項目核准暫行管理辦法), according to which, approval of the NDRC or its branches shall be required for foreign investment projects. The Administrative Measures for Approval and Record-filing of Foreign Investment Projects (外商投資項目核准和備案管理辦法), which supersedes the Interim Provisions on Approving Foreign Investment Projects, was promulgated by the NDRC on May 17, 2014 and was amended on December 27, 2014.

According to the Administrative Measures for Approval and Record-filing of Foreign Investment Projects and the Notice of the State Council on Promulgating the Catalog of Investment Projects Approved by the Government (2016 Version) (the “**Catalog**”) (國務院關於發布政府核准的投資項目目錄(2016本)的通知), which was promulgated and effective on December 12, 2016, two methods are developed for the management of foreign investment projects, namely, approval and record-filing; the investment projects specified in the Catalog shall be approved by the NDRC or other competent authorities; the investment projects other than those specified in the Catalog shall be filed with the competent investment department of the local governments.

At the stages of examination, approval and record-filing of any construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Land (建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources on March 2, 1999, as amended on November 30, 2010 and on November 29, 2016, and the Measures for Administration of Preliminary Examination of Construction Project Land promulgated by the Ministry of Land and Resources (建設項目用地預審管理辦法) in July 2001, as amended in November 2004, November 2008 and November 2016. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory.

The land administration authority at the relevant city or county will sign a land grant contract with the land user and issue an approval for the construction land to the construction entity or the developer.

Commencement of real estate project and regulations with respect to idle land

Under the Urban Real Estate Law, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract.

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 limit 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.

According to the Urban Real Estate Law, when the development has not started one year later than the date for 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 development has not started two years later, 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 necessary preparatory work for starting the development.

Under the Measures on Disposal of Idle Land, if construction commencement is postponed due to the behaviors of governments or natural disasters, the departments of land and resources at the municipal or county level shall negotiate with the users of State-owned construction land and dispose the land through the following manners:

- Extend the deadline for construction commencement. The supplementary agreement shall be signed so as to re-agree on the date of construction commencement, the date of completion and liabilities for breach of contract. Deadline for construction commencement shall not be extended for more than one year as of the construction commencement date as agreed on in the supplementary agreement;
- Change the purposes and planning conditions of the land. New formalities for land use shall be gone through according to new purposes and new planning conditions of the land. The land prices shall be calculated, collected or refunded according to the new purposes and new planning conditions of the land;
- Arrange temporary use of the land on the part of the governments. The users of State-owned construction land may re-develop and re-construct the land after the original projects meet the conditions for development and construction. The period of temporary use shall not exceed two years as of the date of arranging the temporary use;
- Recover the right to use State-owned construction land with compensation through agreement;
- Replace the land. For the land where the payment has been made and project funds have been in place and which is laid idle due to lawful adjustments of the plan, such land may be replaced with other State-owned construction land with equivalent value

and same purposes to the users of State-owned construction land for development and construction. In the event that land transfer is involved, new land transfer contracts shall be signed and the words "Replaced Land" shall be indicated in the contracts;

- The departments of land and resources at the municipal or county level may stipulate other disposal manners in light of the actual situations.

The Notice on Strengthening the Disposing of Idle Land (《關於加大閒置土地處置力度的通知》) issued by the MLR on September 8, 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

Planning of real estate projects

Under the Urban and Rural Planning Law of the PRC (《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, for a construction project for which the right to use of State-owned land is extended through transfer, after approvals, verification and filing documents are obtained and the contract on transfer of the right to use of State-owned land is concluded, the developing unit shall apply to the department in charge of urban and rural planning concerned for a permit for planned use of land for construction. In addition, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

Construction work commencement permit

After obtaining the construction works planning permit, a real estate developer shall apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above in accordance with the Measures for the Administration of Construction Permit for Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001 and further amended on June 25, 2014, September 28, 2018 and March 30, 2021 respectively by MOHURD.

Regulations for prefabricated building

The Central Committee of the Communist Party of China and the State Council issued Certain Opinions on Further Strengthening the Management of Urban Planning and Construction (《關於進一步加強城市規劃建設管理工作的若干意見》) on February 6, 2016, which proposed the development of new construction methods. The suggestions vigorously promote the assembly of buildings and strive to take about 10 years to let the proportion of fabricated buildings accounted for 30% of new buildings.

According to the notice issued by the Nanjing Municipal Government Office on August 1, 2017, which further promoted the implementation of prefabricated building development, it was pointed out that the total construction area of newly constructed prefabricated building projects in 2017 needs to reach more than 3 million square meters, more than 15% of new buildings and 30% of residential finished home. In 2020, the total construction area of newly constructed prefabricated building projects shall reach more than 30% of new buildings and 50% of residential finished home.

Acceptance and examination upon completion of real estate projects

Pursuant to the Development Regulations, the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on 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 people's government at or above 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 and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. A real estate project shall not be delivered before passing the acceptance examination.

REAL ESTATE TRANSACTIONS

Real estate transfer

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate (《城市房地產轉讓管理規定》) promulgated by the Ministry of Construction on August 7, 1995 and as amended on August 15, 2001, a real estate owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Sale of commodity properties

Under the Regulatory Measures on the Sale of Commodity Buildings (《商品房銷售管理辦法》) (the “**Regulatory Measures**”) promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales. According to the Regulatory Measures, the property developers shall report for record to the property developing administrations of the local government before any sales of completed properties.

Pre-sale of commodity properties

According to the Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings (《城市商品房預售管理辦法》) (the “**Pre-sale Measures**”) promulgated by the Ministry of Construction on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004 respectively, any pre-sales of commodity properties is subject to specified procedures. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit.

Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sales proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

On April 13, 2010, MOHORD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》). Pursuant to the notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developer are not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions and encourages property developers to sell completed commodity properties.

According to the Development Regulations and the Pre-sales Measures, the development enterprise shall sign a contract on the pre-sale of commodity housing with the purchaser. The development enterprise shall, within 30 days from signing the contract, handle the registration and record procedures for the contract on the pre-sale of commodity housing with the real property administrative department.

According to the Notice on Promoting the Stable and Sound Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) promulgated by the General Office of the State Council on January 7, 2010, local governments shall decide the minimum scale of pre-sales rationally based on local practice and may not issue separate pre-sale permits by floor or unit.

In certain cities such as Nanjing and Suzhou, the local governments have also recently imposed stricter limitations on pre-sale of properties. Please see Section “—*Measures on Stabilizing Housing Prices*” below.

Sales after completion of commodity properties

Under the Regulatory Measures, commodity properties may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of a real estate developer; (ii) the enterprise has obtained a land use rights certificate or other approval documents of land use; (iii) the enterprise has obtained the construction project planning permit and the construction work commencement permits; (iv) the commodity properties have been completed and been inspected and accepted as qualified; (v) the relocation of the original residents has been well settled; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; and (vii) the property management plan has been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

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 commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. The sale price of commercial housing shall be marked by one set of standards, which means commercial housing operators should make a marked price for each commercial housing. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On April 17, 2010, the State Council issued the Circular of the State Council on Resolutely Curbing the Excessive Rise of Housing Price in Some Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》) which include, among other things, (i) the down payment proportion and the interest rate shall be raised substantially for loans to buy a third house or above and the specific proportion and interest rate shall be determined by commercial banks in light of risk

management principle; and (ii) in areas where the price of commercial houses is too high and rises too fast and where there is tension in house supply, the commercial banks may suspend granting loans for the purchase of the third house or above in light of risk conditions.

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) home purchase restrictions and (ii) increased down payment requirement for second residential properties purchase.

Mortgage on real estate

Under the PRC Civil Code (《中華人民共和國民法典》), and the Measures on the Administration of Mortgages of Real Estate in Urban Areas (《城市房地產抵押管理辦法》) promulgated by the Ministry of Construction in May 1997 and as amended on August 15, 2001, and the Property Law, which was approved by the 5th Session of the 10th National People's Congress on March 16, 2007 and took effect on October 1, 2007, land use rights, the buildings and other attachments on the ground may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. A system has been adopted to register the mortgages of real estate. Within 30 days after a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the 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 to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

Lease of properties

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "**New Lease Measures**"), which become 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 the execution of lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB10,000. According to the Urban Real Estate Law, rental income derived from any building situated on allocated land, or land which the landlord has acquired only allocated land use rights, shall be turned over to the State.

Under the PRC Civil Code (《中華人民共和國民法典》), 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 effective on March 1, 2015 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

REAL ESTATE FINANCING

Loans to real estate development enterprises

PBOC issued the Circular on Further Strengthening the Management of Real Estate Loans (《關於進一步加強房地產信貸業務管理的通知》) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of residential development. Real property loans by commercial banks to real estate enterprises shall be granted only in respect of a particular item of real estate development rather than a cash flow or other loan item. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit. If a real estate development enterprise applies for bank loans, its self-owned funds (owner's equity) may not be less than 30% of the total investment of the developed project. The real estate loans granted by a commercial bank can only be used for the real estate projects in the region and are restricted to be used across regions.

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 rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits. The guideline also stipulated 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 May 24, 2006, the State Council issued the Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (《關於調整住房供應結構穩定住房價格的意見》), according to which credit qualifications with respect to real estate developers shall be strictly complied with. In order to suppress real estate development enterprises from storing up land and housing resources by use of bank loans, commercial banks shall not provide loans to real estate enterprises/projects that fail to meet loan qualifications, such as, project whose capital ratio fails to meet the 35% baseline. For real estate development enterprises that have comparatively a large quality of idle land and vacant commodity buildings, commercial banks shall apply the principle of prudent operation and use higher standard of scrutiny in controlling renewable loans and any form of revolving credit. Commercial banks shall not accept any commodity building that has been idle for three or more years as collateral for 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 property developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained and the loan 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 property 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;
- prohibits granting loans to the property 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 prohibits 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 the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, or hoarding properties.

The PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires from January 1, 2021 a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution.

Trust financing

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, “Trust Financing Company” shall mean any financial institution established pursuant to the PRC Company Law and these Measures, 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 Financing Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》, promulgated by the CBRC on October 28, 2008 and effective beginning the same date, pursuant to which Trust Financing Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits and the property projects of which less than 35% of the total investment is funded by the property 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) and was subsequently changed to 25% for other property projects according to the Notice on Adjusting and Improving the Capital Ratios for Fixed Assets Investment Projects (《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 on September 9, 2015.

Housing loans to individual buyers

According to the Notice of the People’s Bank of China on the Adjustment of Commercial Bank Housing Credit Policies and the Interest Rate of Excess Reserve Deposits (《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》) promulgated by PBOC on March 16, 2005, from March 17, 2005, in the cities and areas where there has been a rapid increase in house prices, the first installment of individual house loans increases from 20 percent to 30 percent. The commercial banks can independently determine the specific cities or areas under such adjustment according to special situations in different cities or areas.

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 home buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 square meters, 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 40% and also provides that the applicable mortgage 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 rapidly and high and housing supply is insufficient.

On September 29, 2010, 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 provides, among other things, that all property companies with records of being involved in idle land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

The Circular on Issues 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 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 home, 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.

On September 29, 2010, 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 provides that for a family who buys on loan its first ordinary house for self-use, the minimum percentage of down payment is 30%. For a family who buys on loan the second house, the down payment requirement is at least 50% and the applicable mortgage rate must be at least 1.1 times of the benchmark interest rate. The commercial banks shall suspend housing loans to third or more home buyers.

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 its 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 Circular on Issues concerning Adjusting the 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, and the actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-

issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

The Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), promulgated by Ministry of Finance and State Administration of Taxation on March 23, 2016 and effective on May 1, 2016, amended on July 11, 2017 and March 20, 2019, respectively, provides that upon approval by the State Council, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the PRC shall be the taxpayers of value-added tax (“VAT”) and shall, instead of business tax, pay VAT in accordance with Measures for Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《營業稅改徵增值稅試點實施辦法》), amended on July 11, 2017 and March 20, 2019, respectively. The sale of real property and the second-hand housing transaction shall adopt this notice.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), the Interim Measures on the Administration of Acceptance Inspection of Construction Project Environmental Protection (《建設項目竣工環境保護驗收暫行辦法》) and the Administrative Measures for Filing the Environmental Impact Registration Form for Construction Projects (《建設項目環境影響登記表備案管理辦法》). 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. Simultaneous design, simultaneous construction and simultaneous going-into-operation with the main body project must be realized for matching environmental protection facilities construction which is required for the construction project. In addition, upon completion of the property development, the acceptance inspection of the property was required to be carried out by the relevant environmental authorities before being delivered to the purchasers. However, after the Administrative Regulations on the Environmental Protection of Construction Projects was revised and became effective on October 1, 2017 and the Interim Measures on the Administration of Acceptance Inspection of Construction Project Environmental Protection became effective on November 20, 2017, except those construction projects requiring water, noise and solid waste pollution prevention facilities, which are still subject to acceptance by the environmental authorities, for other construction projects the developers may carry out the acceptance inspection upon the completion by themselves.

On May 14, 2018, the General Office of the State Council issued the Circular on Launching the Pilot Reform in the Examination and Approval System for Construction Projects (《關於開展工程建設項目審批制度改革試點的通知》) (the “**Circular No. 33**”), provides that the pilot reform in the examination and approval system for construction projects shall be initiated in 16 provinces and municipalities, including Beijing Municipality, Tianjin Municipality, Shanghai Municipality, Chongqing Municipality, Shenyang Municipality, Dalian Municipality, Nanjing Municipality, Xiamen Municipality, Wuhan Municipality, Guangzhou Municipality, Shenzhen City, Chengdu Municipality, Guiyang Municipality, Weinan Municipality, Yan’an Municipality and Zhejiang Province. Pursuant to the Circular No. 33, a unified regional assessment by the government shall be promoted on earthquake safety assessment, geological disaster risk assessment, environmental impact assessment, energy conservation evaluation. In addition, the evaluation

items such as environmental impact assessment, energy conservation assessment, and earthquake safety assessment shall not be considered as the conditions for project approval, and the earthquake safety evaluation can be completed before the construction design while other evaluation items can be completed before the construction work commencement permit.

FIRE PREVENTION MANAGEMENT

According to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and implemented on September 1, 1998, amended on October 28, 2008 and implemented on May 1, 2009, later amended on April 23, 2019 and implemented on the same date and last amended and implemented on April 29, 2021, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction.

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, 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.

INTELLECTUAL PROPERTY

The Trademark Law of the PRC (Revised in 2013) (《中華人民共和國商標法(2013年修訂)》) promulgated by Standing Committee of the National People's Congress on August 30, 2013 and effective on May 1, 2014 and later amended on April 23, 2019 provides that the administrative department for industry and commerce under the State Council has established a Trademark Office to take charge of matters concerning trademark registration and administration throughout the country. Any natural person, legal person, or other organizations that needs to acquire the exclusive right to use a trademark in the production and operation activities shall file an application for trademark registration with the Trademark Office. The trademark applied for registration shall have distinctive characteristics for identification and shall not conflict with the prior legitimate rights of others.

Pursuant to the PRC Trademark Law, where the infringement is confirmed, the administrative department for industry and commerce shall order the infringer to cease such infringement, confiscate and destroy the infringing goods and tools used in producing such goods or forging logos of the registered trademark. In the event of illegal business revenue of over RMB50,000, a fine up to five times of the revenue may be imposed; in the event of no illegal business revenue or illegal business revenue of less than RMB50,000, a fine up to RMB250,000 may be imposed; in the event of trademark infringement of more than two times within five years or other serious circumstances, a heavier punishment shall be given. Where it is hard to determine the right owner's actual losses due to infringement, the infringer's actual interests obtained due to the same or the royalties of the registered trademark, the People's Court shall, based on the actual circumstance of infringement, bring in a verdict of amount up to RMB3 million.

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 Ministry of Finance and SAT on March 30, 2015 and 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、住房和城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) promulgated on February 17, 2016 and 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.

The Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) promulgated by the State Administration of Taxation and the Ministry of Finance on March 23, 2016 and effective on May 1, 2016, amended on July 11, 2017 and March 20, 2019, respectively, provides that (i) The sale of any house that has been bought for less than two years by any individual shall be subject to a VAT rate of 5% in respect of the full amount of the sales proceeds; the sale of any house that has been bought for two years or longer by any individual may be exempted from VAT. This policy applies to regions other than Beijing Municipality, Shanghai Municipality, Guangzhou City, and Shenzhen City; and (ii) The sale of any house that has been bought for less than two years by any individual shall be subject to a VAT rate of 5% in respect of the full amount of the sales proceeds; the sale of any non-common house that has been bought for two years or longer by any individual shall be subject to a VAT rate of 5% in respect of the sales proceeds less the original purchase price of the house paid by the individual; the sale of any common house that has been bought for two years or longer by any individual may be exempted from VAT. This policy only applies to Beijing Municipality, Shanghai Municipality, Guangzhou City, and Shenzhen City.

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 Ministry of Housing and Urban-Rural Development), in cities experiencing serious demand over supply and facing overheating markets, the supply of housing land, in particular those lands for ordinary commercial houses, shall be increased reasonably. In cities with excessive housing supply, the supply of housing land shall be reduced or even suspended. All the local authorities shall build an inspection system to ensure that the real estate developers are using their own legal funds to purchase land.

The General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (《關於切實穩定住房價格的通知》) on March 26, 2005, requiring measures to be taken to restrain housing prices from increasing too fast and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State

Council issued the Opinion of the Ministry of Construction and other Departments on Improving the Works on Stabilizing the Prices of Residential Properties (《關於做好穩定住房價格工作的意見》) which requires the rectification of and regulation on the market order and serious investigation into and punishment on any irregular and rule-breaking sales.

On May 24, 2006, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilization of Housing Prices (《關於調整住房供應結構穩定住房價格的意見》). As to the adjustment of housing supply and stabilization of housing prices, the opinion provides that:

- (a) Adjustment to the housing supply structure: the construction of medium and small-sized regular commodity houses at medium or low prices should be especially developed to satisfy the demands of local residents.
- (b) Adjustment to tax, credit and land policies: from June 1, 2006, the first installment of individual house loans should be no less than 30 percent. When a borrower applies for individual house loans for his own use and the floor area of the unit is less than 90 square meters, the first installment remains at 20 percent.

Reinforce the strength in disposal of idle land. With respect to the land that has not been started for development for more than one year from the expiration of the commencement date of development specified in the contract, the fees for idle land shall be levied at the top level and orders shall be given to set up date for start and completion of construction. If the land has not been developed within 2 years from the commencement date, the land use right will be withdrawn without compensation. With respect to the land that has been started for construction on the date specified by the contract, if the development and construction area is less than one third or the invested amount is less than one fourth, the suspension of construction of which is continuously more than 1 year without approval from the relevant department, it will be treated as idle land. On April 18, 2016, Nanjing Municipal Government of Jiangsu Province issued Implementing Opinions of the Nanjing Municipal People's Government on Promoting Stable and Healthy Development of the Real Estate Market by Promoting Structural Reform on Supply Side (《南京市人民政府關於推進供給側結構性改革促進房地產市場平穩健康發展的實施意見》), which indicates that commercial residential projects in Liucheng District, Jiangning District and Pukou District (excluding residential buildings of more than 180 square meters and low-density residential buildings) shall be guided by classification according to the price range based on the average price of the transaction batch at the beginning of the year. If the average price is less than 20,000 yuan/square meter, the annualized increase shall not be higher than 12%; if the average price is between 20,000–30,000 yuan/square meter, the annualized increase shall not be higher than 10%; if the average price is 30,000 yuan/square meter or more, the annualized increase of shall not be higher than 8%; for the first sale of the project, the application for average price shall refer to the premises nearby of the same type and quality.” In certain cities such as Nanjing and Suzhou, the local governments have recently imposed stricter limitations on pre-sale of properties. The Notice on Adjusting Land Transfer Bidding Methods and Commodity House Loan Down Payment Proportions in Nanjing (《關於調整南京市土地公開出讓競價方式、商品房貸款首付比例的意見的通知》) promulgated by the General Office of Nanjing Government on August 11, 2016, if the bidding price of the relevant parcel of land acquired reaches 80% of the prescribed ceiling price, the following construction schedule shall have been reached in order to apply for pre-sale permits: for buildings with seven floors and below, the basic construction shall be completed, and the construction shall be completed until the main structure is capped; for buildings with eight floors or above, the basic project shall be completed and more than two-thirds of the main structure shall be completed. In addition, if the bidding price of the relevant parcel of land acquired reaches 90% of the prescribed ceiling price, the commercial housing built on the land shall not be pre-sold. On March 15, 2017, the General Office of Nanjing People's Government issued Notice on Further Adjusting the Property Purchase Restriction Policy in the Municipality (《關於進一步調整我市住房限購政策的通知》), which suspended sale of properties to residents owning at least one premise without Nanjing household registration in Liuhe, Lishui and Gaochun Districts, and suspended sale of properties to residents owning at least two premises with Nanjing household registration in the major urban districts, etc. In Suzhou, the People's Government of Suzhou has also promulgated Implement Opinion on

Further Strengthening Administration on the Real Estate Market of Suzhou Urban Areas (《關於進一步加強蘇州市區房地產市場管理的實施意見》) on August 11, 2016, which imposed conditions on pre-sale of properties that if the price of the relevant parcel of land acquired by the property developer exceeds the market guide price, the property developer cannot apply for pre-sale permits until the roofing of the structure is complete; if the price of the relevant parcel of land acquired by the property developer exceeds 110% of the market guide price, the property developer cannot apply for pre-sale permits until the completion inspection acceptance procedure is completed. Please refer to the paragraph headed “*Risk Factors—Risks Relating to Our Business—We generate revenue principally from the sale of properties, and our ability to realize benefits from a property development project may fluctuate, as it will depend on our property development project schedule and budget and the timing of sales for such project*” in this Offering Memorandum.

Certain local governments have also adopted measures restricting the sale price of properties. For instance, under the Notice on Further Enhancing the Supervision of Sales of Commodity Properties at Clearly Marked Price (《關於進一步規範商品住房明碼標價行為的通知》) promulgated by the Nanjing Price Control Administration and Committee of Municipal and Rural Construction of Nanjing on October 15, 2010 and implemented on October 21, 2010, the property developers shall report the sale price for record to the pricing administrations of the local government (地方發展改革委員會物價局) before any sales of properties and the sale price once reported cannot be raised within 3 months.

On June 25, 2018, MOHURD, the Propaganda Department, the Ministry of Public Security, the Ministry of Justice, SAT, SAIC and the China Banking and Insurance Regulatory Commission jointly promulgated the “Notice on Launching a Special Campaign to Combat the Violations of the Interests of the People and Controlling Real Estate Market Chaos in Some Cities” (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通知》) (the “**Notice**”), which requests related governmental authorities in some cities (as listed below) to, among others, (1) strengthen the administration and supervision over the following illegal activities of real estate development enterprises: (i) collect or collect in a disguised form fees such as deposits, reservations, and earnest money from real estate purchasers by means of subscription, recognition, booking, lining up, selling cards, etc., prior to the obtaining of the pre-sale permit; (ii) selling commercial housing not according to the government filing price, or adding price in a disguised form by means of restricting lawful rights of the purchaser by setting additional conditions (such as bundling parking lot or decoration), etc.; (iii) selling a same house for more than one time and damaging the lawful rights and interests of purchasers; (iv) using fixed contract terms to exempt itself from obligations stipulated by laws, increase the responsibility of real estate purchasers, and exclude lawful rights of the purchasers; (v) restricting, obstructing or refusing real estate purchasers from using housing provident fund loan or mortgage loan; (vi) activities in violation of the rule of clearly marking pricings, such as not specifying the selling status and selling pricing of the house resources; and to (2) strengthen the administration and supervision over for the following illegal activities of publishing real estate advertisement: (i) misleading purchasers of their market expectation by fabricating, distributing false information or misinterpreting relevant real estate policies; (ii) publishing false real estate resource and price information to deceive or mislead real estate purchasers; (iii) publishing pre-sales and sales advertisements for unlicensed or unfiled real estate projects; (iv) promising to help purchasers obtain Hu Kou, employment, further studies, etc. in real estate advertisements; (v) promising real estate appreciation or investment return in real estate advertisements. 30 cities were covered by the Notice, including Nanjing, Suzhou, Wuxi, Hangzhou, Hefei and Xuzhou where our Group operates or intends to operate. In July and August 2018, the local authorities of those six cities have all issued local governmental notices to organize relevant departments to carry out measures required in the Notice. As we are not engaging in such illegal activities, we believe that the Notice and the local implementing measures would not cause material impact to our operations.

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the Law of the PRC on Safe Production (《中華人民共和國安全生產法》) implemented by the SCNPC in November 1, 2002, later amended on August 31, 2014 and last amended on June 10, 2021, the developer

shall apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction works commencement permit. Contractors for the construction shall establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

PROPERTY MANAGEMENT ENTERPRISES

Enterprises shall engage in property management activities subject to relevant provisions under the Property Management Regulations (《物業管理條例》) (implemented on September 1, 2003, as amended on August 26, 2007 and February 6, 2016 and as amended according to the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 19, 2018).

On March 8, 2018, MOHURD issued Order No.39 Decision Regarding Repealing the Measures on Property Service Enterprises Qualification Management (《住房城鄉建設部關於廢止〈物業服務企業資質管理辦法〉的決定》), which repealed the Measures on Property Service Enterprises Qualification Management (《物業服務企業資質管理辦法》), and currently qualification of property service enterprise is no longer required for providing property service within the PRC.

In accordance with the relevant regulations of the PRC Civil Code (《中華人民共和國民法典》) and Property Management Regulations (《物業管理條例》), selection and engagement of property service enterprises shall have the consent of not less than half of the total number of voting owners while the gross floor area in the exclusive possession of such voting owners shall not be less than half of the total gross floor area of the property owned by the voting owners. In the event that the property service enterprise has been selected by the construction department prior to the engagement of property service enterprise by the owners at the meeting of owners, a preliminary property management contract shall be signed.

Property Service Charge

According to the Property Management Regulations (《物業管理條例》) (implemented on September 1, 2003, as amended on August 26, 2007 and February 6, 2016 and as amended according to the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 19, 2018), property service fees shall be stipulated in the property services contract pursuant to the charging methods of property services fees formulated by the competent price administration department of the State Council jointly with the competent construction administration department of the State Council. Property service fees shall be reasonable, open, and in accordance with the level of service and distinguish different types of properties and their respective features. The competent price administration department of the State Council, in conjunction with the competent construction administration department of the State Council, shall strengthen the supervision over the charge of property service fees.

According to the Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) issued by the National Development and Reform Commission and the Ministry of Construction on November 13, 2003, property service fees shall be subject to either the government's guidance or market regulation, based on the different nature and characteristics of different properties. The specific charging methods shall be determined by competent price departments under the people's governments of all provinces, autonomous regions and municipalities directly under the Central Government, in concert with the competent administrative departments of real estate. Where property service fees are subject to the government's guidance, the competent price department shall work together with competent administrative departments of real estate to work out the benchmark prices and the range of variations depending on factors such as the level of property service, and publish the forgoing

benchmark prices and the range of variations on a regular basis. The specific charging criteria shall be agreed upon by the property owner and the property management enterprise in the contract for property services, in accordance with the stipulated benchmark price and the range of variations. Where property service fees are subject to market regulation, the property service fees shall be agreed upon by the property owner and the property management enterprise in the contract for property services.

Some local governments have adopted different local policies in implementing the above national regulations. For instance, on September 20, 2006, the Nanjing Real Estate Management and the Nanjing Price Bureau promulgated the Nanjing General residential property service grade and the Charge standard (Trial) 《南京市普通住宅物業服務等級和收費標準(試行)》(the “**Standard**”), pursuant to which, the general residential property service fees shall be charged according to the choice and combination of the sub-items in this Standard.

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.

The Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》) jointly issued by SAFE and MOHURD on September 1, 2006 and amended on May 4, 2015, provided that:

- (a) Where a FIREE fails to acquire a land use rights certificate or to make its capital funding for a development project amounting to 35% of the total investment to the project, the SAFE authorities will not handle its foreign debt registration or approve its settlement of foreign exchange funds;
- (b) Where a foreign institution or individual fails to pay the transfer price in a lump sum with its/his own fund, SAFE authorities will not process the registration of foreign exchange proceeds from transfer of equities;
- (c) The domestic and foreign investors of a FIREE may not enter into an agreement or undertaking that promises a fixed return in any form to any party, or the SAFE authorities will not process the foreign exchange registration or registration modification for the FIREE; and
- (d) The funds in the foreign exchange account in the name of a foreign investor in a domestic bank may not be used for the property development or operation of the FIREE.

Pursuant to the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC individual 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 indirectly 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 (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular No. 13**”), which was promulgated on February 13, 2015, entered into effect on June 1, 2015 and was amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment is directly reviewed and handled by banks in accordance with the SAFE Circular No. 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 Enterprises Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) which was promulgated on March 16, 2007 and last amended on 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 law, 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 if 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.

On March 6, 2009, SAT issued the Measures Dealing with Income Tax of Enterprise Engaged in Real Estate Development and Operation (《房地產開發經營業務企業所得稅處理辦法》) effective on January 1, 2008 and amended on June 5, 2018, which specifically stipulates the rules regarding tax treatment of income and deduction of cost and fees, verification of calculated tax cost and tax treatment on certain matters of the real estate development enterprise according to the PRC Enterprise Income Tax Law and its implementation rules. The circular provides that the gross profit margin for tax calculation of the sale of uncompleted development product by an enterprise shall be determined by the state taxation bureau and local taxation bureau of each province, autonomous region and municipality directly under the central government pursuant to the following stipulations. For development products located in the city proper and suburbs of cities in which the People’s Governments of provinces, autonomous regions, municipalities directly under the central government and cities specifically designated in the state plan are located, it shall not be lower than 15%; for development products located in the city proper and suburbs of prefectures or prefecture-level cities, it shall not be lower than 10%; and for development products located in other areas, it shall not be lower than 5%.

Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary.

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 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, 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佈〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and with effect from May 1, 2016 and amended on June 15, 2018 by SAT, 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 issued on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items.

Under the Interim Regulations of the People's Republic of China on Real Estate Tax (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986 and last revised according to the Decisions of the State Council on Repealing and Amending Certain Administrative Regulations on January 8, 2011, where the real estate tax is calculated based on the residual value of the property, the tax rate shall be 1.2%; where the real estate tax is calculated based on the rental income from the property, the tax rate shall be 12%.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the PRC Governing Land Use Tax in Urban Areas (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and amended on December 31, 2006, December 7, 2013 and March 2, 2019, land use tax in respect of urban land is levied according to the area of relevant land.

Deed Tax

Pursuant to the Deed Tax Law of the PRC (《中華人民共和國契稅法》) promulgated by the NPC on August 11, 2020 and implemented on September 1, 2021, a deed tax is chargeable to transferees of land use right and/or ownership in real property within the PRC. These taxable transfers include: (i) grant of land use right; (ii) sale, gift and exchange of land use right, other than transfer of right to manage "rural collective land" (i.e. the land located in rural area and collectively owned by farmers); and (iii) sale, gift and exchange of real property. The deed tax rate is between 3% and 5% and is subject to determination by local governments at the provincial level in light of local conditions.

Stamp Duty

Under the Interim Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988 and amended on January 8, 2011, for real estate transfer instruments, including those in respect of real estate ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permit and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Real Estate Tax

In accordance with the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the PRC State Council Order 546 (中華人民共和國國務院令2008第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the rate of 12% on rental income derived from real estate.

Municipal Maintenance Tax and Education Surcharge

On October 18, 2010, the State Council released a circular entitled Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) to resume the collection of surtaxes from foreign invested enterprises and foreign enterprises, effective from December 1, 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises is 3%.

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 August 27, 2009 and on December 29, 2018 respectively) and January 1, 2008 and amended on December 28, 2012, respectively, labor contracts shall be concluded if labor relationships are to be established between the employer 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, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated and implemented on January 22, 1999 by the State Council and amended on March 24, 2019, the Interim Measures Concerning the Maternity Insurance of Employees of an Enterprise (《企業職工生育保險試行辦法》) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, and the Regulation on Occupational Injury Insurances (《工傷保險條例》) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, employees shall participate in basic pension insurance, basic medical insurance schemes 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 schemes. 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.

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.

PRC MERGER & ACQUISITION

Pursuant to Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the State Administration for Industry and Commerce, China Securities Regulatory Commission (the “CSRC”) and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, which provided that the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor.

DIRECTOR AND SENIOR MANAGEMENT

As of the date of this Offering Memorandum, our director and members of the senior management are as follows.

BOARD OF DIRECTORS

Our Board currently consists of nine directors, comprising four executive directors, two non-executive directors and three independent non-executive directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have also entered into service contracts with each of our executive directors. We have also entered into letters of appointment with each of our non-executive directors and independent non-executive directors.

The table below shows certain information in respect of our directors:

| Name | Age | Date of joining our Group | Principal Position | Appointment Date as a Director | Responsibilities |
|--|-----|------------------------------|---|-----------------------------------|---|
| Non-executive Directors | | | | | |
| HUANG Qingping (黃清平) . . . | 57 | September 1992 | Chairman and non-executive Director | January 8, 2018 | Responsible for the formulation and provision of guidance and development strategies for the overall development of our Group |
| XIE Chenguang (謝晨光) | 58 | December 1998 | Non-executive Director | August 19, 2018 | Responsible for the provision of guidance for the overall development of our Group |
| Executive Directors | | | | | |
| MA Baohua (馬保華) | 59 | February 2004 | Executive Director and president | August 19, 2018 | Responsible for the overall strategic decision, business planning, and daily management and operation of our Group |
| ZHU Li (朱力) | 47 | July 1995 | Executive Director and vice president | August 19, 2018 | Responsible for business operations, customer service and procurement of our Group |
| WANG Zheng (王政) | 41 | February 2003 | Executive Director and vice president | August 19, 2018 | Responsible for the investment and marketing departments of our Group |
| SHAO Lei (邵磊) | 39 | July 2004 | Executive Director, vice president and financial director | August 19, 2018 | Responsible for the legal, funds and securities affairs of our Group |
| Independent Non-executive Directors | | | | | |
| CHEN Shimin (陳世敏) | 62 | February 2019 | Independent non-executive Director | February 18, 2019 | Responsible for the provision of independent advice to our Board |
| CHAN Peng Kuan (陳炳鈞) . . . | 57 | February 2019 | Independent non-executive Director | February 18, 2019 | Responsible for the provision of independent advice to our Board |
| LAM Ming Fai (林名輝) | 45 | February 2019 | Independent non-executive Director | February 18, 2019 | Responsible for the provision of independent advice to our Board |

Non-executive Directors

Mr. HUANG Qingping (黃清平), aged 57, is our Chairman and our non-executive director. Mr. Huang is primarily responsible for the formulation and provision of guidance and development strategies for the overall development of our Group. Mr. Huang joined us in September 1992. He was appointed as a director on January 8, 2018 and re-designated as our non-executive director on August 19, 2018. Mr. Huang has over 30 years of experience in real estate industry in the PRC. Before joining our Group, Mr. Huang was the section chief at Gulou District Urban Construction Bureau (南京市鼓樓區城建局, currently known as 南京市鼓樓區建設房產和交通局), from October 1983 to September 1992, responsible for urban planning. Mr. Huang is currently a non-executive director of Yincheng Life Service, a company listed on the main board of HKSE (stock code: 1922). Mr. Huang obtained his diploma in industrial and civil engineering from Nanjing Jinling Vocational University (南京金陵職業大學) in the PRC in August 1983.

Mr. XIE Chenguang (謝晨光), aged 58, joined our Group in December 1998. He was appointed as our non-executive director on August 19, 2018. Mr. Xie is primarily responsible for the provision of guidance for the overall development of our Group. Mr. Xie has more than 30 years of experience in the engineering and real estate industry in the PRC. Prior to joining our Group, Mr. Xie worked several positions, including vice general engineer and chief of the technical department at Nanjing Sanjian (Group) Company (南京三建(集團)公司, now known as 南京建工集團有限公司) from October 1983 until November 1998, responsible for construction project management. He was chief of the technical department when he left to join our Group. Mr. Xie is currently a chairman and a non-executive director of Yincheng Life Service, a company listed on the main board of HKSE (stock code: 1922).

He obtained a diploma in industrial and civil engineering from Nanjing Jinling Vocational University (南京金陵職業大學) in the PRC in August 1983. He received a bachelor's degree in construction project management from Southeast University (東南大學) in the PRC in July 1998, and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007. Mr. Xie obtained professional qualification as a senior engineer in November 2000.

Executive Directors

Mr. MA Baohua (馬保華), aged 59, is our executive director and our President. Mr. Ma joined our Group in February 2004 and was appointed as our executive director on August 19, 2018. Mr. Ma is responsible for the overall strategic decision, business planning, and daily management and operation of our Group. Mr. Ma has over 34 years of experience in the real estate or real estate-related industry in the PRC. Prior to joining our Group, he worked from March 1986 until he joined us in February 2004 at Nanjing Urban Planning Bureau (南京市規劃局), and was deputy director of the General Management Department when he left to join our Group, responsible for plan implementation management work. Prior to that, Mr. Ma worked at the Gulou District Urban Construction Bureau (南京市鼓樓區城建局, currently known as 南京市鼓樓區建設房產和交通局) from October 1983 to March 1986, responsible for urban planning. Mr. Ma is currently a non-executive director of Yincheng Life Service, a company listed on the main board of HKSE (stock code: 1922).

Mr. Ma received his diploma in industrial and civil engineering from Jinling Vocational University (金陵職業大學) in the PRC in August 1983. He then obtained his bachelor's degree in urban and rural planning and land management from Nanjing University in the PRC in July 2001, and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007. He has obtained professional qualification as a registered urban planner since May 2001. In 2017, Mr. Ma was recognised as one of the top 100 property managers co-awarded by Sina Finance, Leju, China Real Estate Association, Shanghai Securities News and China Entrepreneur Magazine.

Mr. ZHU Li (朱力), aged 47, is an executive director and our vice President. Mr. Zhu joined our Group in July 1995 and was appointed as our executive director on August 19, 2018. He is primarily responsible for business operations, customer service and procurement of our Group. Mr. Zhu has over 25 years of experience in the real estate industry in the PRC. Mr. Zhu obtained a bachelor's degree in construction engineering from Southeast University (東南大學) in the PRC in July 1999. Mr. Zhu is currently a non-executive director of Yincheng Life Service, a company listed on the main board of HKSE (stock code: 1922).

Mr. Zhu obtained a bachelor's degree in construction engineering from Southeast University in the PRC in July 1999. Mr. Zhu received his Executive Master of Business Administration (EMBA) degree from China Europe International Business School in the PRC in September 2010.

Mr. WANG Zheng (王政), aged 41, is an executive director and our vice President. Mr. Wang joined our Group in February 2003 and was appointed as our executive director on August 19, 2018. He is primarily responsible for overseeing the investment and marketing departments of our Group. Mr. Wang has over 14 years of experience in the real estate industry in the PRC.

Mr. Wang received a diploma in international business administration from Nanjing Normal University (南京師範大學) in the PRC in July 2001. He obtained his Master's degree in administrative management from Nanjing Tech University (南京工業大學) in June 2014, and obtained his Real Estate Brokerage Practice Certificate on June 24, 2009.

Ms. SHAO Lei (邵磊), aged 39, is an executive director and our vice President. Ms. Shao joined our Group in July 2004 and was appointed as our executive director on 19 August 2018. Ms. Shao has also been appointed as our financial director with effect from 21 April 2020. She is primarily responsible for our legal, funds and securities affairs. Ms. Shao has over 17 years of experience in the real estate industry in the PRC.

Ms. Shao received a bachelor's degree in accountancy from Nanjing University of Finance and Economics in the PRC in June 2004. She obtained professional qualifications as an accountant in May 2005, and a certified public accountant in February 2008.

Independent Non-executive Directors

Dr. CHEN Shimin (陳世敏), aged 62, was appointed as our independent non-executive director on February 18, 2019. He is primarily responsible for supervising and providing independent judgment to our Board. He has almost 32 years of experience in accounting. Dr. Chen is currently a professor in accounting at China Europe International Business School (中歐國際工商學院) in the PRC and has been in this position since August 2008. Prior to his current position, Dr. Chen worked as assistant professor at the Hong Kong Polytechnic University in Hong Kong from August 2005 to August 2008. Dr. Chen also worked as assistant professor at Lingnan University in Hong Kong from September 1998 to August 2005. He also served as an independent director of Zhejiang Wolwo Bio-Pharmaceutical Co., Ltd. (浙江我武生物科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300357) which is a bio-pharmaceutical company engaged in the research of allergic diseases, and the development, production and sales of treatment products, from January 2011 to January 2017. Dr. Chen also served as an independent director of Hangzhou Shunwang Technology Co., Ltd. (杭州順網科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300113) which is principally a service provider for an internet café platform, from November 2009 to March 2016, an independent non-executive director of China High Speed Transmission Equipment Group Co., Ltd. (中國高速傳動設備集團有限公司), a company listed on HKSE (stock code: 658) which is principally engaged in the manufacturing of high-speed gear transmission equipment in China, from June 2007 to December 2016, and an independent non-executive director of Hailan Holdings Limited (海藍控股有限公司), a company listed on HKSE (stock code: 2278) which is principally engaged in the development and sales of properties in the PRC, from June 2016 to December 2018.

Dr. Chen graduated with a bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 1982. He received his master's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 1985, and a doctor degree from the University of Georgia in the United States of America in August 1992. He obtained his professional qualification as a Certified Management Accountant in January 2008 from the Institute of Management Accountants in the United States of America.

Mr. CHAN Peng Kuan (陳炳鈞), aged 57, was appointed as our independent non-executive director on February 18, 2019. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Chan has more than 20 years of experience in finance and banking. Prior to his current position, he was the chief financial officer of Elegance Optical International Holdings Limited, a company listed on HKSE (stock code: 907) which is primarily engaged in the manufacturing and sales of eyeglasses from October 2017 to May 2019. He served as a chief operating officer of CITIC Merchant Co., Limited, a company primarily engaged in the provision of merchant banking services, from January 2012 to September 2017. Prior to that, Mr. Chan was the responsible officer at Piper Jaffray Asia Limited, a full-service investment bank, from February 2011 to November 2011. Mr. Chan also worked from March 2005 to January 2011 at BNP Paribas Capital (Asia Pacific) Limited, a company primarily engaged in the provision of investment banking services, and was a managing director of the corporate finance and Greater China Coverage department at the time of his departure. From August 15, 2000 to December 4, 2004, Mr. Chan served as an executive director of Sanyuan Group Limited (三元集團有限公司), a company delisted from HKSE in December 2009 (stock code: 140), which principally engaged in the research and development of bio-pharmaceuticals. Mr. Chan was appointed to the board of directors of Sanyuan Group Limited (三元集團有限公司) to handle the restructuring of its business activities and materialising its debt restructuring plan.

Mr. Chan graduated with a bachelor's degree in commerce from the University of Canterbury in New Zealand in May 1989. He received his master's degree in applied finance from Macquarie University in Australia in November 1998. Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) since July 1993. He obtained his professional qualification as a Chartered Accountant in October 1996 from the Institute of Chartered Accountants of Australia and New Zealand (previously known as Chartered Accountants of New Zealand).

Mr. LAM Ming Fai (林名輝), aged 45, was appointed as an independent non-executive director on February 18, 2019. Mr. Lam has over 20 years of experience in the legal industry in Hong Kong. He is currently a partner of Messrs. D. S. Cheung & Co. specialising in corporate finance, corporate/commercial and compliance and regulatory matters. Mr. Lam was admitted as a solicitor of the High Court of Hong Kong since 2001. Mr. Lam worked as an associate in the Hong Kong office of Messrs. Sidley Austin focusing on corporate finance works. Mr. Lam joined Messrs. DLA Piper Hong Kong as an associate focusing on corporate finance works with his last position as a partner since 2012 till the time of his departure. Mr. Lam graduated with a Bachelor of Laws degree from the University of Hong Kong. He is a member of the Law Society of Hong Kong.

SENIOR MANAGEMENT

Mr. WANG Ke (王珂), aged 47, is the vice president of our Group. Mr. Wang joined our Group in 2016. He is in charge of our Group's strategic investment centre, legal monitoring centre and customer relations. Prior to joining the Group, Mr. Wang served as the head of the Fifth Division of the Secretary of the General Office of the Nanjing Municipal People's Government from April 2012. From August 1998 to March 2012, Mr. Wang served as the deputy director and director of the Nanjing Planning Bureau.

Mr. Wang graduated with a bachelor's degree in urban planning from the Department of Architecture of Wuhan University in 1995. He then graduated with a master's degree in Human Geography from the Department of City and Resources of Nanjing University in 1998.

Mr. WU Wei (吳偉), aged 58, is our Group's chief engineer and is responsible for the project management of our Group. Mr. Wu joined our Group in April 2004 and was appointed as chief engineer subsequently. He has over 14 years of experience in the real estate industry in the PRC. Prior to joining us, Mr. Wu was deputy manager at the time of his departure at the fifth branch office of Nanjing First Construction Engineering Group Co. Ltd (南京第一建築工程公司) from October 1983 to 2004.

Mr. Wu obtained a diploma in industrial and civil engineering from Nanjing Jinling Vocational University (南京金陵職業大學) in the PRC in August 1983. He obtained his professional qualification as a senior engineer in November 1999.

Ms. LIU Xueqian (劉學茜), aged 44, is our assistant to the President. Ms. Liu joined our Group in March 2015 as assistant to the President and is in charge of our research and design centre and our costs control centre, responsible for the design and costs control of our property projects. Ms. Liu has over 20 years of experience in architectural design management. Prior to joining our Group, she first served as a manager of the design management department then later served as the manager of the commercial management department of Nanjing Vanke Real Estate Co., Ltd. (南京萬科置業有限公司, currently known as 萬科企業股份有限公司) from September 2008 to March 2015. Prior to that, Ms. Liu was a project manager at (China Shanghai Architectural Design and Research Institute Co., Ltd) (Jiangsu Branch Office) (中國建築上海設計研究院有限公司江蘇分公司) from July 2000 to August 2008, where she was responsible for architectural design.

Ms. Liu received a bachelor's degree in architecture from the Nanjing Institute of Architectural Engineering (currently known as Nanjing Tech University) (南京建築工程學院(現：南京工業大學)) in the PRC on July 3, 2000. She obtained her professional qualifications as a National First Class Certified Architect (國家一級註冊建築師) on June 22, 2012 and senior engineer on December 13, 2012.

Company Secretary

Mr. WONG Yu Kit (黃儒傑), is our company secretary and was appointed on August 6, 2018. Mr. Wong is currently an assistant vice president of SW Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in the corporate services field. He obtained a bachelor's degree in Business Administration and Management from the University of Huddersfield in the United Kingdom in November 2007, and a master's degree in corporate governance from the Open University of Hong Kong in November 2013. He is an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators).

Board Committees

Audit Committee

We established an audit committee on February 18, 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as may be assigned by our Board.

The Audit Committee consists of three members, being Chen Shimin (being the chairman of the audit committee who has a professional qualification in accountancy), Chan Peng Kuan and Huang Qingping, two of whom are independent non-executive directors.

Remuneration Committee

We established a remuneration committee on February 18, 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the directors regarding our policy and structure for the remuneration of our directors and senior

management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our directors and senior management; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The remuneration committee consists of three members, being Chan Peng Kuan, Chen Shimin and Ma Baohua, two of whom are independent non-executive directors. The remuneration committee is chaired by Chan Peng Kuan.

Nomination Committee

We established a nomination committee on February 18, 2019 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary function of the Nomination Committee is to review the structure, size and composition of our Board on a regular basis and to make recommendations to our Board regarding any proposed changes to the composition of our Board.

The Nomination Committee consists of three members, being Huang Qingping, Chen Shimin and Chan Peng Kuan. The nomination committee is chaired by Huang Qingping. Two of the members are our independent non-executive directors.

Corporate governance functions

Our Board, as a whole, will perform the corporate governance functions in accordance with provision D.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and has adopted written terms of reference in accordance with provision D.2 of the Corporate Governance Code.

PRINCIPAL SHAREHOLDERS

So far as we are aware, the following persons, other than a director or chief executive of our Company, have beneficial interests in 5% or more in our shares or underlying shares as of December 31, 2020:

| Name of Substantial Shareholder | Nature of Interest | Number | Approximate Percentage of Shareholding Interest ⁽⁵⁾ |
|---|--|-------------|--|
| Silver Huang Holding Limited ⁽¹⁾ . . . | Beneficial owner | 517,833,810 | 35.79% |
| Silver Dai Holding Limited ⁽²⁾ | Beneficial owner | 187,777,351 | 12.98% |
| Dai Chengshu ⁽²⁾ | Interest in controlled corporation | 187,777,351 | 12.98% |
| Silver Zhu Holding Limited ⁽³⁾ | Beneficial owner | 101,730,089 | 7.03% |
| Zhu Linnan ⁽³⁾ | Interest in controlled corporation | 101,730,089 | 7.03% |
| Silver Xie Holding Limited ⁽⁴⁾ | Beneficial owner | 78,085,490 | 5.40% |

Notes:

- (1) *Mr. Huang Qingping is the sole director and sole shareholder of Silver Huang Holding Limited and is deemed to be interested in the shares held by Silver Huang Holding Limited under the SFO.*
- (2) *Mr. Dai Chengshu is the sole director and sole shareholder of Silver Dai Holding Limited and is deemed to be interested in the shares held by Silver Dai Holding Limited under the SFO.*
- (3) *Mr. Zhu Linnan is the sole director and sole shareholder of Silver Zhu Holding Limited and is deemed to be interested in the shares held by Silver Zhu Holding Limited under the SFO.*
- (4) *Mr. Xie Chenguang is the sole director and sole shareholder of Silver Xie Holding Limited and is deemed to be interested in the Shares held by Silver Xie Holding Limited under the SFO.*
- (5) *The percentage shareholding interest was calculated based on the total number of shares in issue as at December 31, 2020, i.e. 1,446,962,138 shares.*

Save as disclosed above, as of December 31, 2020, we were not aware of any other person who had or deemed to have interests or short positions in the shares and underlying shares which has disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material transactions between us and our related parties for the year ended December 31, 2018, 2019 and 2020.

| | Year ended December 31, | | |
|---|-------------------------|-----------|------------|
| | 2018 | 2019 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 |
| | (audited) | (audited) | (audited) |
| Advances from joint ventures and associates. | 1,517,413 | 382,121 | 2,056,290 |
| Repayment of advances from joint ventures and associates. | 1,302,080 | 395,400 | 441,963 |
| Advances to joint ventures and associates. | 1,364,727 | 1,750,128 | 1,712,536 |
| Repayment of advances to joint ventures and associates. | 2,773,872 | 2,410,794 | 1,478,906 |
| Advances from other related parties. | 6,150,024 | 989,923 | 16,597,131 |
| Repayment of advances from other related parties. | 6,769,981 | 188,916 | 13,834,839 |
| Advances to other related parties. | 66,552 | 3,071,289 | 7,006 |
| Repayment of advances to other related parties. | 66,531 | 1,706,495 | 9,491 |
| Associates: Project management income. | 22,442 | 27,141 | 29,061 |
| Joint ventures: Project management income. | 32,234 | 52,106 | 1,463 |
| Other related parties: | | | |
| Project management income. | — | 432 | — |
| Rental income. | 2,324 | 2,213 | 16,360 |
| Rental fees. | 4,966 | 4,966 | 4,966 |
| Software transferred from a related party. | 6,922 | — | — |
| Property management fees. | 14,010 | 25,093 | 32,902 |
| Project management fees. | 105 | — | — |
| Service fees. | 10,845 | 16,461 | 21,027 |
| Guarantee provided for bank and other borrowings by related companies: | 7,413,054 | 3,308,583 | 2,614,768 |

BALANCES WITH RELATED PARTIES

The following table summarizes balances with our related parties for the periods indicated.

| | As of December 31, | | |
|---|--------------------|-----------|-----------|
| | 2018 | 2019 | 2020 |
| | (RMB'000) | (RMB'000) | (RMB'000) |
| | (audited) | (audited) | (audited) |
| Due from joint ventures and associates. | 1,176,730 | 885,215 | 962,868 |
| Due from other related parties. | 7,851 | 10,547 | 8,418 |
| Due to joint ventures and associates. | 981,449 | 533,029 | 2,147,355 |
| Due to other related parties. | 633,967 | 91,470 | 2,803,465 |

OTHER TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2018, 2019 and 2020, the companies controlled by our directors had guaranteed certain of our Group's bank loans amounting to RMB7,214.4 million, RMB1,618.4 million and nil, respectively.

As of December 31, 2018, 2019 and 2020, the guarantees made in favour of our related parties by us amounted to RMB871.7 million, RMB1,569.0 million and RMB2,467.6 million, respectively.

COMPENSATION FOR KEY MANAGEMENT PERSONNEL OF OUR GROUP

The following table summarizes our key management personnel's remuneration for the periods indicated.

| | Year ended December 31, | | |
|--|-------------------------|---------------|---------------|
| | 2018 | 2019 | 2020 |
| | (RMB'000) | (RMB'000) | (RMB'000) |
| | (audited) | (audited) | (audited) |
| Short term employee benefits | 6,868 | 10,372 | 9,177 |
| Share-based payment | — | 82,600 | — |
| Pension scheme contributions and social welfare | 714 | 782 | 978 |
| Total compensation paid to key management personnel | 7,582 | 93,754 | 10,155 |

CONTINUING CONNECTED TRANSACTIONS

Yincheng Real Estate and Yincheng Life Service are owned as to approximately 53.11% and 38.91% by Mr. Huang Qingping, respectively, and they are thus close associates of Mr. Huang Qingping who is one of our controlling shareholders within the meaning of the Listing Rules ("**Controlling Shareholders**"). Therefore, Yincheng Real Estate and Yincheng Life Service are connected persons of us.

We have entered into the following transactions with the Yincheng Real Estate Group and/or the Yincheng Life Service Group which constitute continuing connected transactions under the Listing Rules and have on the dates indicated in the table below entered into written agreements with Yincheng Real Estate and/or Yincheng Life Service to govern such continuing connected transactions:

| Description of connected transactions | Agreement | Date of agreement | Parties to agreement | Term | Transaction amount for the year ended December 31, 2020 |
|---|---|--------------------------|---|--|--|
| 1. Nanjing Yincheng agreed to pledge its deposits in the savings account maintained with Industrial Bank Co., Ltd., Nanjing West Beijing Road branch* (the " Industrial Bank ") as security for full repayment of the facility granted by such bank to Nanjing Langchu Material Trading Co., Ltd* (" Nanjing Langchu ") | Pledge agreement | December 7, 2020 | (i) Nanjing Yincheng; and (ii) the Industrial Bank | From December 7, 2020 to February 7, 2021 | RMB730,000,000 |
| 2. Nanjing Yinjiaan agreed to pledge its structured deposits maintained with the Bank of Jiangsu Co., Ltd.* (the " Bank of Jiangsu ") as security for full repayment of the facility granted by such bank to Nanjing Langchu. | Pledge guarantee agreement | December 11, 2020 | (i) Nanjing Yinjiaan; and (ii) Bank of Jiangsu | From December 11, 2020 to the date of full repayment of such facility granted to Nanjing Langchu | RMB500,000,000 |
| 3. Nanjing Yincheng agreed to pledge its deposits in the savings account maintained with the Industrial Bank as security for full repayment of the facility granted by such bank to Nanjing Langchu | Pledge agreement | December 16, 2020 | (i) Nanjing Yincheng; and (ii) the Industrial Bank | From December 16, 2020 to March 16, 2021 | RMB500,000,000 |
| 4. Nanjing Yinjiaan agreed to pledge its structured deposits maintained with the Bank of Jiangsu as security for full repayment of the facility granted by such bank to Nanjing Tepuna Trading Co., Ltd.* (" Nanjing Tepuna ") | Pledge guarantee agreement | December 21, 2020 | (i) Nanjing Yinjiaan; and (ii) Bank of Jiangsu | From December 21, 2020 to the date of full repayment of such facility granted to Nanjing Tepuna | RMB500,000,000 |
| 5. Nanjing Yincheng agreed to pledge its deposits in the savings account maintained with the Industrial Bank as security for full repayment of the facility granted by such bank to Nanjing Langchu | Pledge agreement | December 23, 2020 | (i) Nanjing Yincheng; and (ii) the Industrial Bank | From December 23, 2020 to March 23, 2021 | RMB400,000,000 |
| 6. Nanjing Yincheng agreed to pledge its structured deposits maintained with the Bank of Hangzhou Co., Ltd., Nanjing branch* (the " Bank of Hangzhou ") as security for full repayment of the facility granted by such bank to Nanjing Juxin Material Trading Co., Ltd.* (" Nanjing Juxin ") | Bank of Hangzhou Co., Ltd. pledge agreement | December 29, 2020 | (i) Nanjing Yinjiaan; and (ii) Bank of Hangzhou | From December 29, 2020 to the date of full repayment of such facility granted to Nanjing Juxin | RMB300,000,000 |

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

There were no transaction, arrangement, or contract of significance in relation to our business to which we or any of our subsidiaries, our fellow subsidiaries or our holding companies was a party and in which any director or any entities connected with a director, the controlling shareholders, the substantial shareholders had a material interest, whether directly or indirectly, subsisted for the year ended December 31, 2020.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have had loans and borrowings from various financial institutions. As of December 31, 2020, we had total bank and other borrowings of RMB12,148.2 million, consisting of RMB3,323.1 million, RMB2,455.7 million, RMB5,886.4 million and RMB483.0 million repayable within one year or on demand, after one year but within two years, after two years but within five years and after five years, respectively.

Subsequent to December 31, 2020, our total assets, and correspondingly our borrowings and total liabilities, increased as compared with those as of December 31, 2019. Such increases were in line with the growth and expansion of our business nationwide.

PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks. Certain of such loan agreements contain conditions and covenants that require us to obtain the bank's consents prior to certain activities and entering into certain transactions, such as change in use of borrowed funds, change in corporate structure and ownership structure, disposal of substantial part of our assets, or distribution of dividend. Some of our bank loans also contain requirements in respect of financial ratios of our PRC subsidiaries.

SENIOR NOTES

March 2021 Notes

On March 17, 2021, we issued senior notes due 2022 in an aggregate principal amount of US\$165 million with an interest rate of 11.8% per annum (the "**March 2021 Notes**").

Ranking of the November 2020 Notes

The March 2021 Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the March 2021 Notes; (3) at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Covenants

The March 2021 Notes, the indenture governing the March 2021 Notes (the "**March 2021 Notes Indenture**"), the Subsidiary Guarantees and the JV Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of restricted subsidiaries;
- (d) guarantee indebtedness of restricted subsidiaries;
- (e) sell assets;
- (f) create liens;

- (g) enter into sale and leaseback transactions;
- (h) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (i) enter into transactions with shareholders or affiliates; and
- (j) effect a consolidation or merger.

Events of default

The events of defaults under the March 2021 Notes include, among other things:

- (1) default in the payment of principal of (or premium, if any, on) the March 2021 Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any March 2021 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 under the March 2021 Notes Indenture, the failure by the Company to make or consummate an offer to purchase in the manner under the March 2021 Notes Indenture;
- (4) the Company or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the March 2021 Notes Indenture or under the March 2021 Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the March 2021 Notes then outstanding or by the trustee at the direction of such holders;
- (5) there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$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 orders 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 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 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 for any substantial part of the property and assets of the Company or any 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 under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Company or any 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 for all or substantially all of the property and assets of the Company or any significant restricted subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a significant restricted subsidiary in the ordinary course of business that shall result in the net assets of such significant restricted subsidiary being transferred to or otherwise vested in the Company or any restricted subsidiary on a pro rata basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its guarantees securing the obligations of the March 2021 Notes or, except as permitted by the March 2021 Notes Indenture, any such guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the March 2021 Notes then outstanding, by written notice to the Company and to the trustee, may, and the trustee at the written request of such holders shall (subject to the trustee being indemnified and/or secured to its satisfaction by the holders), declare the principal of, premium, if any, and accrued and unpaid interest on the March 2021 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, the principal of, premium, if any, and accrued and unpaid interest on the March 2021 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.

Optional Redemption

The March 2021 Notes may be redeemed in the following circumstances:

- (1) At any time prior to March 16, 2022, the Company may at its option redeem the March 2021 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the November 2020 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to March 16, 2022, the Company may redeem up to 35% of the aggregate principal amount of the March 2021 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 118.0% of the principal amount of the March 2021 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

Use of Proceeds

The Company used the net proceeds from the March 2021 Notes issuance for refinancing of certain existing indebtedness of the Company and general corporate purposes.

November 2020 Notes

On November 4, 2020, we issued senior notes due 2021 in an aggregate principal amount of US\$200 million with an interest rate of 12.0% per annum (the “**November 2020 Notes**”).

Ranking of the November 2020 Notes

The November 2020 Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the November 2020 Notes; (3) at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Covenants

The November 2020 Notes, the indenture governing the November 2020 Notes (the “**November 2020 Notes Indenture**”), the Subsidiary Guarantees and the JV Subsidiary Guarantees will limit the Company’s ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of restricted subsidiaries;
- (d) guarantee indebtedness of restricted subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- (i) enter into transactions with shareholders or affiliates; and
- (j) effect a consolidation or merger.

Events of default

The events of defaults under the November 2020 Notes include, among other things:

- (1) default in the payment of principal of (or premium, if any, on) the November 2020 Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any November 2020 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 under the November 2020 Notes Indenture, the failure by the Company to make or consummate an offer to purchase in the manner under the November 2020 Notes Indenture;
- (4) the Company or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the November 2020 Notes Indenture or under the November 2020 Notes (other than a default specified in clause (1), (2) or (3) above)

and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the November 2020 Notes then outstanding or by the trustee at the direction of such holders;

- (5) there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$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 orders 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 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 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 for any substantial part of the property and assets of the Company or any 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 under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any 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 for all or substantially all of the property and assets of the Company or any significant restricted subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a significant restricted subsidiary in the ordinary course of business that shall result in the net assets of such significant restricted subsidiary being transferred to or otherwise vested in the Company or any restricted subsidiary on a pro rata basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its guarantees securing the obligations of the November 2020 Notes or, except as permitted by the November 2020 Notes Indenture, any such guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the November 2020 Notes then outstanding, by written notice to the Company and to the trustee, may, and the trustee at the written request of such holders shall (subject to the trustee being indemnified and/or secured to its satisfaction by the holders), declare the principal of, premium, if any, and accrued and unpaid interest on the November 2020 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, the principal of, premium, if any, and accrued and unpaid interest on the November 2020 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.

Optional Redemption

The November 2020 Notes may be redeemed in the following circumstances:

- (1) At any time prior to November 3, 2021, the Company may at its option redeem the November 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the November 2020 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to November 3, 2021, the Company may redeem up to 35% of the aggregate principal amount of the November 2020 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 112.0% of the principal amount of the November 2020 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

Use of Proceeds

The Company used the net proceeds from the November 2020 Notes issuance for refinancing of certain existing indebtedness of the Company and general corporate purposes.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Yincheng International Holding Co., Ltd. (銀城國際控股有限公司), a company incorporated with limited liability under the laws of the Cayman Islands, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined herein) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “**Indenture**”) to be dated on or about September 21, 2021, 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. 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 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 the Existing Notes and 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 below under “—The Subsidiary Guarantees and JV Subsidiary Guarantees” and in “Risk Factors—Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this Offering Memorandum;
- 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 September 20, 2022, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows additional notes to be issued from time to time (the “**Additional Notes**”), subject to certain limitations described under “—Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will bear interest at 12.5% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable in arrears on March 21, 2022 and September 20, 2022 (each an “**Interest Payment Date**”). Interest on the Notes will be paid to the Holders of record at the close of business on March 6, 2022 and September 5, 2022 (each, a “**Record Date**”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under “—Optional Redemption” and “—Redemption for Taxation Reasons” and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no additional interest on the Notes shall accrue for the period after such date if payment is made on such next succeeding Business Day.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company, the Transfer Agent or the Registrar may require indemnity or payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

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

The Subsidiary Guarantees and JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Yinjiacheng Holding Limited (銀嘉城控股有限公司), Yinjiahua Holding Limited (銀嘉華控股有限公司), Yinjiaxiang Holding Limited (銀嘉祥控股有限公司), Yinjiakun Holding Limited (銀嘉坤控股有限公司) and Yin Cheng Holding Limited (collectively, the “**Initial Subsidiary Guarantors**”), being all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC (the “**PRC Non-Guarantor Subsidiaries**”) and Grateful Bay Limited. All of the Subsidiary Guarantors are holding companies that do not have significant operations.

None of the PRC Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future. In addition, none of the existing or future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or a Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries (as defined herein) 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.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries and Listed Subsidiaries), as soon as practicable and in any event within 30 days after such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Notwithstanding the foregoing, 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 Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary (each such Person and Grateful Bay Limited, an “**Offshore Non-Guarantor Subsidiary**”, and, together with the PRC Non-Guarantor Subsidiaries, the “**Non-Guarantor Subsidiaries**”), provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors do not account for more than 15.0% of the Total Assets of the Company.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with 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 will become Offshore Non-Guarantor Subsidiaries (such that they will no longer guarantee the Notes), provided that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including such Offshore Non-Guarantor Subsidiaries but excluding Exempted Subsidiaries and Listed Subsidiaries) do not account for more than 15.0% of the Total Assets of the Company. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any 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.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than through 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.”

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, (ii) that is organized in any jurisdiction other than the PRC and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the total outstanding Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase an Independent Third Party such that it becomes a

Subsidiary of the Company and designate such entity as a Restricted Subsidiary, the Company may, concurrently with or as soon as practicable after the consummation of such sale or purchase, cause the provision of a JV Subsidiary Guarantee instead of a Subsidiary Guarantee by (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 any Exempted Subsidiaries or Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (b) requiring the Company or any Restricted Subsidiary to deliver or keep in place a guarantee by any such Restricted Subsidiary on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary (each, a “**JV Subsidiary Guarantee**”), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) an Opinion of Counsel from a law firm of recognized international standing confirming that, under New York law, each such JV Subsidiary Guarantee is the valid and binding obligation of the applicable JV Subsidiary Guarantor, enforceable against the applicable JV Subsidiary Guarantor in accordance with its terms (subject to customary qualifications and assumptions).

As of December 31, 2020, the Company and its Subsidiaries (including the Non-Guarantor Subsidiaries) had total bank and other borrowings of RMB12,148.2 million (US\$1,861.8 million), of which RMB11,779.7 million (US\$1,805.3 million) were secured.

As of December 31, 2020, the Non-Guarantor Subsidiaries had total bank and other borrowings of RMB11,974.0 million (US\$1,835.1 million), capital commitments of RMB12,843.1 million (US\$1,968.3 million) and contingent liabilities arising from guarantees of RMB7,598.1 million (US\$1,164.5 million).

The Subsidiary Guarantee of each Subsidiary Guarantor is:

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

- at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- effectively subordinated to all existing and future secured obligations (if any) of such Subsidiary Guarantor, 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.

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor will be:

- a general obligation of such JV Subsidiary Guarantor;
- enforceable only up to the JV Entitlement Amount;
- 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;
- limited to the JV Entitlement Amount, and will rank at least *pari passu* in right of payment with the Existing Notes and 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 secured obligations (if any) of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

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 and the Indenture; provided that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their respective rights to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

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

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

the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

No assurance can be given that the preceding provision limiting the maximum amount of each Subsidiary Guarantee or JV Subsidiary Guarantee will be given effect. If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors—Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees—The Subsidiary Guarantees or JV Subsidiary Guarantee (if any) may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees" of this Offering Memorandum.

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;"
- in the case of a Subsidiary Guarantee, upon the replacement of such Subsidiary Guarantee with a JV Subsidiary Guarantee;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger, consolidation, transfer or other disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under "—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "—Certain Covenants—Limitation on Asset Sales" and "—Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger, consolidation, transfer or other disposition are used for the purposes permitted or required by the Indenture; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a new Offshore Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, provided that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (c) requiring the Company or any 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 recipients of the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers' Certificate certifying a copy of 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 from a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is the legal, valid and binding obligations of the applicable JV Subsidiary Guarantor, enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee in accordance with its terms (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales," "Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “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 below 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 (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “**Further Issue**”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided *that* the issuance of any such Additional Notes shall then be permitted under the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” below.

Optional Redemption

At any time prior to September 20, 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for verifying or calculating the Applicable Premium.

At any time and from time to time prior to September 20, 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 112.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (including the aggregate principal amount of any Additional Notes on the date on which such Additional Notes were issued) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee.

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 will be selected for redemption as follows:

- (1) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed and/or if the Notes are being held through the clearing systems, in compliance with the applicable requirements of such clearing systems; or

- (2) if the Notes are not listed on any recognized securities exchange and/or held through any clearing system, on a pro rata basis or by lot, or such other method as the Trustee in its sole and absolute discretion shall deem fair and appropriate, unless otherwise required by law.

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

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, 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 (as defined herein).

The Company has agreed in the Indenture that upon a Change of Control 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 under the Notes will 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; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the 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 itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company’s, the Subsidiary Guarantors’ and the JV Subsidiary Guarantors’ then—existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors—Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees—We may not be able to repurchase the Notes upon a Change of Control” of this Offering Memorandum.

The phrase “all or substantially all,” as used with respect to the assets of the Company in the definition of “Change of Control,” will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control 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, 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 has occurred or may occur, and 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 and Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee and Agents shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee and Agents shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) on 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) (each, as applicable, a “Relevant Taxing Jurisdiction”), or any jurisdiction through which payments are made (or any political subdivision or taxing authority thereof or therein) by or on behalf of the Company, a Surviving Person, or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor (together with each Relevant Taxing Jurisdiction, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, 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, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction (other than merely acquiring or 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, or 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; or

- (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 beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner;
 - (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, 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, 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, member or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all Holders.

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.

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), the Trustee and the Paying Agent, 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 if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of an official position, is announced (i) with respect to the Company or any Initial Subsidiary Guarantor or JV Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver or procure to 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, a Surviving Person or a 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 Taxing Jurisdiction, addressed to the Trustee 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 may accept and shall be entitled to rely conclusively on such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above without further verification, in which event it shall be conclusive and binding on the Holders. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion, and is not obligated to verify any information in any certificate or opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, provided that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such

Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0.

Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary other than a Subsidiary Guarantor to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, so long as it is so held).

- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“**Permitted Indebtedness**”):
- (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any Pari Passu Guarantees;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below (together with refinancings thereof); provided that such Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantee and JV Subsidiary Guarantee) 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 and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be 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 none of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly be 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 (“**Permitted Refinancing Indebtedness**”) of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced (i) substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness, or (ii) in the case of any Project Debt existing on the Original Issue Date, by a new Project Debt Incurred within 180 days after the repayment, redemption or discharge of such existing Project Debt) Incurred under the immediately preceding paragraph (1) or clause (a), (c), (h), (n), (o), (p), (q), (r), (t), (u), (w), (x) or (y) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); provided that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary

Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Non-Guarantor Subsidiary, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in interest rates, currencies or the price of commodities;
- (g) Pre-Registration Mortgage Guarantees Incurred by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in a Permitted Business; (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 principal amount of all outstanding Indebtedness and Preferred Stock permitted and then outstanding under clauses (o), (p), (q), (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), does not exceed an amount equal to 30.0% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;
- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary or the Company that was permitted to be Incurred under another provision of this covenant, to the extent permitted under the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" below;
- (n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year or less used by the Company or any Restricted Subsidiary for working capital; provided that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding (together with refinancings thereof) does not exceed US\$35.0 million (or the Dollar Equivalent thereof);
- (o) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary, provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (o) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clause (h) above and clauses (p), (q), (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;

- (p) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; *provided* that on the date of Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness permitted under this clause (p) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred or Preferred Stock issued pursuant to clauses (h) and (o) above and clauses (q), (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (q) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties and Guarantees thereof by the Company or any Restricted Subsidiary; *provided* that on the date of the Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (q) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred or Preferred Stock issued pursuant to clauses (h), (o) and (p) above and clauses (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 30.0% of Total Assets;
- (r) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (s) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary becomes obligated to pay such purchase price under such Staged Acquisition Agreement.
- (t) 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 Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (t) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p) and (q) above and clauses (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred

under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;

- (u) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (u) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q) and (t) above and clauses (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (v) Indebtedness constituting a Subordinated Shareholder Loan;
- (w) Indebtedness incurred by the Company or any Restricted Subsidiary under Credit Facilities; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (w) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t) and (u) and clauses (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (x) PRC Relevant Indebtedness Incurred by any PRC Restricted Subsidiary; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (x) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t), (u) and (w) above and clause (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets; and

- (y) Indebtedness of the Company or any Restricted Subsidiary in respect of Non-recourse Receivable Financing; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (y) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t), (u), (w) and (x) above (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of Indebtedness or Preferred Stock described above, including under the proviso in clause (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock in one or more types of Indebtedness or Preferred Stock described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness or Preferred Stock due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “**Restricted Payments**”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary other than the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement permitted to be entered into under the Indenture;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of any Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under “—Limitation on Indebtedness and Preferred Stock;” or
- (c) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date, and (2) payments made by the Company and the 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, but excluding all other Restricted Payments permitted by the next succeeding paragraph, shall exceed the sum of (without duplication):
 - (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 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 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 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 or other transfers of property, 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 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 a sale (other than to a Subsidiary of the Company) of, shares of the 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 of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) the declaration and payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, of which the Company is, directly or indirectly through Restricted Subsidiaries, the single largest shareholder;
- (6) 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;
- (7) a Permitted Investment under clause (1) of the definition thereof in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of Capital Stock of such Restricted Subsidiary held (directly or indirectly) by the Company;
- (8) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person, provided that such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made (such date not to exceed 12 months from the date the Staged Acquisition Agreement was entered into) (the "**Deadline Date**"); provided further that in the event such Person does not become a Restricted Subsidiary on or

before the Deadline Date, all payments previously made under this clause (8) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this "Limitations on Restricted Payments" covenant;

- (9) the redemption, repurchase or other acquisition of, or declaration and payment of dividends on, the Common Stock of the Company by the Company in any fiscal year in an aggregate amount not to exceed 20% of the profit for the immediately preceding fiscal year of the Company; provided that the conditions of clauses (a) and (c) of the first paragraph of this "Limitation on Restricted Payments" would not be violated as a consequence of such declaration and payment of dividends;
- (10) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under paragraph (2)(p) of the "Limitation on Indebtedness and Preferred Stock" covenant;
- (11) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, provided, however, that any such cash 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);
- (12) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/ among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, provided that (x) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock; provided further that the aggregate principal amount paid by the Company or its Restricted Subsidiaries for any purchase made pursuant to this clause (12) does not exceed an amount equal to 10% of Total Assets;
- (13) (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, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); provided that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (14) 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; or
- (15) distributions or payments of Securitization Fees in connection with Receivable Financings permitted under the Indenture,

provided that, in the case of clause (2), (3), (4), (5) or (9) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payment set forth in clauses (5) through (15) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payment set forth in clauses (5) through (15) above), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "—Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this covenant and paragraph (19) of the definition of "Permitted Investment" at any time, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of such paragraphs.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
- (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, or under any Pari Passu Guarantee, and any extensions, refinancings, amendment, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, 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, amendment, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, 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, transfer or other 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” and “—Consolidation, Merger and Sale of Assets” covenants;
 - (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (2)(h) or permitted under clause (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u), (2)(w), (2)(x) or (2)(y) of 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, amendment, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, renewed or replaced;

- (g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its Subsidiaries or the property or assets of such Unrestricted Subsidiary or its Subsidiaries, and any extensions, refinancing, amendment, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, 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 under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and provided that the Company complies with the "—Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "—Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1)(a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV

Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee is permitted by clauses (2)(c), (2)(d) or (2)(o) (in the case of clause (2)(o), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of cash deposits, one or more bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Bank Deposit Secured Indebtedness) of the covenant described 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 the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee and such JV Subsidiary Guarantor shall become 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 arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion addressed to the Trustee as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other reasonable and customary compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clauses (1), (2) or (3) of the first paragraph of the covenant described under “—Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The 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 Restricted Subsidiary with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (7) any sale of real property by the Company or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Company and its Subsidiaries with respect to such property; provided that (x) revenues from all such sales under this clause (7) in any fiscal year shall not exceed 1% of the revenues for that year as shown in the consolidated financial statements of the Company for that period in accordance with GAAP, (y) any such discount shall not be in excess of 10% of the Fair Market Value of the relevant property and (z) any such sale, individually or in the aggregate (if required to be aggregated under the Listing Rules of The Stock Exchange of Hong Kong Limited), would not require the Company to obtain approval from its shareholders (or seek a waiver from complying with such requirement) in order to comply with the listing rules of The Stock Exchange of Hong Kong Limited; and
- (8) any transaction between (A) the Company or any Restricted Subsidiary and (B) any Affiliate of the Company which is carried out in the ordinary course of business and which is or is relating to a Permitted Business, so long as the transaction is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (19) of the definition of “Permitted Investment” but otherwise excluding any other 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 and (iii) any transaction between or among (A) any of the Company or a 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 (B) the Company or any Restricted Subsidiary on the one hand and any 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 a Restricted Subsidiary) of or in

such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, 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, as the case may be).

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 equally and ratably with the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

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 any 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 above 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 that 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 that Sale and Leaseback Transaction is permitted by, and the Company or any Restricted Subsidiary 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;
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; provided that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm

of international standing. For purposes of this provision, each of the following will be deemed to be cash:

- (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
- (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company 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 permanently reduce 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. The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under “—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 (and with respect to any Additional Notes, as contemplated in the offering or other document in connection with the offering of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; provided that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support (other than any credit support in compliance with clause (6) of this paragraph) for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “—Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under “—Limitation on Liens;” (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “—Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under “—Limitation on Indebtedness and Preferred Stock;” (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under “—Limitation on Liens;” (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or, if it is permitted to do so under the Indenture, a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will deliver to the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 14 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 deliver to the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 120 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) 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 90 calendar days after the end of the second financial 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) 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 60 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements, on behalf of the Company to the effect that such

financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, 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; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or, as the case may be, the Event of Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "—Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under "—Repurchase of Notes upon a Change of Control" or "—Certain Covenants—Limitation on Asset Sales;"
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding or by the Trustee at the direction of such Holders;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$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 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 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 for any substantial part of the property and assets of the Company or any 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 under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any 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 for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Restricted Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Restricted Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may, and the Trustee at the written request of such Holders shall (subject to the Trustee being indemnified and/or secured to its satisfaction by the Holders), 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, 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 waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, and shall, upon written request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security satisfactory to it) pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders provide the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the indemnity and/or security satisfactory to the Trustee; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) have each 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 promptly notify the Trustee in writing of any Default or Event of Default in the performance of any covenants or agreements under the Indenture. See "—Certain Covenants—Provision of Financial Statements and Reports." Unless such written notice is received by the Trustee, the Trustee will not be deemed to have any knowledge of any Default or any Event of Default.

The Trustee and the Agents need not do anything to ascertain whether any Default or Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no such event has occurred and that the Company is performing all its obligations under the Indenture and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that the Company is not performing all of its obligations under the Indenture and the Notes. The Trustee is entitled to conclusively rely on any Opinion of Counsel or Officers' Certificate regarding whether a Default or an Event of Default has occurred.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which payment is made, 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 or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could incur at least US\$1.00 of Indebtedness under the proviso in clause (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) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this covenant and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (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.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and 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 to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor) and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”; and
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3) of this paragraph) 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;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “—Certain Covenants—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 JV Subsidiary Guarantees—Release of the Subsidiary Guarantees and 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 New York 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 merger or consolidation of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or by a JV Subsidiary Guarantor with or into the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, or a sale, transfer, conveyance or lease of any properties and assets by any Subsidiary Guarantor to the Company or any other Subsidiary Guarantor or by a JV Subsidiary Guarantor to the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or, in the case of a consolidation, merger, sale,

transfer, consolidation, conveyance or lease or other disposition of a JV Subsidiary Guarantor into another JV Subsidiary Guarantor, such first mentioned JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, any Subsidiary Guarantee, any JV Subsidiary Guarantee 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, the Notes or the Subsidiary Guarantees in connection with an exchange or tender offer, the Company and the any of its 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 that are located in the U.S. or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest, premium (if any) and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium (if any) on and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium (if any) on and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

- (2) the Company has delivered to the Trustee an Opinion of Counsel from a firm 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 JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) 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,” and (ii) clause (3) under “Events of Default” with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause (i) above, clause (4) under “Events of Default” with respect to such other covenants in clause (i) above and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest, premium (if any) and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium (if any) on and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will remain liable for such payments.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes; provided that such actions do not adversely affect the interests of the Holders;

- (2) provide for the assumption of the Company's or any Subsidiary Guarantor or JV Subsidiary Guarantor's obligations pursuant to or otherwise 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) add collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (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 other applicable 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

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may amend or waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision thereof; provided, however, that no such amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note;
- (2) reduce the principal amount of, or premium (if any) on or interest on, any Note;
- (3) change the currency of payment of principal of, or premium (if any) on or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium (if any) on or interest on the Notes;

- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale, whether through an amendment or waiver of provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the Notes under “—Certain Covenants—Limitations on Asset Sales;”
- (11) change the redemption date or the redemption price of the Notes from that stated under “—Optional Redemption” or “—Redemption for Taxation Reasons;”
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which 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) on or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any 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 or 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 U.S. federal securities laws.

Concerning the Trustee and the Agents

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) has been appointed as Trustee under the Indenture, as registrar (the “**Registrar**”), as transfer agent (the “**Transfer Agent**”) and as paying agent (the “**Paying Agent**”) and, together with the Registrar and Transfer Agent, the “**Agents**”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of

such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the 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 of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates and can profit therefrom without being obligated to account for such profits; the Trustee may have interest in or may be providing or may in the future provide financial or other services; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have provided to the Trustee written directions to do so and indemnity and/or security satisfactory to it against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee and the Agents, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture and the offering of the Notes and has not relied on and will not at any time rely on the Trustee and the Agents in respect of such risks.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (each a "**Global Note**"). On the Original Issue Date, the Global Note will be deposited with a common depository and registered in the name of the common depository (or its nominee) for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "—Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium (if any), interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “—Additional Amounts.”

Under the terms of the Indenture, the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors, the Agents and the Trustee will treat the registered holder of the Global Note (i.e., the common depository or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take any action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the Paying Agent will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depository, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder 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" of this Offering Memorandum. Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the 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 immediately available funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “—Events of Default” and the Company has received a written request from 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 the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the Paying Agent for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar and the Trustee, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor at the principal office of the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor; (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be, and no separate notices to the Holders are required under the above paragraph. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, the City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the 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 “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after September 20, 2022, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, whether now or in the future when the determination is made; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 100% of the principal amount of such Note on September 20, 2022, plus (y) all required remaining scheduled interest payments due on such Note through September 20, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; provided that “Asset Sale” shall not include:

- (1) sales, transfers or other dispositions of inventory, receivables and other current assets (including, but not limited to, 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 “—Certain Covenants—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 of any Lien not prohibited by “—Certain Covenants—Limitation on Liens;”
- (6) a transaction covered by the covenant described under “—Consolidation, Merger and Sale of Assets;”
- (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; and
- (8) any disposition of Receivable Financing Assets in connection with any Receivable Financing (other than Non-recourse Receivable Financing) permitted under the Indenture, and (ii) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) Guaranteed by a Guarantee, 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 effect exchange currency or remit money onshore or offshore.

“Board of Directors” means the board of directors 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 or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“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 30.0% of the total voting power of the Voting Stock of the Company;
- (4) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

- (5) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election to 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 on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
- (6) the adoption of a plan relating to the liquidation or dissolution of the Company.

“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 the exposure to fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, 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 September 20, 2022 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to September 20, 2022.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its other 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 be internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than the accrual of revenue in the ordinary course of business and other than gains on Investment Properties arising from fair value adjustments made in conformity with GAAP), all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; provided that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any

Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“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, (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 the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary, and (7) any capitalized interest, provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; provided that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or any Restricted Subsidiary;
- (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); and
- (6) any translation gains or losses due solely to fluctuations in currency values and related tax effects;
- (7) any net after-tax extraordinary or non-recurring gains;

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and 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 assets, real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“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, (2) 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 (or options, warrants or other rights exercisable 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 “—Certain Covenants—Limitation on Asset Sales” and “—Repurchase of Notes upon a Change of Control” 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 “—Certain Covenants—Limitation on Asset Sales” and “—Repurchase of Notes upon a Change of Control” 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 PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, provided that such borrowings are not reflected on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the

Company at the same price as the public offering or private placing price, in each case to a person other than a Restricted Subsidiary or Permitted Holder; provided that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii), results 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.

“Existing Notes” means (i) the US\$200 million 12.0% senior notes due 2021 issued by the Company pursuant to an indenture dated November 4, 2020 and (ii) the US\$165 million 11.8% senior notes due 2022 issued by the Company pursuant to an indenture dated March 17, 2021.

“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, 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 the Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“Fitch” means Fitch Ratings, Inc. and its affiliates or 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 be internal consolidated financial statements (the “**Four Quarter Period**”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “**Reference Period**”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;

- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged or consolidated with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal 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 the 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 Register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the

accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends; and
- (10) Receivable Financing Assets sold, transferred or discounted (other than pursuant to a Non-recourse Receivables Financing) by such Person to the extent of the consideration or proceeds received or receivable (prior to the payment of any subordinated tranche of interests (if any)) by such Person from another Person other than the Company or a Restricted Subsidiary.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be "Indebtedness."

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; provided that such Indebtedness is not reflected as borrowings on the balance sheet of the Company or (2) Entrusted Loans (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

- (1) that 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) that 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) that 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, and (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

"Independent Third Party" means any Person that is not an Affiliate of the Company.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

"Investment" means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the "Designation of Restricted and Unrestricted Subsidiaries" and "Limitation on Restricted Payments" covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's proportional interest in the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"Investment Property" means any property that is owned and held by the Company or 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; provided that such amount shall not 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.

“JV Subsidiary Guarantee” has the meaning set forth under “—The Subsidiary Guarantees and JV Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee for so long as such JV Subsidiary Guarantee has not been released in accordance with the Indenture.

“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 June 26, 2020.

“Minority Joint Venture” means any corporation, association or other business entity which 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.

“Moody's” means Moody's Investors Service, Inc. and its affiliates or 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.

"Non-recourse Receivable Financing" means Receivable Financing (i) under which neither the Company nor any Restricted Subsidiary (other than pursuant to Standard Non-recourse Receivable Financing Undertakings) provides guarantee or recourse with respect to the Receivable Financing Assets, undertakes to repurchase any Receivable Financing Assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the consolidated balance sheet of the Company.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by sending a notice to the Trustee, the Paying Agent and each Holder at its last address appearing in the Register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted for payment. 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 make payment by wire transfer to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee 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 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with all applicable securities laws and regulations thereunder, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

"Officers' Certificate" means a certificate signed by two Officers; provided, however, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer of such Subsidiary Guarantor or JV Subsidiary Guarantor.

"Opinion of Counsel" means a written opinion addressed to the Trustee from legal counsel who is reasonably acceptable to the Trustee and in form and substance acceptable to the Trustee.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Pari Passu Guarantee" means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor; provided that (1) the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor was permitted to incur such Indebtedness under the covenant described under "—Certain Covenants—Limitation on Indebtedness and Preferred Stock" and (2) such Guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Mr. Huang Qingping and his spouse or immediate family members or any trust established by any of them for their own benefit or for the benefit of any of their immediate family members;
- (2) any Affiliate (other than an Affiliate as defined in clauses (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1); and
- (3) 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 51% or more by the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more other Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business;
- (2) 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 solely 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 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 direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
- (16) advances or deposits paid to government authorities or government-affiliated or supervised entities in the PRC in connection with the financing of land acquisition, land development or land re-development activities in the ordinary course of business that are recorded as assets on the Company's balance sheet to the extent each such advance or deposit is on normal commercial terms;
- (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; and
- (19) any Investment (including without limitation 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; provided that:
 - (a) none of the other holders of Capital Stock of such Person is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Transactions with Shareholders and Affiliates" covenant (other than by reason of such holder being an officer or director of the Company, a Restricted Subsidiary, Unrestricted Subsidiary or Minority Joint Venture);
 - (b) such Investment, together with (x) the aggregate of all other Investments made under this clause (19) since the Original Issue Date, less (y) an amount equal to the net reduction in all Investments made under this clause (19) since the Original Issue Date resulting from (A) receipt of payments in cash by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of such Person provided under this clause (19) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (i) cash return of capital with respect to such Investment (less the

cost of disposition, if any) and (ii) the initial amount of such Investment, 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), not to exceed, in each case, the amount of Investments (other than Permitted investments) made by the Company or any Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (19), will not exceed an aggregate amount equal to 20.0% of Total Assets; provided, however, that the aggregate amount of all Investments by the Company and its Restricted Subsidiary in any Person that engage in a business other than a Permitted Business pursuant to this clause (19) shall not at any time exceed 10.0% of Total Assets; and

- (c) no Default has occurred and is continuing or would occur as a result of such Investment; and
- (20) Guarantees permitted under clause (o), (t), (u), (w) or (x) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness and Preferred Stock;"
- (21) any obligation, undertaking, agreement or arrangement to repurchase, indemnify or make up difference in payments in connection with any Receivable Financing permitted under the Indenture;
- (22) any Investment in a subordinated tranche of interests in a Receivable Financing Incurred pursuant to clause (ii) of the definition thereof with multiple tranches offered and sold to investors that, in the good faith determination of the Board of Directors, are necessary or advisable to effect such Receivable Financing; and
- (23) any Standard Non-recourse Receivable Financing Undertakings.

"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 the caption “Certain Covenants Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; provided that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant described under “—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 and improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available

consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens incurred to secure Entrusted Loans;
- (21) Liens Incurred on cash deposits, bank accounts or other assets to secure Bank Deposit Secured Indebtedness of the type described under clause (2)(o) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;”
- (22) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(n) 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 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 or Preferred Stock permitted to be Incurred or issued under clause (2)(p) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant;
- (24) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted under clause (2)(q) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;”
- (25) Liens securing Indebtedness Incurred pursuant to clause (2)(r) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;”
- (26) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(s) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;”
- (27) Liens securing the Acquired Indebtedness Incurred under clause (2)(u) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant;
- (28) Liens securing the Credit Facilities permitted to be Incurred under clause (2)(w) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant; and

- (29) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing permitted under clause (2)(y) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock.

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Restricted Subsidiaries other than Subsidiary Guarantors; provided that, on the date of the Incurrence of such Indebtedness and after giving pro forma effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding the amount of any Public Indebtedness and any Indebtedness of any Restricted Subsidiary other than a Subsidiary Guarantor permitted under clauses (2)(a), (2)(b), (2)(d), (2)(f) and (2)(g) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% 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, solely for purposes of “Description of the Notes,” the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on September 3, 2016 and effective on October 1, 2016) 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 (as most recently amended on March 1, 2017 by the Decision of the State Council on Abolishing and Amending Some Administrative Regulations), 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.

“PRC Relevant Indebtedness” means any present or future Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities (other than the Securities) issued by a Restricted Subsidiary to the public or through a private placement in the PRC within the quota that is approved by applicable governmental authorities of the PRC government or any applicable stock exchange.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“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.

“Project Debt” means Indebtedness Incurred by the Company or a Restricted Subsidiary for the purpose of financing the acquisition, development, constructing, operation or maintenance of a real estate project.

“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 U.S. Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by any Restricted Subsidiary pursuant to which such Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, royalty, other revenue streams or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, property or assets of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and will, upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, become a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services and its affiliates or successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; provided that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means any Restricted Subsidiary, or any group of Restricted Subsidiaries that, taken together, would be “significant subsidiary” using the conditions specified in 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 date of this Indenture, if any of the conditions exceeds 5 percent.

“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 instalment over a period of time.

“Standard Non-recourse Receivable Financing Undertakings” means representations, warranties, undertakings, covenants and indemnities entered into by the Company or any Restricted Subsidiary which the Company has determined in good faith to be customary for a seller or servicer of assets in any Non-recourse Receivable Financing.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment 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 that 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 loan to the Company or any Restricted Subsidiary from Permitted Holders which (i) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, (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, 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) does not provide for any cash payment of interest.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case 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 made by

such Person 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.

“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 in the Indenture and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; provided that “Subsidiary Guarantor” does not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom, any state of the European Economic Area, shall be rated at least “A” by S&P, Moody’s or Fitch;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, the United Kingdom, any state thereof, 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 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 Rule 436 under the Securities 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) 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 its 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; and

- (8) 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 its business operations.

“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 in a timely manner) are available (which may be internal consolidated financial statements); provided that only with respect to clause (2)(h) of “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness; and provided further that with respect to the calculation of the percentage of Total Assets represented by the Consolidated Assets of the Offshore Non-Guarantor Subsidiaries, the amount of Total Assets shall be calculated after giving pro forma effect to any sale or issuance of Capital Stock to relevant Independent Third Parties.

“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, including but not limited to a bank, a trust company, a securities management company, an asset management company or an insurance company organized, 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 are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It is based on law and relevant interpretations thereof in effect as at the date of this Offering Memorandum, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Island tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no government or other exchange controls in the British Virgin Islands.

CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest and principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest and principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law of the Cayman Islands. In accordance with the Tax Concessions Law of the Cayman Islands, the Governor in Cabinet undertakes with the Company:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Law of the Cayman Islands.

These concessions shall be for a period of 20 years from July 4, 2018.

HONG KONG TAXATION

The following is a general description of certain tax considerations relating to the Notes. It is based on law and relevant interpretations thereof in effect as of the date of this Offering Memorandum, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC TAXATION

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of the 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 the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains

PRC income tax at the rate of 10% (or lower treaty rate, if any) is withheld from interest payable to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC. Any gain realized on the transfer of the Notes by such investors is subject to a 10% (or lower treaty rate, if any) PRC income tax if such gain is regarded as income of a “non-resident enterprise” derived from sources within the PRC. There is uncertainty as to whether we or any of the Subsidiary Guarantors (as the case may be) will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we or any of the Subsidiary Guarantors (as the case may be) are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC withholding tax at the rate of 10% where the holder is an enterprise pursuant to the EIT Law, or subject to PRC individual income tax at the rate of 20% (which in the case of interest may be withheld at source) where the holder is an individual pursuant to PRC individual income tax laws. Any PRC tax liability on interest, premium or gain may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident investors might be able to obtain the benefit of income tax treaties entered into between PRC and their countries. See *“Risk Factors—Risks Relating to Our Business—Interest payable by us or the Subsidiary Guarantor to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.”*

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

PLAN OF DISTRIBUTION

Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited, Haitong International Securities Company Limited, Admiralty Harbour Capital Limited, Vision Capital International Holdings Limited, Central Wealth Securities Investment Limited, Shenwan Hongyuan Securities (H.K.) Limited and CRIC Securities Company Limited are the initial purchasers (the “**Initial Purchasers**”) to this offering. Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited and Haitong International Securities Company Limited are acting as the joint global coordinators, joint bookrunners and joint lead managers, and Admiralty Harbour Capital Limited, Vision Capital International Holdings Limited, Central Wealth Securities Investment Limited, Shenwan Hongyuan Securities (H.K.) Limited and CRIC Securities Company Limited are acting the joint bookrunners and joint lead managers to this offering. Under the terms and subject to the conditions contained in a purchase agreement dated September 16, 2021 (the “**Purchase Agreement**”), the Initial Purchasers have, severally and not jointly, agreed to purchase from us, and we have agreed to sell to the Initial Purchasers, US\$110,000,000 in aggregate principal amount of the Notes set forth opposite the Initial Purchaser’s name.

| Initial Purchasers | Principal Amount of Notes |
|--|--------------------------------------|
| Guotai Junan Securities (Hong Kong) Limited | US\$93,000,000 |
| CMB International Capital Limited | US\$2,000,000 |
| Haitong International Securities Company Limited | US\$2,000,000 |
| Admiralty Harbour Capital Limited | US\$2,000,000 |
| Vision Capital International Holdings Limited | US\$5,000,000 |
| Central Wealth Securities Investment Limited | US\$2,000,000 |
| Shenwan Hongyuan Securities (H.K.) Limited | US\$2,000,000 |
| CRIC Securities Company Limited | US\$2,000,000 |
| Total | US\$110,000,000 |

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to the approval of certain legal matters by counsel and certain other conditions.

The Initial Purchasers initially propose to offer part of the Notes directly to investors at the issue price set forth on the cover page of this Offering Memorandum. The price at which the Notes are offered may be changed at any time without notice. The purchase agreement provides that the Company will pay the Initial Purchasers a customary commission. In addition, we have agreed with the Initial Purchasers that certain private banks will be paid a commission in connection with the purchase of the Notes by their private bank clients.

We and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof.

In connection with this offering, any of the Initial Purchasers appointed and acting in their capacity as stabilizing managers or any person acting on their behalf (the “**Stabilizing Manager**”), may purchase and sell the Notes in the open market. These transactions may, to the extent permitted by applicable laws and regulations, include short sales, stabilizing transactions and purchases to cover positions created by short sales. These activities may stabilize, maintain or otherwise affect the market price of the 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 accounts of the Joint Bookrunners and Joint Lead Managers, and not for or on behalf of the Company.

We expect to make delivery of the Notes, against payment in same-day funds, on or about September 21, 2021, which we expect will be the third business day following the date of this Offering Memorandum. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days; purchasers who wish to trade Notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business days should consult their own advisor.

The Initial Purchasers or its affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or its affiliates may, from time to time, engage in transactions with and perform service 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 one or more of 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, each Initial Purchaser and/or its 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 affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Issuer have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities. 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 their respective affiliates on behalf of us in such jurisdiction.

Selling Restrictions

General

No action has been taken or will be taken by us or the Initial Purchasers that would permit a public offering of the Notes or possession or distribution of this Offering Memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

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 their respective affiliates on behalf of us in such jurisdiction.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the 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.

United States

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes and the Subsidiary Guarantees are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Furthermore, until 40 days after the commencement of the offering of the Notes and the Subsidiary Guarantees, an offer or sale of the Notes within the United States by a dealer, whether or not participating in this offering, may violate the registration requirements of the Securities Act.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (the “**Corporations Act**”) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”) or the Australian Securities Exchange operated by ASX Limited (“**ASX**”). Each of the Initial Purchasers has represented and agreed that in connection with the distribution of the Notes, it:

- (a) must not make any offer or invitation in Australia or which is received in Australia in relation to the issue, sale or purchase of any Notes unless the offeree or invitee is required to pay at least AUD500,000 for the Notes or its foreign currency equivalent (in either case disregarding amounts, if any, lent by us or any other person offering the notes or its associates (within the meaning of those expressions in Part 6D.2 of

the Corporations Act, or it is otherwise an offer or invitation in respect of which, by virtue of section 708 of the Corporations Act, no disclosure is required to be made under Part 6D.2 of the Corporations Act and provided that in any case the offeree or invitee is not a retail client (within the meaning of section 761G or section 761GA of the Corporations Act); and

- (b) has not circulated or issued and must not circulate or issue this Offering Memorandum or any disclosure document relating to the notes in Australia or which is received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7.7 of the Corporations Act or would otherwise require any document to be lodged with ASIC or the ASX or any other regulatory authority in Australia.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Company;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Subsidiary Guarantors; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, 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 as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Initial Purchaser has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended) (the “**Financial Instruments and Exchange Law**”), and disclosure under the Financial Instruments and Exchange Law has not been made with respect to the Notes. Accordingly, each Initial Purchaser has represented, warranted and agreed that the Notes have not and will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other applicable laws and regulations of Japan.

PRC

The Initial Purchasers have acknowledged that this Offering Memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. Each of the Initial Purchasers has severally represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Cayman Islands

The Initial Purchasers have represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

British Virgin Islands

The Initial Purchasers have represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person 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, except as otherwise permitted by the British Virgin Islands laws.

This Offering Memorandum does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, charge or other transfer of the Notes.

The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) (together, the “**Securities**”), you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:
 - the Securities have not been registered under the Securities Act or any other applicable securities laws;
 - the Securities are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
 - the Securities are being offered and sold only outside of the United States in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and
 - unless so registered, the Securities may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws.
2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf, other than a distributor, and that you are purchasing the Securities in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Securities, other than the information contained in this Offering Memorandum. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Securities. You agree that you have had access to such financial and other information concerning us and the Securities as you have deemed necessary in connection with your decision to purchase the Securities, including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Securities 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 Securities in violation of the Securities Act.
5. You acknowledge that we, the Initial Purchasers, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Securities is no longer accurate, you will promptly notify us, the Initial Purchasers and the Transfer Agent. If you are purchasing any Securities as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

RATINGS

The Notes are expected to be rated “B+” by Lianhe Global. The rating reflects the rating agency’s assessment of the likelihood of timely payment of the principal of and interest on the Notes. In addition, we have been assigned a corporate credit rating of “B2” with a negative outlook by Moody’s and “B+” with a stable outlook by Lianhe Global. The ratings do not constitute recommendations to purchase, hold or sell securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor.

We cannot assure you that the ratings or their outlook will remain in effect for any given period or that the ratings or their outlook will not be revised by such rating agencies in the future if, in their judgment, circumstances so warrant. Each such rating or outlook should be evaluated independently of any other rating or outlook on the Notes, on us or on our securities.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Ogier as to matters of Cayman Islands law and British Virgin Islands law, Linklaters as to matters of Hong Kong law and United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law. Certain legal matters will be passed upon for the Joint Bookrunners and Joint Lead Managers by White & Case as to matters of United States federal and New York law and Haiwen & Partners as to matters of PRC law.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements as of and for each of the fiscal years ended December 31, 2018, 2019 and 2020 included in this Offering Memorandum have been audited by Ernst & Young, certified public accountants, as stated in their reports appearing herein.

The unaudited consolidated financial statements as of and for the six months ended June 30, 2020 and 2021 included in this Offering Memorandum have been reviewed by Ernst & Young, certified public accountants, as stated in their reports appearing herein.

GENERAL INFORMATION

1. AUTHORIZATIONS AND CONSENTS

We have obtained all necessary governmental consents, approvals and authorizations, as and when applicable, in Hong Kong, the Cayman Islands and the British Virgin Islands 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 resolutions of our board of directors on or about September 7, 2021, and the entering into of the Indenture and the giving of the Subsidiary Guarantees have been authorized by resolutions of the board of directors of each Subsidiary Guarantor on or about September 7, 2021.

2. DOCUMENTS AVAILABLE

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the Trustee, following prior written request and proof of holding and identity satisfactory to the Trustee.

For so long as any of the Notes are outstanding, copies of the accountant's report set out in the section entitled "Index to Consolidated Financial Statements" in this Offering Memorandum may be obtained during normal business hours on any weekday (except public holidays) at the principal registered office of the Company.

3. 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, which are or might be material in the context of this issue of the Notes, nor are we aware of any pending or threatened proceedings.

4. NO MATERIAL ADVERSE CHANGE

Except as 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 June 30, 2021 that is material in the context of the issue of the Notes.

5. CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream with a Common Code of 238694485 and an ISIN of XS2386944859. The Legal Entity Identifier of the Issuer is 300300J0M2CT3JT54R34.

6. LISTING OF THE NOTES

Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Notes on the HKSE will commence on September 23, 2021.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

| | Page |
|--|-------|
| Extracted Financial Information as of and for the Six Months Ended | |
| June 30, 2021 | F-2 |
| Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | F-2 |
| Interim Condensed Consolidated Statement of Financial Position | F-4 |
| Notes to Interim Condensed Consolidated Financial Information | F-6 |
| Audited Consolidated Financial Statements as of and for the Year Ended | |
| December 31, 2020⁽¹⁾ | |
| Independent Auditor's Report | F-13 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | F-21 |
| Consolidated Statement of Financial Position | F-23 |
| Consolidated Statement of Changes in Equity | F-25 |
| Consolidated Statement of Cash Flows | F-27 |
| Notes to the Financial Statements | F-30 |
| Audited Consolidated Financial Statements as of and for the Year Ended | |
| December 31, 2019⁽²⁾ | |
| Independent Auditor's Report | F-176 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | F-183 |
| Consolidated Statement of Financial Position | F-185 |
| Consolidated Statement of Changes in Equity | F-187 |
| Consolidated statement of Cash Flows | F-189 |
| Notes to the Financial Statements | F-193 |
| Audited Consolidated Financial Statements as of and for the Year Ended | |
| December 31, 2018⁽³⁾ | |
| Independent Auditor's Report | F-343 |
| Consolidated Statements of Profit or Loss and Other Comprehensive Income | F-348 |
| Consolidated Statements of Financial Position | F-349 |
| Consolidated Statements of Changes in Equity | F-351 |
| Consolidated statements of Cash Flows | F-353 |
| Notes to the Financial Statements | F-356 |

Notes:

- (1) *The attached independent auditor's report on our consolidated financial information as of and for the year ended December 31, 2020 is a reproduction of the Company's annual report for the year ended December 31, 2020, and page references are references to pages set forth in such annual report.*
- (2) *The attached independent auditor's report on our consolidated financial information as of and for the year ended December 31, 2019 is a reproduction of the Company's annual report for the year ended December 31, 2019, and page references are references to pages set forth in such annual report.*
- (3) *The attached independent auditor's report on our consolidated financial information as of and for the year ended December 31, 2018 is a reproduction of the Company's annual report for the year ended December 31, 2018, and page references are references to pages set forth in such annual report.*

INTERIM RESULTS

The board of directors (the “**Board**”) of Yincheng International Holding Co., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Six months ended 30 June | |
|---|-------|--------------------------|-------------|
| | Notes | 2021 | 2020 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| REVENUE | 5 | 3,788,625 | 4,553,860 |
| Cost of sales | | (3,099,320) | (3,840,599) |
| GROSS PROFIT | | 689,305 | 713,261 |
| Other income and gains | 5 | 62,673 | 19,444 |
| Selling and distribution expenses | | (114,421) | (104,569) |
| Administrative expenses | | (79,487) | (74,578) |
| Other expenses | | (828) | (10,465) |
| Finance costs | 6 | (78,390) | (109,821) |
| Share of profits and losses of: | | | |
| Joint ventures | | (5,863) | 5,223 |
| Associates | | (19,806) | 23,924 |
| PROFIT BEFORE TAX | 7 | 453,183 | 462,419 |
| Income tax expense | 8 | (155,103) | (162,800) |
| PROFIT FOR THE PERIOD | | 298,080 | 299,619 |
| Attributable to: | | | |
| Owners of the parent | | 80,418 | 102,503 |
| Non-controlling interests | | 217,662 | 197,116 |
| | | 298,080 | 299,619 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted | 10 | RMB0.06 | RMB0.07 |

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| <i>Notes</i> | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| OTHER COMPREHENSIVE INCOME | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | 8,401 | 14,325 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Equity investments designated at fair value through other comprehensive income (“FVOCI”): | | |
| Change in fair value | (38,812) | (11,128) |
| Income tax effect | — | 1,836 |
| | (38,812) | (9,292) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | (30,411) | 5,033 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 267,669 | 304,652 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 50,007 | 107,536 |
| Non-controlling interests | 217,662 | 197,116 |
| | 267,669 | 304,652 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30 June | 31 December |
|--|----------------------------|------------------|
| | 2021 | 2020 |
| <i>Notes</i> | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 1,013,764 | 941,547 |
| Right-of-use assets | 166,513 | 163,755 |
| Investment properties | 2,948,600 | 2,788,700 |
| Intangible assets | 6,481 | 7,084 |
| Investments in joint ventures | 510,791 | 180,725 |
| Investments in associates | 2,174,213 | 2,142,510 |
| Deferred tax assets | 342,423 | 278,034 |
| Other non-current assets | 200,385 | 527,709 |
| Equity investments designated at FVOCI | 396,035 | 643,710 |
| | 7,759,205 | 7,673,774 |
| CURRENT ASSETS | | |
| Properties under development | 19,774,303 | 20,327,503 |
| Completed properties held for sale | 3,516,349 | 2,851,239 |
| Trade receivables | <i>11</i> 18,455 | 1,294 |
| Due from related companies | 2,885,272 | 971,286 |
| Prepayments, deposits and other receivables | <i>12</i> 5,372,150 | 3,762,707 |
| Tax recoverable | 766,421 | 629,284 |
| Financial assets at fair value through profit or loss ("FVTPL") | 1,702,932 | 1,934,292 |
| Contract cost assets | 118,266 | 56,610 |
| Inventories | 1,866 | 523 |
| Cash and bank balances | 5,495,812 | 6,420,932 |
| | 39,651,826 | 36,955,670 |

| | | 30 June | 31 December |
|--|--------------|--------------------|------------------|
| | | 2021 | 2020 |
| | <i>Notes</i> | RMB'000 | RMB'000 |
| | | (Unaudited) | (Audited) |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | <i>13</i> | 3,386,258 | 4,001,807 |
| Other payables, deposits received and accruals | <i>14</i> | 2,720,505 | 3,166,054 |
| Due to related companies | | 3,948,921 | 4,950,820 |
| Contract liabilities | | 15,031,085 | 11,384,909 |
| Senior notes | | 2,332,277 | 2,217,378 |
| Interest-bearing bank and other borrowings | | 2,406,182 | 3,323,086 |
| Tax payable | | 1,279,006 | 1,346,693 |
| Lease liabilities | | 5,078 | 5,164 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 31,109,312 | 30,395,911 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 8,542,514 | 6,559,759 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 16,301,719 | 14,233,533 |
| | | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | | 10,974,633 | 8,825,094 |
| Deferred tax liabilities | | 110,785 | 143,125 |
| Lease liabilities | | 11,673 | 3,543 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 11,097,091 | 8,971,762 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 5,204,628 | 5,261,771 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 124,119 | 124,119 |
| Treasury shares | | (7) | (7) |
| Reserves | | 2,661,075 | 2,635,955 |
| | | <hr/> | <hr/> |
| | | 2,785,187 | 2,760,067 |
| | | <hr/> | <hr/> |
| Non-controlling interests | | 2,419,441 | 2,501,704 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY | | 5,204,628 | 5,261,771 |
| | | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 March 2019.

During the six months ended 30 June 2021, the subsidiaries now comprising the Group were principally involved in property development, hotel operations, property investment and exhibition operation.

2. 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.

3. 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 | <i>Interest Rate Benchmark Reform — Phase 2</i> |
| Amendment to IFRS 16 | <i>Covid-19-Related Rent Concessions</i> |
| Amendment to IFRS 16 | <i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i> |

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.

The Group had foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate (“LIBOR”) 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. Amendment to IFRS 16 issued in April 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.

- b) Amendment to IFRS 16 issued in April 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 Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. Reduction in the lease payments arising from the rent concessions is insignificant for the period ended 30 June 2021.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2021 and 2020.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management income, hotel operations, exhibition operation and rental income for the six months ended 30 June 2021.

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|---|------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| <i>Revenue from contracts with customers</i> | 3,768,853 | 4,547,811 |
| <i>Revenue from other sources</i> | | |
| Rental income | 19,772 | 6,049 |
| | <u>3,788,625</u> | <u>4,553,860</u> |
| Revenue from contracts with customers | | |
| Types of goods or services: | | |
| Sale of properties | 3,728,442 | 4,522,146 |
| Project management | 24,055 | 14,346 |
| Hotel operation | 11,612 | 11,319 |
| Exhibition operation | 4,744 | – |
| | <u>3,768,853</u> | <u>4,547,811</u> |
| Total revenue from contracts with customers | | |
| Timing of revenue recognition: | | |
| Recognised at a point in time: | | |
| Revenue from sale of properties | 3,728,442 | 4,522,146 |
| Revenue from hotel operation | 6,387 | 6,625 |
| | <u>3,734,829</u> | <u>4,528,771</u> |
| Recognised over time: | | |
| Revenue from project management | 24,055 | 14,346 |
| Revenue from hotel operation | 5,225 | 4,694 |
| Revenue from exhibition operation | 4,744 | – |
| | <u>33,024</u> | <u>19,040</u> |
| Total revenue from contracts with customers | | |
| | <u>3,768,853</u> | <u>4,547,811</u> |

An analysis of other income and gains is as follows:

| | For the six months ended 30 June | |
|---|--|---------------------------------------|
| | 2021 <i>RMB'000</i> (Unaudited) | 2020 <i>RMB'000</i> (Unaudited) |
| Fair value gains from financial assets at FVTPL | 23,277 | – |
| Gain on disposal of a subsidiary | 13,325 | – |
| Dividend income from FVOCI and FVTPL | 11,379 | 1,792 |
| Interest income | 12,561 | 10,752 |
| Government grants | 975 | 5,387 |
| Forfeiture of deposits | 300 | 1,048 |
| Others | 856 | 465 |
| | <u>62,673</u> | <u>19,444</u> |

6. FINANCE COSTS

An analysis of finance costs is as follows:

| | For the six months ended 30 June | |
|---|--|---------------------------------------|
| | 2021 <i>RMB'000</i> (Unaudited) | 2020 <i>RMB'000</i> (Unaudited) |
| Interest on bank and other borrowings, and senior notes | 937,892 | 424,192 |
| Interest expense arising from revenue contracts | 163,034 | 279,480 |
| Interest on lease liabilities | 485 | 412 |
| | <u>1,101,411</u> | 704,084 |
| Less: Interest capitalised | <u>(1,023,021)</u> | <u>(594,263)</u> |
| | <u>78,390</u> | <u>109,821</u> |

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Cost of inventories sold | 3,073,152 | 3,819,540 |
| Cost of project management | 16,986 | 8,677 |
| Cost of hotel operation | 9,375 | 9,070 |
| Cost of exhibition operation | 1,929 | – |
| Cost of rental | 3,571 | 39 |
| Impairment loss (written off)/recognised for completed properties for sales | (5,693) | 3,273 |
| Depreciation of items of property, plant and equipment | 16,769 | 8,878 |
| Amortization of items of intangible assets | 603 | 356 |
| Depreciation of right-of-use assets | 5,673 | 8,545 |
| Expenses relating to short term leases and leases of low-value assets | 1,547 | 1,833 |
| Auditors' remuneration | 1,450 | 800 |
| Employee benefit expense (including directors' and chief executive's remuneration): | | |
| Wages and salaries | 62,855 | 63,187 |
| Pension scheme contributions and social welfare | 12,874 | 13,222 |

8. 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 Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the period. Subsidiaries of the Group operating in the PRC are subject to PRC corporate income tax at a rate of 25% for the period.

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 the PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

| | For the six months ended 30 June | |
|---------------------------------|-------------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Current tax: | | |
| PRC corporate income tax | 201,494 | 159,821 |
| PRC LAT | 50,338 | 49,072 |
| Deferred tax | (96,729) | (46,093) |
| Total tax charge for the period | <u>155,103</u> | <u>162,800</u> |

9. DIVIDENDS

The 2020 final dividend amounting to HK\$3.06 cents per share, amounting a total of RMB37,205,000, and was approved at the annual general meeting on 11 June 2021.

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

10. 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 period attributable to ordinary equity holders of the parent of RMB80,418,000 (six months ended 30 June 2020: RMB102,503,000), and the weighted average number of ordinary shares of 1,446,962,138 (six months ended 30 June 2020: 1,446,962,138) shares in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Company had no potentially dilutive ordinary in issue during the periods.

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | <u>18,455</u> | <u>1,294</u> |

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---------------------------------------|---|---|
| Deposits for land use right | 1,200 | 11,200 |
| Construction performance deposits | 557,851 | 388,899 |
| Other deposits | 275,324 | 146,066 |
| Other tax recoverable | 807,726 | 653,778 |
| Due from financial institution | 195,860 | – |
| Due from non-controlling shareholders | 2,890,983 | 1,726,824 |
| Due from third parties | 630,676 | 826,460 |
| Other receivables | <u>16,098</u> | <u>14,412</u> |
| | <u>5,375,718</u> | <u>3,767,639</u> |
| Impairment allowance | <u>(3,568)</u> | <u>(4,932)</u> |
| | <u>5,372,150</u> | <u>3,762,707</u> |

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the reporting period.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|------------------|---|---|
| Less than 1 year | 2,304,904 | 2,868,654 |
| Over 1 year | 1,081,354 | 1,133,153 |
| | <u>3,386,258</u> | <u>4,001,807</u> |

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

14. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|--|---|---|
| Deposits related to construction | 161,197 | 109,279 |
| Interests payable | 98,178 | 99,378 |
| Payroll and welfare payable | 4,334 | 59,447 |
| Tax and surcharges | 89,185 | 26,527 |
| Advances from non-controlling shareholders | 1,863,401 | 1,594,727 |
| Advances from third parties | 386,643 | 1,218,056 |
| Accrued liabilities | 64,861 | 25,460 |
| Others | 52,706 | 33,180 |
| | <u>2,720,505</u> | <u>3,166,054</u> |

Other payables are unsecured and repayable on demand.

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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Independent auditor's report
To the shareholders of Yincheng International Holding Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

獨立核數師報告
致銀城國際控股有限公司全體股東
(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Yincheng International Holding Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 274, 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 31 December 2020, 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 ("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 ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

吾等已審核第120至274頁所載銀城國際控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,包括於2020年12月31日的綜合財務狀況表以及截至2020年12月31日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括重大會計政策概要)。

吾等認為,綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)編製,足以真實及公平地顯示貴集團於2020年12月31日的綜合財務狀況及貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

意見基礎

吾等的審核工作按照香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)進行。吾等就該等準則承擔的責任在本報告核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會的職業會計師道德守則(「守則」),吾等獨立於貴集團,並已履行守則中的其他職業道德責任。吾等相信,吾等所取得的審核憑證就提出審核意見而言屬充分恰當。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審核事項

關鍵審核事項是根據吾等的職業判斷，對本期綜合財務報表的審核最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時處理，且吾等不會對該等事項提供單獨的意見。有關吾等在審核過程中如何處理下述事項的描述乃以此為背景。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所闡述的責任，包括與該等關鍵審核事項相關的責任。相應地，吾等的審核工作包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的審核程序。吾等執行審核程序的結果，包括應對下述事項所執行的程序，為就相關綜合財務報表發表審核意見提供了基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter

關鍵審核事項

How our audit addressed the key audit matter

吾等在審核過程中如何處理關鍵審核事項

Revenue recognition from property development projects ("PDP")
房地產開發項目(「房地產開發項目」)之收益確認

Most of the Group's revenue for the year ended 31 December 2020 was derived from PDP. Revenue from PDP is recognised when all of the following criteria have been met:

貴集團截至2020年12月31日止年度的大部分收益來自於房地產開發項目。貴集團在以下所有條件均已滿足時確認房地產開發項目的收益：

- (i) the sale and purchase agreement has been signed;
(i) 已簽署買賣協議；
- (ii) the related deposit has been received and the arrangements for the settlement of the remaining proceeds have been confirmed; and
(ii) 已收到相關按金且已確認剩餘所得款項的結付安排；及
- (iii) the property has been handed over to the buyer, as stipulated in the sale and purchase agreement.
(iii) 物業已根據買賣協議約定交付予買方。

We identified the recognition of revenue for PDP as a key audit matter because of its significance to the Group and any small errors in the recognition of revenue, in aggregate, for each property development project could have a material impact on the Group's profit for the year ended 31 December 2020.

吾等把房地產開發項目的收益確認列為關鍵審核事項，因為房地產開發項目的收益對貴集團的重要性，以及單個房地產開發項目銷售收益確認上的任何細小錯誤匯總起來可能對貴集團截至2020年12月31日止年度的溢利產生重大影響。

The accounting policies and disclosures of the revenue recognition are included in notes 2.4 and 5 to the consolidated financial statements.

有關收益確認的會計政策及披露載於綜合財務報表附註2.4及5。

Our audit procedures to assess the recognition of revenue for PDP included the following:

吾等就房地產開發項目的收益確認的審計程序包括以下程序：

- (i) evaluating the design, implementation of operating effectiveness of key internal controls over the recording of revenue for PDP;
(i) 評估與房地產開發項目的收益確認相關的關鍵內部控制的設計和運行有效性；
- (ii) inspecting the terms of the standard sale and purchase agreements for the sale of PDP to assess the Group's revenue recognition policies for the sale of PDP, with reference to the requirements of the prevailing accounting standards;
(ii) 檢查貴集團銷售房地產開發項目的標準買賣協議條款，以評價貴集團有關銷售房地產開發項目的收益確認政策是否符合現行會計準則的要求；
- (iii) inspecting, on a sample basis, the sales of PDP recognised during the year ended 31 December 2020, sale and purchase agreements and the documents which indicated that the properties were physically possessed or the legal titles of the properties were obtained by the buyers and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition accounting policies; and
(iii) 就截至2020年12月31日止年度確認的房地產開發項目銷售，抽樣檢查買賣協議及可以證明物業已實際歸買方所有或買方已獲得物業法定所有權的文件，以及評價相關收益是否已按照貴集團的收益確認會計政策確認；及
- (iv) inspecting, on a sample basis, the documents to check whether the related revenue had been recognised in the appropriate financial period.
(iv) 抽樣檢查文件，以檢查相關收益是否在恰當的財務期間確認。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter

How our audit addressed the key audit matter

關鍵審核事項

吾等在審核過程中如何處理關鍵審核事項

Provision for land appreciation tax 土地增值稅撥備

The Group is a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China 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 was 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.

貴集團為一家中國內地的房地產開發商，專注於開發住宅物業以及開發、經營及管理商業及綜合用途物業。中國內地的土地增值稅(「土地增值稅」)為貴集團稅項支出的主要組成部分之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於2020年12月31日，貴集團管理層根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額(包括土地使用權的租賃費用、房地產開發成本、借款成本及開發開支)作出估計。於中國內地的土地增值稅撥備對貴集團的綜合財務報表而言屬重大，並涉及管理層對相關稅務撥備的重大判斷及詮釋。因此，土地增值稅撥備確認為一項關鍵審核事項。

The accounting policies and disclosures of the provision for LAT were included in note 3 and note 10 to the consolidated financial statements
有關土地增值稅撥備的會計政策及披露載於綜合財務報表附註3及附註10。

We assessed and evaluated the design and operating effectiveness of the key controls of management in the calculation of the provision for land appreciation tax.

吾等已評估及評價管理層於計算土地增值稅撥備時的關鍵控制的設計及運行有效性。

We involved our 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 by applying our knowledge and experience. We also recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

吾等委聘內部稅務專家協助吾等檢討土地增值稅狀況，包括檢討貴集團使用的估計及假設以及基於與相關稅務機構的溝通並應用吾等的知識及經驗評估稅務風險。吾等亦已重新計算稅項計算結果，並將吾等的計算結果與貴集團錄得的金額進行比較。

We 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.

吾等已參考現行會計準則的規定評估綜合財務報表內有關土地增值稅撥備的披露。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。吾等僅向全體股東作出報告，除此以外本報告並無其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

核數師就審核綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通，該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及為消除威脅而採取的行動或適用防範措施(如適用)。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 Lawrence K. W. Lau.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2021

核數師就審核綜合財務報表須承擔的責任(續)

從與審核委員會溝通的事項中，吾等確定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為劉國華。

安永會計師事務所
執業會計師
香港
2021年3月29日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2020 截至2020年12月31日止年度

| | | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|------------------|-------------|-----------------------------------|-----------------------------------|
| REVENUE | 收益 | 5 | 10,679,634 | 9,092,472 |
| Cost of sales | 銷售成本 | | (9,522,203) | (7,613,165) |
| GROSS PROFIT | 毛利 | | 1,157,431 | 1,479,307 |
| Other income and gains | 其他收入及收益 | 5 | 64,773 | 65,800 |
| Selling and distribution expenses | 銷售及分銷開支 | | (258,419) | (294,980) |
| Administrative expenses | 行政開支 | | (226,693) | (292,408) |
| Other expenses | 其他開支 | | (20,142) | (22,828) |
| Fair value gains on investment properties | 投資物業的公平值收益 | | 125,670 | 106,300 |
| Finance costs | 財務成本 | 7 | (202,330) | (166,991) |
| Share of profits and losses of: | 應佔溢利及虧損： | | | |
| Joint ventures | 合營企業 | | (9,879) | (15,440) |
| Associates | 聯營公司 | | 43,988 | 81,369 |
| PROFIT BEFORE TAX | 除稅前溢利 | 6 | 674,399 | 940,129 |
| Income tax expense | 所得稅開支 | 10 | (288,255) | (579,769) |
| PROFIT FOR THE YEAR | 年內溢利 | | 386,144 | 360,360 |
| Attributable to: | 下列各項應佔： | | | |
| Owners of the parent | 母公司擁有人 | | 182,627 | 150,309 |
| Non-controlling interests | 非控股權益 | | 203,517 | 210,051 |
| | | | 386,144 | 360,360 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 本公司普通權益持有人應佔每股盈利 | | | |
| Basic and diluted earnings per share | 每股基本及攤薄盈利 | 12 | RMB 人民幣 0.13 yuan 元 | RMB 人民幣 0.11 yuan 元 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2020 截至2020年12月31日止年度

| | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|--------------------------|-----------------------------------|-----------------------------------|
| OTHER COMPREHENSIVE INCOME/(LOSS) | 其他全面收益（虧損） | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | 於隨後期間可能重新分類至損益的其他全面收益： | | |
| Exchange differences on translation of foreign operations | 換算海外業務之匯兌差額 | (20,988) | 33,022 |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | 於隨後期間將不會重新分類至損益的其他全面收益： | | |
| Change in use from an owner-occupied property to an investment property carried at fair value | 自用物業的用途變更為按公平值入賬的投資物業 | 14,351 | - |
| Equity investments designated at fair value through other comprehensive income change in fair value | 指定按公平值計入其他全面收益之股權投資公平值變動 | 109,509 | 1,965 |
| Income tax effect | 所得稅影響 | (3,588) | (324) |
| | | 120,272 | 1,641 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | 年內其他全面收益 | 99,284 | 34,663 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 年內全面收益總額 | 485,428 | 395,023 |
| Total comprehensive income attributable to: | 下列人士應佔全面收益總額： | | |
| Owners of the parent | 母公司擁有人 | 281,911 | 184,972 |
| Non-controlling interests | 非控股權益 | 203,517 | 210,051 |
| | | 485,428 | 395,023 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2020 2020年12月31日

| | | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|-------------------------------------|-------------|-----------------------------------|-----------------------------------|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 非流動資產 物業、廠房及設備 | 13 | 941,547 | 1,241,223 |
| Investment properties | 投資物業 | 15 | 2,788,700 | 918,200 |
| Right-of-use assets | 使用權資產 | 16 | 163,755 | 281,354 |
| Intangible assets | 無形資產 | 14 | 7,084 | 5,707 |
| Investments in joint ventures | 於合營企業的投資 | 17 | 180,725 | 78,103 |
| Investments in associates | 於聯營公司的投資 | 18 | 2,142,510 | 910,513 |
| Deferred tax assets | 遞延稅項資產 | 19 | 278,034 | 309,682 |
| Other non-current assets | 其他非流動資產 | 20 | 527,709 | – |
| Equity investments designated at fair value through other comprehensive income ("FVOCI") | 指定按公平值計入其他全面收益(「按公平值計入其他全面收益」)的股權投資 | 21 | 643,710 | 326,723 |
| Total non-current assets | 非流動資產總值 | | 7,673,774 | 4,071,505 |
| CURRENT ASSETS | | | | |
| Properties under development | 流動資產 開發中物業 | 22 | 20,327,503 | 16,166,537 |
| Completed properties held for sale | 持作出售的已竣工物業 | 23 | 2,851,239 | 6,227,457 |
| Trade receivables | 貿易應收款項 | | 1,294 | 1,458 |
| Due from related companies | 應收關聯公司款項 | 40 | 971,286 | 895,762 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 24 | 3,762,707 | 2,729,374 |
| Financial assets at fair value through profit or loss ("FVTPL") | 按公平值計入損益(「按公平值計入損益」)的金融資產 | 25 | 1,934,292 | – |
| Tax recoverable | 可收回稅項 | | 629,284 | 342,007 |
| Other current assets | 其他流動資產 | 26 | 56,610 | 56,245 |
| Inventories | 存貨 | | 523 | 890 |
| Restricted cash | 受限制現金 | 27 | 708,538 | 1,137,115 |
| Pledged deposits | 已抵押存款 | 27 | 2,194,070 | 29 |
| Cash and cash equivalents | 現金及現金等價物 | 27 | 3,518,324 | 2,894,255 |
| Total current assets | 流動資產總值 | | 36,955,670 | 30,451,129 |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 流動負債 貿易應付款項及應付票據 | 28 | 4,001,807 | 2,742,799 |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | 29 | 3,166,054 | 3,969,718 |
| Due to related companies | 應付關聯公司款項 | 40 | 4,950,820 | 624,499 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 31 | 3,323,086 | 4,917,819 |
| Senior notes | 優先票據 | 32 | 2,217,378 | – |
| Lease liabilities | 租賃負債 | 16 | 5,164 | 16,826 |
| Contract liabilities | 合約負債 | 30 | 11,384,909 | 10,503,434 |
| Tax payable | 應付稅項 | 10 | 1,346,693 | 1,293,051 |
| Total current liabilities | 流動負債總額 | | 30,395,911 | 24,068,146 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2020 2020年12月31日

| | | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|------------|-------------|-----------------------------------|-----------------------------------|
| NET CURRENT ASSETS | 流動資產淨值 | | 6,559,759 | 6,382,983 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 資產總額減流動負債 | | 14,233,533 | 10,454,488 |
| NON-CURRENT LIABILITIES | 非流動負債 | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 31 | 8,825,094 | 5,582,140 |
| Lease liabilities | 租賃負債 | 16 | 3,543 | 3,072 |
| Deferred tax liabilities | 遞延稅項負債 | 19 | 143,125 | 842,471 |
| Total non-current liabilities | 非流動負債總額 | | 8,971,762 | 6,427,683 |
| NET ASSETS | 資產淨值 | | 5,261,771 | 4,026,805 |
| EQUITY | 權益 | | | |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | | |
| Share capital | 股本 | 33 | 124,119 | 124,119 |
| Treasury shares | 庫存股份 | | (7) | (7) |
| Other reserves | 其他儲備 | 34 | 2,635,955 | 2,384,706 |
| | | | 2,760,067 | 2,508,818 |
| Non-controlling interests | 非控股權益 | | 2,501,704 | 1,517,987 |
| TOTAL EQUITY | 總權益 | | 5,261,771 | 4,026,805 |

Mr. Ma Baohua
馬保華先生
Director
董事

Ms. Shao Lei
邵磊女士
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2020 截至2020年12月31日止年度

| | | Attributable to owners of the parent 母公司擁有人應佔 | | | | | | | | | | | |
|---|-------------------------|--|-----------------|---------------------------------|----------------|------------------|----------------------------|-------------------|-------------------|----------|---------------------------|--------------|-----------|
| | | Share capital | Treasury shares | Investment revaluation reserve* | Share premium* | Capital reserve* | Statutory surplus reserve* | Exchange reserve* | Retained profits* | Total | Non-controlling interests | Total equity | |
| | | 股本 | 庫存股份 | 合併儲備* | 股份溢價* | 資本儲備* | 儲備* | 匯兌儲備* | 保留溢利* | 總計 | 非控股權益 | 總權益 | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | |
| | | (Note 33) | (Note 33) | (Note 34(d)) | (Note 34(a)) | (Note 34(b)) | (Note 34(c)) | | | | | | |
| | | (附註33) | (附註33) | (附註34(d)) | (附註34(a)) | (附註34(b)) | (附註34(c)) | | | | | | |
| As at 1 January 2020 | 於2020年1月1日 | 124,119 | (7) | 623,279 | 1,641 | 631,475 | 82,600 | 195,686 | 33,022 | 817,003 | 2,508,818 | 1,517,987 | 4,026,805 |
| Profit for the year | 年內溢利 | - | - | - | - | - | - | - | 182,627 | 182,627 | 203,517 | 386,144 | |
| Other comprehensive income for the year: | 年內其他全面收益： | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | 換算海外業務之匯兌差額 | - | - | - | - | - | - | (20,988) | - | (20,988) | - | (20,988) | |
| Change in fair value of investment properties, net of tax | 投資物業公平值變動一扣除稅項 | - | - | - | 10,763 | - | - | - | - | 10,763 | - | 10,763 | |
| Change in fair value of equity investments at fair value through other comprehensive income | 按公平值計入其他全面收益之股權投資之公平值變動 | - | - | - | 109,509 | - | - | - | - | 109,509 | - | 109,509 | |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | 120,272 | - | - | (20,988) | 182,627 | 281,911 | 203,517 | 485,428 | |
| Capital contribution from non-controlling shareholders of subsidiaries | 附屬公司非控股股東注資 | - | - | - | - | - | - | - | - | - | 863,500 | 863,500 | |
| Appropriations to statutory surplus reserve | 轉撥至法定盈餘儲備 | - | - | - | - | - | 68,796 | - | (68,796) | - | - | - | |
| Final 2019 dividend | 2019年末期股息 | - | - | - | (30,662) | - | - | - | - | (30,662) | - | (30,662) | |
| Dividend paid to non-controlling interests | 已向非控股權益派付之股息 | - | - | - | - | - | - | - | - | - | (83,300) | (83,300) | |
| As at 31 December 2020 | 於2020年12月31日 | 124,119 | (7) | 623,279 | 121,913 | 600,813 | 82,600 | 264,482 | 12,034 | 930,834 | 2,760,067 | 2,501,704 | 5,261,771 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2020 截至2020年12月31日止年度

| | Attributable to owners of the parent 本公司擁有人應佔 | | | | | | | | | | | Non-controlling interests 非控股權益 | Total equity 總權益 |
|--|--|---|---|--|---|---|---|----------------------------|---------------------------|------------------|------------------|------------------------------------|---------------------|
| | Share capital 股本 | Treasury shares 庫存股份 | Merger reserve* 合併儲備* | Investment revaluation reserve* 投資重估儲備* | Share premium* 股份溢價* | Capital reserve* 資本儲備* | Statutory surplus reserve* 法定盈餘儲備* | Exchange reserve* 匯兌儲備* | Retained profits* 保留溢利 | Total 總計 | | | |
| | RMB'000 人民幣千元 (Note 33) (附註33) | RMB'000 人民幣千元 (Note 33) (附註33) | RMB'000 人民幣千元 (Note 34(d)) (附註34(d)) | RMB'000 人民幣千元 | RMB'000 人民幣千元 (Note 34(a)) (附註34(a)) | RMB'000 人民幣千元 (Note 34(b)) (附註34(b)) | RMB'000 人民幣千元 (Note 34(c)) (附註34(c)) | 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 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| As at 1 January 2019 於2019年1月1日 | 347 | (7) | 623,279 | - | - | 82,600 | 188,133 | - | 674,247 | 1,568,599 | 841,700 | 2,410,299 | |
| Profit for the year 年內溢利 | - | - | - | - | - | - | - | - | 150,309 | 150,309 | 210,051 | 360,360 | |
| Other comprehensive income for the year: 年內其他全面收益: | | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations 換算海外業務之匯兌差額 | - | - | - | - | - | - | - | 33,022 | - | 33,022 | - | 33,022 | |
| Change in fair value of equity investments at fair value through other comprehensive income, net of tax 按公平值計入其他全面收益之股權投資之公平值變動, 扣除稅項 | - | - | - | 1,641 | - | - | - | - | - | 1,641 | - | 1,641 | |
| Total comprehensive income for the year 年內全面收益總額 | - | - | - | 1,641 | - | - | - | 33,022 | 150,309 | 184,972 | 210,051 | 395,023 | |
| Capital contribution from non-controlling shareholders of subsidiaries 附屬公司非控股股東注資 | - | - | - | - | - | - | - | - | - | - | 509,044 | 509,044 | |
| Disposal of a subsidiary 出售一間附屬公司 | - | - | - | - | - | - | - | - | - | - | (42,808) | (42,808) | |
| Appropriations to statutory surplus reserve 轉撥至法定盈餘儲備 | - | - | - | - | - | - | 7,553 | - | (7,553) | - | - | - | |
| Issue of shares 發行股份 | 123,772 | - | - | - | 631,475 | - | - | - | - | 755,247 | - | 755,247 | |
| As at 31 December 2019 於2019年12月31日 | 124,119 | (7) | 623,279 | 1,641 | 631,475 | 82,600 | 195,686 | 33,022 | 817,003 | 2,508,818 | 1,517,987 | 4,026,805 | |

* These reserve accounts comprise the consolidated other reserves of RMB2,635,955 (2019: RMB2,384,706,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表內綜合其他儲備人民幣2,635,955元(2019年: 人民幣2,384,706,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2020 截至2020年12月31日止年度

| | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | | | |
| Profit before tax | | 674,399 | 940,129 |
| Adjustments for: | | | |
| Depreciation of items of property, plant and equipment | 6, 13 | 23,201 | 5,160 |
| Depreciation of right-of-use assets | 6, 16 | 15,532 | 15,708 |
| Amortisation of other intangible assets | 6, 14 | 710 | 681 |
| Investment income of business combinations achieved in stages | | | |
| (Gain)/loss on disposal of a subsidiary | 5 | - | (11,277) |
| Impairment losses recognised | 5 | (1,369) | 14,739 |
| Dividend income from financial assets at FVOCI | 6, 23 | 3,932 | - |
| Fair value gains from financial assets at FVTPL | 5 | (15,154) | - |
| Share of profits of joint ventures and associates | 5 | (13,524) | - |
| Fair value gains on investment properties | | (34,109) | (65,929) |
| Changes in fair value of financial guarantee liabilities | | (125,670) | (106,300) |
| Finance costs | 7 | - | (18,867) |
| Interest income | 5 | 202,330 | 166,991 |
| | | (25,535) | (23,323) |
| Decrease in properties under development and completed properties held for sale | | 3,477,021 | 985,427 |
| Decrease in inventories | | 367 | - |
| Decrease/(increase) in restricted cash | 27 | 428,577 | (1,014,294) |
| (Increase)/decrease in pledged deposits | 27 | (1,211) | 7,412 |
| Decrease in trade receivables | | 4,734 | 1,142 |
| (Increase)/decrease in prepayments, deposits and other receivables | | (783,380) | 2,114,423 |
| Increase in other current assets | | (365) | (56,245) |
| Decrease in amounts due from related companies | | 155,621 | 1,005,488 |
| Increase in trade and bills payables | | 1,000,914 | 490,853 |
| Decrease in other payables, deposits received and accruals | | (2,153,981) | (3,508,822) |
| Increase in contract liabilities | | 168,283 | 5,222,218 |
| Decrease in amounts due to related companies | | (59,750) | (1,778,645) |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2020 截至2020年12月31日止年度

| | | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|---------------------|-------------|-----------------------------------|-----------------------------------|
| Cash generated from operations | 經營所得現金 | | 2,941,573 | 4,386,669 |
| Interest received | 已收利息 | | 26,654 | 23,323 |
| Interest paid | 已付利息 | | (892,082) | (585,287) |
| Tax paid | 已付稅項 | | (648,235) | (328,672) |
| Net cash flows from operating activities | 經營活動所得現金 流量淨額 | | 1,427,910 | 3,496,033 |
| CASH FLOWS FROM INVESTING ACTIVITIES | 投資活動所用現金流量 | | | |
| Purchases of items of property, plant and equipment | 購買物業、廠房及設備項目 | | (406,231) | (723,024) |
| Purchase of other intangible assets | 購買其他無形資產 | | (2,087) | (20) |
| Purchase of investment properties | 購買投資物業 | | (302,262) | - |
| Acquisition of subsidiaries | 收購附屬公司 | | - | 100,859 |
| Acquisition of subsidiaries not accounted for as a business combination | 未入賬列為業務合併之附屬公司收購 | 37 | (1,414,943) | (2,386,357) |
| Prepayment for acquisition of subsidiaries | 收購附屬公司的預付款項 | | (270,540) | - |
| Prepayment for acquisition of non-controlling interests | 收購非控股權益的預付款項 | | (175,000) | - |
| Disposal of a subsidiary | 出售一間附屬公司 | 36 | (105) | (113,890) |
| Disposal of a joint venture | 出售合營企業 | | - | 18,108 |
| Purchase of inventories | 購買存貨 | | - | (49) |
| Purchases of items of financial assets at FVTPL | 購買按公平值計入損益之金融資產項目 | | (1,920,768) | - |
| Purchase of equity investments designated at FVOCI | 購買按公平值計入其他全面收益之股權投資 | | (207,478) | (325,082) |
| Advances to third parties | 向第三方墊款 | | (3,854,474) | (5,063,367) |
| Settlement of advances to third parties | 結算向第三方墊款 | | 3,623,371 | 3,545,174 |
| Advances to joint ventures and associates | 向合營企業及聯營公司墊款 | 40 | (1,712,536) | (1,750,128) |
| Settlement of advances to joint ventures and associates | 結算向合營企業及聯營公司墊款 | 40 | 1,478,906 | 2,410,794 |
| Advances to related companies | 向關聯公司墊款 | 40 | (7,006) | (3,071,289) |
| Settlement of advances to related companies | 結算向關聯公司墊款 | 40 | 9,491 | 1,706,495 |
| Investments in joint ventures and associates | 合營企業及聯營公司投資 | | (1,300,508) | (547,959) |
| Disposal of items of property, plant and equipment | 出售物業、廠房及設備項目 | | 1,339 | 2,435 |
| Net cash flows used in investing activities | 投資活動所用現金流量淨額 | | (6,460,831) | (6,197,300) |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2020 截至2020年12月31日止年度

| | Notes 附註 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 融資活動所得現金流量 | | | |
| Capital contribution from non-controlling shareholders | | 863,500 | 509,044 |
| Payment of 2019 final dividend | | (30,662) | – |
| Increase in pledged deposits | 27 | (2,192,830) | – |
| Payment of lease liabilities | 16, 35(c) | (7,005) | 3,785 |
| Net proceeds from issue of new shares | | – | 755,247 |
| Advances from third parties | | 18,706 | 4,054,478 |
| Repayment of advances from third parties | | (951,218) | (1,982,496) |
| Advances from related companies | 40 | 16,597,131 | 989,923 |
| Repayment of advances from related companies | 40 | (13,834,839) | (188,916) |
| Advances from joint ventures and associates | 40 | 2,056,290 | 382,121 |
| Repayment of advances from joint ventures and associates | 40 | (441,963) | (395,400) |
| Proceeds from the issuance of senior notes | | 2,192,519 | – |
| Proceeds from interest-bearing bank and other borrowings | | 9,741,087 | 8,084,690 |
| Repayment of interest-bearing bank and other borrowings | | (8,353,726) | (8,206,135) |
| Net cash flows from financing activities | | 5,656,990 | 4,006,341 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 624,069 | 1,305,074 |
| Cash and cash equivalents at beginning of year | | 2,894,255 | 1,589,181 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 3,518,324 | 2,894,255 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| 現金及現金等價物結餘分析 | | | |
| Cash and bank balances | 27 | 6,420,932 | 4,031,399 |
| Less: Restricted cash | 27 | 708,538 | 1,137,115 |
| Pledged deposits | 27 | 2,194,070 | 29 |
| CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS | | 3,518,324 | 2,894,255 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2020, the subsidiaries now comprising the Group were involved in property development, hotel operations, property investment and exhibition operation.

The particulars of the Company's subsidiaries are set out below:

1. 公司及集團資料

本公司為一間於開曼群島註冊成立的獲豁免公司。本公司的註冊辦事處地址為 Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands。

本公司為一間投資控股公司。於截至 2020 年 12 月 31 日止年度，本集團現時旗下附屬公司從事房地產開發、酒店營運、房地產投資及會展業務。

有關本公司附屬公司之詳情載列如下：

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|-----------------------------|--|---|---|----------------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Directly held: | | | | |
| 直接持有： | | | | |
| Yin Cheng Holding Limited | British Virgin Islands/ 16 January 2018 英屬處女群島 2018年1月16日 | USD50,000 50,000 美元 | 100% | Investment holding 投資控股 |
| Indirectly held: | | | | |
| 間接持有： | | | | |
| Yinjiacheng Holding Limited | Hong Kong of China/ 6 February 2018 中國香港 2018年2月6日 | HKD1 1 港元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|---|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yingang Enterprise Management Consulting Co., Ltd.* ("Nanjing Yingang") | People's Republic of China ("PRC")/ Mainland China/ 21 March 2018 | USD1,000,000 | 100% | Investment holding |
| 南京銀港企業管理諮詢有限公司* ("南京銀港") | 中華人民共和國 ("中國") 中國內地 2018年3月21日 | 1,000,000美元 | | 投資控股 |
| Nanjing Yincheng Real Estate Development Co., Ltd.** ("Nanjing Yincheng") | PRC/Mainland China/ 24 September 2009 | RMB5,000,000,000 | 100% | Property development |
| 南京銀城房地產開發有限公司** ("南京銀城") | 中國 中國內地 2009年9月24日 | 人民幣5,000,000,000元 | | 房地產開發 |
| Nanjing Xicheng Real Estate Development Co., Ltd.** | PRC/Mainland China/ 1 August 2002 | RMB20,000,000 | 100% | Property development |
| 南京西城房地產開發有限公司** | 中國 中國內地 2002年8月1日 | 人民幣20,000,000元 | | 房地產開發 |
| Nanjing Hongquan Real Estate Development Co., Ltd.** | PRC/Mainland China/ 15 January 2013 | RMB98,567,555 | 100% | Property development |
| 南京弘全房地產開發有限公司** | 中國 中國內地 2013年1月15日 | 人民幣98,567,555元 | | 房地產開發 |
| Nanjing Hongyou Real Estate Development Co., Ltd.** | PRC/Mainland China/ 15 January 2013 | RMB236,756,621 | 100% | Property development |
| 南京弘佑房地產開發有限公司** | 中國 中國內地 2013年1月15日 | 人民幣236,756,621元 | | 房地產開發 |
| Nanjing Yinguang Real Estate Development Co., Ltd.** | PRC/Mainland China/ 18 April 2014 | RMB200,000,000 | 100% | Property development |
| 南京銀廣房地產開發有限公司** | 中國 中國內地 2014年4月18日 | 人民幣200,000,000元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|---|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinzhuo Real Estate Development Co., Ltd.** | PRC/Mainland China/ 21 April 2014 | RMB300,000,000 | 100% | Property development |
| 南京銀卓房地產開發有限公司** | 中國 中國內地 2014年4月21日 | 人民幣 300,000,000 元 | | 房地產開發 |
| Nanjing Yicheng Real Estate Development Co., Ltd.** | PRC/Mainland China/ 25 November 2014 | RMB50,000,000 | 100% | Property development |
| 南京易城房地產開發有限公司** | 中國 中國內地 2014年11月25日 | 人民幣 50,000,000 元 | | 房地產開發 |
| Nanjing Eastern Senior Living Health Industry Co., Ltd.*** ("Eastern Senior") | PRC/Mainland China/ 25 March 2015 | RMB964,000,000 | 75% | Elderly service and hospital management |
| 南京東方頤年健康產業發展有限公司***("東方頤年") | 中國 中國內地 2015年3月25日 | 人民幣 964,000,000 元 | | 長者服務及醫院管理 |
| Nanjing Yinlan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 25 September 2014 | RMB2,000,000 | 100% | Investment holding |
| 南京銀瀾企業管理有限公司** | 中國 中國內地 2014年9月25日 | 人民幣 2,000,000 元 | | 投資控股 |
| Nanjing Mahui Property Development Co., Ltd.*** | PRC/Mainland China/ 19 June 2004 | RMB325,000,000 | 88% | Property development |
| 南京馬會置業有限公司*** | 中國 中國內地 2004年6月19日 | 人民幣 325,000,000 元 | | 房地產開發 |
| Nanjing Jiayuncheng Real Estate Development Co., Ltd.*** ("Nanjing Jiayuncheng") | PRC/Mainland China/ 29 September 2016 | RMB100,000,000 | 51% | Property development |
| 南京佳運城房地產開發有限公司*** ("南京佳運城") | 中國 中國內地 2016年9月29日 | 人民幣 100,000,000 元 | | 房地產開發 |
| Nanjing Jiuchengxing Real Estate Development Co., Ltd.*** ("Nanjing Jiuchengxing") (Note (a)) | PRC/Mainland China/ 29 September 2016 | RMB102,040,800 | 50% | Property development |
| 南京九城興房地產開發有限公司*** ("南京九城興") (附註(a)) | 中國 中國內地 2016年9月29日 | 人民幣 102,040,800 元 | | 房地產開發 |

銀城國際控股有限公司
二零二零年年報

131

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinjiafeng Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉豐企業管理有限公司** | 中國 中國內地 2016年10月14日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiain Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉錦企業管理有限公司** | 中國 中國內地 2016年10月14日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiaze Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉澤企業管理有限公司** | 中國 中國內地 2016年10月14日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiazhan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 October 2016 | RMB51,510,000 | 100% | Investment holding |
| 南京銀嘉湛企業管理有限公司** | 中國 中國內地 2016年10月14日 | 人民幣51,510,000元 | | 投資控股 |
| Nanjing Yinjiahan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 17 November 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉涵企業管理有限公司** | 中國 中國內地 2016年11月17日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiahan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 17 November 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉瀚企業管理有限公司** | 中國 中國內地 2016年11月17日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiarun Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 22 November 2016 | RMB1,010,000 | 99% | Investment holding |
| 南京銀嘉潤企業管理有限公司*** | 中國 中國內地 2016年11月22日 | 人民幣1,010,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinjialan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 November 2016 | RMB20,000,000 | 100% | Investment holding |
| 南京銀嘉瀾企業管理有限公司** | 中國 中國內地 2016年11月22日 | 人民幣 20,000,000 元 | | 投資控股 |
| Nanjing Yinze Enterprise Management Co., Ltd.** | PRC/Mainland China/ 27 December 2016 | RMB100,000 | 100% | Investment holding |
| 南京銀澤企業管理有限公司** | 中國 中國內地 2016年12月27日 | 人民幣 100,000 元 | | 投資控股 |
| Nanjing Yinjiayuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 15 May 2017 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉源企業管理有限公司** | 中國 中國內地 2017年5月15日 | 人民幣 1,010,000 元 | | 投資控股 |
| Nanjing Yinjiaying Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 15 September 2017 | RMB1,010,000 | 99% | Investment holding |
| 南京銀嘉瀛企業管理有限公司*** | 中國 中國內地 2017年9月15日 | 人民幣 1,010,000 元 | | 投資控股 |
| Nanjing Yinxing New Material Technology Co., Ltd.** | PRC/Mainland China/ 12 September 2017 | RMB100,000,000 | 100% | Technology |
| 南京銀興新材料科技有限公司** | 中國 中國內地 2017年9月12日 | 人民幣 100,000,000 元 | | 技術 |
| Wuxi Century Garden Real Estate Development Co., Ltd.** | PRC/Mainland China/ 14 March 2007 | RMB420,000,000 | 100% | Property development |
| 無錫世紀花園房地產開發有限公司** | 中國 中國內地 2007年3月14日 | 人民幣 420,000,000 元 | | 房地產開發 |
| Suzhou Yinze Real Estate Development Co., Ltd.*** | PRC/Mainland China/ 4 July 2017 | RMB200,000,000 | 70% | Property development |
| 蘇州銀澤房地產開發有限公司*** | 中國 中國內地 2017年7月4日 | 人民幣 200,000,000 元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|-------------------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Wuxi Yinzerun Enterprise Management Co., Ltd.** 無錫銀澤潤企業管理有限公司** | PRC/Mainland China/ 31 July 2017 中國 中國內地 2017年7月31日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |
| Sunac (Jiangsu) Real Estate Ltd.*** ("Sunac (Jiangsu)") (Note (a)) 融創(江蘇)置業有限公司*** (「融創(江蘇)」)附註(a) | PRC/Mainland China/ 24 May 2017 中國 中國內地 2017年5月24日 | RMB300,000,000 人民幣 300,000,000 元 | 50% | Property development 房地產開發 |
| Nanjing Yinjiayu Polymer Trading Co., Ltd.** 南京銀嘉聚物資貿易有限公司** | PRC/Mainland China/ 2 December 2016 中國 中國內地 2016年12月2日 | RMB10,000,000 人民幣 10,000,000 元 | 100% | Retail trade 零售貿易 |
| Nanjing Changtuo Real Estate Co., Ltd.*** ("Nanjing Changguo") (Note (a)) 南京昌拓房地產有限公司*** (「南京昌拓」)附註(a) | PRC/Mainland China/ 5 January 2018 中國 中國內地 2018年1月5日 | RMB20,000,000 人民幣 20,000,000 元 | 50% | Property development 房地產開發 |
| Wuxi Yifeng Real Estate Co., Ltd.*** ("Wuxi Yifeng") (Note (a)) 無錫億豐置業有限公司*** (「無錫億豐」)附註(a) | PRC/Mainland China/ 12 October 2011 中國 中國內地 2011年10月12日 | RMB160,000,000 人民幣 160,000,000 元 | 35% | Property development 房地產開發 |
| Hefei Yincheng Real Estate Development Co., Ltd.** 合肥銀城房地產開發有限公司** | PRC/Mainland China/ 11 April 2018 中國 中國內地 2018年4月11日 | RMB500,000,000 人民幣 500,000,000 元 | 100% | Property development 房地產開發 |
| Hefei Yinzan hong Enterprise Management Co., Ltd.** 合肥銀贊泓企業管理有限公司** | PRC/Mainland China/ 29 May 2018 中國 中國內地 2018年5月29日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Hefei Yinzhilu Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 May 2018 | RMB37,500,000 | 99.97% | Investment holding |
| 合肥銀智瀟企業管理有限公司** | 中國 中國內地 2018年5月29日 | 人民幣37,500,000元 | | 投資控股 |
| Nanjing Yinjiabin Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉瀾企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Yinjiabo Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉渤企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Yinjiace Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉測企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiain Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉津企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiali Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉瀝企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Yinjiapu Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉浦企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,000,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinjiaqi Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉淇企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjiasong Materials Trading Co., Ltd.** | PRC/Mainland China/ 21 May 2018 | RMB1,000,000 | 100% | Retail trade |
| 南京銀嘉淞物資貿易有限公司** | 中國 中國內地 2018年5月21日 | 人民幣1,000,000元 | | 零售貿易 |
| Nanjing Yinjiaxian Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉涎企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Yinjiayu Enterprise Management Co., Ltd.** | PRC/Mainland China/ 22 January 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉馮企業管理有限公司** | 中國 中國內地 2018年1月22日 | 人民幣1,010,000元 | | 投資控股 |
| Wuxi Yincheng Real Estate Development Co., Ltd.** | PRC/Mainland China/ 1 August 2005 | RMB1,000,000,000 | 100% | Property development |
| 無錫銀城房地產開發有限公司** | 中國 中國內地 2005年8月1日 | 人民幣1,000,000,000元 | | 房地產開發 |
| Nanjing Yinjiayuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 1 February 2018 | RMB50,000,000 | 100% | Investment holding |
| 南京銀嘉淵企業管理有限公司** | 中國 中國內地 2018年2月1日 | 人民幣50,000,000元 | | 投資控股 |
| Nanjing Yinjiazhen Enterprise Management Co., Ltd.** | PRC/Mainland China/ 21 May 2018 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉滇企業管理有限公司** | 中國 中國內地 2018年5月21日 | 人民幣1,010,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinke Real Estate Development Co., Ltd.** | PRC/Mainland China/ 15 May 2018 | RMB50,000,000 | 100% | Property development |
| 南京銀科房地產開發有限公司** | 中國 中國內地 2018年5月15日 | 人民幣50,000,000元 | | 房地產開發 |
| Wuxi Yinzechen Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 March 2018 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤辰企業管理有限公司** | 中國 中國內地 2018年3月14日 | 人民幣1,010,000元 | | 投資控股 |
| Wuxi Yinzehan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 28 March 2018 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤瀚企業管理有限公司** | 中國 中國內地 2018年3月28日 | 人民幣1,010,000元 | | 投資控股 |
| Wuxi Yinzelan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 March 2018 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤瀾企業管理有限公司** | 中國 中國內地 2018年3月14日 | 人民幣1,010,000元 | | 投資控股 |
| Wuxi Yinzexin Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 March 2018 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤鑫企業管理有限公司** | 中國 中國內地 2018年3月29日 | 人民幣1,010,000元 | | 投資控股 |
| Xuzhou Changshun Real Estate Co., Ltd.** | PRC/Mainland China/ 24 February 2014 | RMB20,000,000 | 100% | Property development |
| 徐州長順置業有限公司** | 中國 中國內地 2014年2月24日 | 人民幣20,000,000元 | | 房地產開發 |
| Zhejiang Yinze Real Estate Co., Ltd.** | PRC/Mainland China/ 14 May 2018 | RMB100,010,000 | 100% | Property development |
| 浙江銀澤房地產有限責任公司** | 中國 中國內地 2018年5月14日 | 人民幣100,010,000元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Zhenjiang Hengrun Real Estate Development Co., Ltd.*** ("Zhenjiang Hengrun") (Note (a)) | PRC/Mainland China/ 9 April 2018 | RMB105,000,000 | 33% | Property development |
| 鎮江恒潤房地產開發有限公司*** ("鎮江恒潤")附註(a) | 中國 中國內地 2018年4月9日 | 人民幣 105,000,000 元 | | 房地產開發 |
| Hangzhou Yinhong Industrial Co., Ltd.** | PRC/Mainland China/ 11 February 2018 | RMB400,000,000 | 100% | Property development |
| 杭州銀弘實業有限責任公司** | 中國 中國內地 2018年2月11日 | 人民幣 400,000,000 元 | | 房地產開發 |
| Nanjing Airport Exhibition Investment Management Co., Ltd.*** ("Nanjing Airport") (Note (a)) | PRC/Mainland China/ 18 August 2017 | RMB200,000,000 | 49% | Investment holding |
| 南京空港會展投資管理有限公司*** ("南京空港")附註(a) | 中國 中國內地 2017年8月18日 | 人民幣 200,000,000 元 | | 投資控股 |
| Nanjing Yinjiang Engineering Consulting Co., Ltd.** | PRC/Mainland China/ 21 August 2018 | RMB1,000,000 | 100% | Consulting |
| 南京銀匠工程諮詢有限公司** | 中國 中國內地 2018年8月21日 | 人民幣 1,000,000 元 | | 諮詢 |
| Jiangyin Yinze Real Estate Development Co., Ltd.** | PRC/Mainland China/ 24 October 2018 | RMB100,000,000 | 100% | Property development |
| 江陰銀澤房地產開發有限公司** | 中國 中國內地 2018年10月24日 | 人民幣 100,000,000 元 | | 房地產開發 |
| Xuzhou Yincheng Real Estate Development Co., Ltd.** | PRC/Mainland China/ 3 August 2018 | RMB100,000,000 | 100% | Property development |
| 徐州銀城房地產開發有限公司** | 中國 中國內地 2018年8月3日 | 人民幣 100,000,000 元 | | 房地產開發 |
| Wuxi Tianhong Lixin Real Estate Consulting Co., Ltd.*** | PRC/Mainland China/ 29 March 2016 | RMB100,000,000 | 65% | Property development |
| 無錫天弘利信房地產諮詢有限公司*** | 中國 中國內地 2016年3月29日 | 人民幣 100,000,000 元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| New Town Real Estate Development (Wuxi) Co., Ltd.***(“Wuxi New Town”) | PRC/Mainland China/ 12 December 2005 | RMB637,428,300 | 65% | Property development |
| 新城房地產開發(無錫)有限公司*** (“無錫新城”) | 中國 中國內地 2005年12月12日 | 人民幣637,428,300元 | | 房地產開發 |
| Hangzhou Yinzheyi Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 5 December 2018 | RMB1,010,000 | 100% | Investment holding |
| 杭州銀浙屹企業管理有限責任公司*** | 中國 中國內地 2018年12月5日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Zhijun Real Estate Development Co., Ltd.***(“Nanjing Zhijun”) (Note (a)) | PRC/Mainland China/ 18 April 2019 | RMB1,000,000,000 | 25% | Property development |
| 南京至君房地產開發有限公司*** (“南京至君”) (附註(a)) | 中國 中國內地 2019年4月18日 | 人民幣1,000,000,000元 | | 房地產開發 |
| Nanjing Jiuhong Real Estate Development Co., Ltd.** | PRC/Mainland China/ 22 April 2019 | RMB50,000,000 | 100% | Property development |
| 南京久弘房地產開發有限公司** | 中國 中國內地 2019年4月22日 | 人民幣50,000,000元 | | 房地產開發 |
| Nanjing Yinjialuo Enterprise Management Co., Ltd.** | PRC/Mainland China/ 19 April 2019 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉澆企業管理有限公司** | 中國 中國內地 2019年4月19日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinjialuo Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 19 April 2019 | RMB9,910,990 | 99.9% | Investment holding |
| 南京銀嘉洛企業管理有限公司*** | 中國 中國內地 2019年4月19日 | 人民幣9,910,990元 | | 投資控股 |
| Wuxi Yinzehao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 25 April 2019 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤浩企業管理有限公司** | 中國 中國內地 2019年4月25日 | 人民幣1,000,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Jiangsu Shantui Construction Machinery Co., Ltd.*** | PRC/Mainland China/ 15 May 2003 | RMB20,000,000 | 80% | Property development |
| 江蘇山推工程機械有限公司*** | 中國 中國內地 2003年5月15日 | 人民幣 20,000,000 元 | | 房地產開發 |
| Nanjing Yinjianing Enterprise Management Co., Ltd.** | PRC/Mainland China/ 6 May 2019 | RMB1,010,000 | 100% | Investment holding |
| 南京銀嘉濤企業管理有限公司** | 中國 中國內地 2019年5月6日 | 人民幣 1,010,000 元 | | 投資控股 |
| Hangzhou Yinjiarun Enterprise Management Co., Ltd.** | PRC/Mainland China/ 10 May 2019 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉潤企業管理有限責任公司** | 中國 中國內地 2019年5月10日 | 人民幣 1,000,000 元 | | 投資控股 |
| Nanjing Yinjiahong Enterprise Management Co., Ltd.** | PRC/Mainland China/ 15 May 2017 | RMB10,000,000 | 100% | Investment holding |
| 南京銀嘉泓企業管理有限公司** | 中國 中國內地 2017年5月15日 | 人民幣 10,000,000 元 | | 投資控股 |
| Nanjing Yinjiamu Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 10 July 2019 | RMB193,000,000 | 51% | Investment holding |
| 南京銀嘉沐企業管理有限公司*** | 中國 中國內地 2019年7月10日 | 人民幣 193,000,000 元 | | 投資控股 |
| Wuxi Yinzezhong Enterprise Management Co., Ltd.** | PRC/Mainland China/ 24 April 2019 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤鴻企業管理有限公司** | 中國 中國內地 2019年4月24日 | 人民幣 1,010,000 元 | | 投資控股 |
| Wuxi Yinzemin Enterprise Management Co., Ltd.** | PRC/Mainland China/ 24 April 2019 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤泯企業管理有限公司** | 中國 中國內地 2019年4月24日 | 人民幣 1,000,000 元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Wuxi Yinzezhao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 24 April 2019 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤湛企業管理有限公司** | 中國 中國內地 2019年4月24日 | 人民幣1,000,000元 | | 投資控股 |
| Wuxi Yinzezhao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 24 April 2019 | RMB1,010,000 | 100% | Investment holding |
| 無錫銀澤澧企業管理有限公司** | 中國 中國內地 2019年4月24日 | 人民幣1,010,000元 | | 投資控股 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 2 December 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉安企業管理有限公司** | 中國 中國內地 2016年12月2日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiayuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 9 September 2019 | RMB15,384,600 | 100% | Investment holding |
| 杭州銀家源企業管理有限公司** | 中國 中國內地 2019年9月9日 | 人民幣15,384,600元 | | 投資控股 |
| Hangzhou Huixingyu Enterprise Management Partnership** | PRC/Mainland China/ 5 September 2019 | RMB930,200,000 | 100% | Investment holding |
| 杭州蒼興裕企業管理合夥企業(有限合夥)** | 中國 中國內地 2019年9月5日 | 人民幣930,200,000元 | | 投資控股 |
| Xuzhou Yinjihao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 4 July 2019 | RMB1,010,000 | 100% | Investment holding |
| 徐州銀嘉灝企業管理有限公司** | 中國 中國內地 2019年7月4日 | 人民幣1,010,000元 | | 投資控股 |
| Xuzhou Yinjihong Enterprise Management Co., Ltd.** | PRC/Mainland China/ 4 July 2019 | RMB1,000,000 | 100% | Investment holding |
| 徐州銀嘉泓企業管理有限公司** | 中國 中國內地 2019年7月4日 | 人民幣1,000,000元 | | 投資控股 |

銀城國際控股有限公司
二零二零年年報

141

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Yixing Yinze Real Estate Development Co., Ltd.** | PRC/Mainland China/ 18 October 2019 | RMB20,000,000 | 100% | Property development |
| 宜興銀澤房地產開發有限公司** | 中國 中國內地 2019年10月18日 | 人民幣 20,000,000 元 | | 物業開發 |
| Nanjing Yincheng Medical Management Co., Ltd.*** | PRC/Mainland China/ 4 November 2019 | RMB100,000,000 | 100% | Medical management |
| 南京銀城醫療管理有限公司*** | 中國 中國內地 2019年11月4日 | 人民幣 100,000,000 元 | | 醫療管理 |
| Nanjing Yinjiawo Enterprise Management Co., Ltd.** | PRC/Mainland China/ 20 September 2019 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉沃企業管理有限公司** | 中國 中國內地 2019年9月20日 | 人民幣 1,000,000 元 | | 投資控股 |
| Zhejiang Lin'an Zhongdu Real Estate Co., Ltd.** | PRC/Mainland China/ 29 April 2003 | RMB300,000,000 | 100% | Property development |
| 浙江臨安中都置業有限公司** | 中國 中國內地 2003年4月29日 | 人民幣 300,000,000 元 | | 物業開發 |
| Hangzhou Zhongdu Qingshan Lakeside Hotel Co., Ltd.** | PRC/Mainland China/ 13 January 2006 | RMB50,000,000 | 100% | Hotel operation |
| 杭州中都青山湖畔大酒店有限公司** | 中國 中國內地 2006年1月13日 | 人民幣 50,000,000 元 | | 酒店營運 |
| Nanjing Yinjiacin Enterprise Management Co., Ltd.*** ("Nanjing Yinjiacin") (Note (a)) | PRC/Mainland China/ 3 December 2019 | RMB278,430,000 | 35.35% | Investment holding |
| 南京銀嘉沁企業管理有限公司*** (「南京銀嘉沁」) (附註(a)) | 中國 中國內地 2019年12月3日 | 人民幣 278,430,000 元 | | 投資控股 |
| Xuzhou Tongshun Real Estate Development Co., Ltd.** | PRC/Mainland China/ 6 November 2019 | RMB360,806,000 | 100% | Property development |
| 徐州銅順房地產開發有限公司** | 中國 中國內地 2019年11月6日 | 人民幣 360,806,000 元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Hangzhou Yinjiahong Enterprise Management Co., Ltd.** | PRC/Mainland China/ 10 May 2019 | RMB1,010,000 | 100% | Investment holding |
| 杭州銀嘉泓企業管理有限公司** | 中國 中國內地 2019年5月10日 | 人民幣1,010,000元 | | 投資控股 |
| Guangzhou Yicheng Trading Co., Ltd.** | PRC/Mainland China/ 22 August 2019 | RMB500,000 | 100% | Retail trade |
| 廣州奕誠貿易有限公司** | 中國 中國內地 2019年8月22日 | 人民幣500,000元 | | 零售貿易 |
| Nanjing Yinjiafeng Trading Co., Ltd.** | PRC/Mainland China/ 18 September 2019 | RMB1,000,000 | 100% | Retail trade |
| 南京銀嘉豐貿易有限公司** | 中國 中國內地 2019年9月18日 | 人民幣1,000,000元 | | 零售貿易 |
| Nanjing Yinrun Enterprise Management Co., Ltd.** | PRC/Mainland China/ 9 March 2020 | RMB2,000,000 | 100% | Investment holding |
| 南京銀潤企業管理有限公司** | 中國 中國內地 2020年3月9日 | 人民幣2,000,000元 | | 投資控股 |
| Nanjing Yinjiapai Enterprise Management Co., Ltd.** | PRC/Mainland China/ 23 April 2020 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉沛企業管理有限公司** | 中國 中國內地 2020年4月23日 | 人民幣1,000,000元 | | 投資控股 |
| Nanjing Yinyuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 12 March 2020 | RMB2,000,000 | 100% | Investment holding |
| 南京銀沅企業管理有限公司** | 中國 中國內地 2020年3月12日 | 人民幣2,000,000元 | | 投資控股 |
| Nanjing Yinjiazhou Enterprise Management Co., Ltd.** | PRC/Mainland China/ 23 April 2020 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉洲企業管理有限公司** | 中國 中國內地 2020年4月23日 | 人民幣1,000,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Nanjing Yinjiameing Enterprise Management Co., Ltd.** | PRC/Mainland China/ 11 December 2019 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉洺企業管理有限公司** | 中國 中國內地 2019年12月11日 | 人民幣1,000,000元 | | 投資控股 |
| Wuxi Yinzebo Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 July 2020 | RMB100,000,000 | 100% | Investment holding |
| 無錫銀澤渤企業管理有限公司** | 中國 中國內地 2020年7月16日 | 人民幣100,000,000元 | | 投資控股 |
| Changshu Yinze Real Estate Development Co., Ltd.** | PRC/Mainland China/ 24 September 2020 | RMB20,000,000 | 100% | Property development |
| 常熟銀澤房地產開發有限公司** | 中國 中國內地 2020年9月24日 | 人民幣20,000,000元 | | 房地產開發 |
| Xuzhou Yinjiaze Enterprise Management Co., Ltd.** | PRC/Mainland China/ 17 April 2020 | RMB1,000,000 | 100% | Investment holding |
| 徐州銀嘉澤企業管理有限公司** | 中國 中國內地 2020年4月17日 | 人民幣1,000,000元 | | 投資控股 |
| Xuzhou Yinjialan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 April 2020 | RMB1,000,000 | 100% | Investment holding |
| 徐州銀嘉瀾企業管理有限公司** | 中國 中國內地 2020年4月16日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiaqi Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 September 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉淇企業管理有限責任公司** | 中國 中國內地 2020年9月29日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiaqing Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 September 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉清企業管理有限責任公司** | 中國 中國內地 2020年9月29日 | 人民幣1,000,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Hangzhou Yinjiayuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 September 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉源企業管理有限責任公司** | 中國 中國內地 2020年9月29日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiahan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 18 June 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉瀚企業管理有限責任公司** | 中國 中國內地 2020年6月18日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiahao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 18 June 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉灝企業管理有限責任公司** | 中國 中國內地 2020年6月18日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiapeng Enterprise Management Co., Ltd.** | PRC/Mainland China/ 18 June 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉澎企業管理有限責任公司** | 中國 中國內地 2020年6月18日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiayu Enterprise Management Co., Ltd.** | PRC/Mainland China/ 25 May 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉渝企業管理有限責任公司** | 中國 中國內地 2020年5月25日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjialuo Enterprise Management Co., Ltd.** | PRC/Mainland China/ 25 May 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉洛企業管理有限責任公司** | 中國 中國內地 2020年5月25日 | 人民幣1,000,000元 | | 投資控股 |
| Hangzhou Yinjiayuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 April 2020 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉淵企業管理有限責任公司** | 中國 中國內地 2020年4月16日 | 人民幣1,000,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Hangzhou Yinjiacheng Enterprise Management Co., Ltd.** | PRC/Mainland China/ 15 April 2020 | RMB1,010,000 | 100% | Investment holding |
| 杭州銀嘉澄企業管理有限責任公司** | 中國 中國內地 2020年4月15日 | 人民幣 1,010,000 元 | | 投資控股 |
| Wenzhou Yinju Real Estate Development Co., Ltd.** | PRC/Mainland China/ 20 April 2020 | RMB200,000,000 | 100% | Property development |
| 溫州銀鉅房地產開發有限責任公司** | 中國 中國內地 2020年4月20日 | 人民幣 200,000,000 元 | | 房地產開發 |
| Hefei Yinzanze Enterprise Management Co., Ltd.** | PRC/Mainland China/ 31 July 2020 | RMB1,000,000 | 100% | Investment holding |
| 合肥銀贊澤企業管理有限公司** | 中國 中國內地 2020年7月31日 | 人民幣 1,000,000 元 | | 投資控股 |
| Hefei Yinzanfeng Enterprise Management Co., Ltd.** | PRC/Mainland China/ 31 July 2020 | RMB1,000,000 | 100% | Investment holding |
| 合肥銀贊豐企業管理有限公司** | 中國 中國內地 2020年7月31日 | 人民幣 1,000,000 元 | | 投資控股 |
| Hefei Yinhaoze Enterprise Management Co., Ltd.** | PRC/Mainland China/ 31 May 2019 | RMB1,010,000 | 100% | Investment holding |
| 合肥銀浩澤企業管理有限公司** | 中國 中國內地 2019年5月31日 | 人民幣 1,010,000 元 | | 投資控股 |
| Hefei Yinfeng Real Estate Development Co., Ltd.** | PRC/Mainland China/ 21 May 2020 | RMB500,000,000 | 100% | Property development |
| 合肥銀豐房地產開發有限公司** | 中國 中國內地 2019年5月21日 | 人民幣 500,000,000 元 | | 房地產開發 |
| Wuxi Chengxiang Real Estate Co., Ltd.** ("Wuxi Chengxiang") | PRC/Mainland China/ 30 May 2019 | RMB20,000,000 | 100% | Property development |
| 無錫誠祥置業有限公司** (「無錫誠祥」) | 中國 中國內地 2019年5月30日 | 人民幣 20,000,000 元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Wuxi Xinfu Jiayuan Real Estate Co., Ltd.*** ("Xinfu Jiayuan") (Note (a)) | PRC/Mainland China/ 8 May 2019 | RMB260,000,000 | 50% | Property development |
| 無錫市新發佳園置業有限公司*** (「新發佳園」)附註(a)) | 中國 中國內地 2019年5月8日 | 人民幣 260,000,000 元 | | 房地產開發 |
| Wuxi Rongshi Enterprise Management Co., Ltd.*** ("Wuxi Rongshi") (Note (a)) | PRC/Mainland China/ 11 October 2019 | RMB100,000,000 | 50% | Investment holding |
| 無錫融勢企業管理有限公司*** (「無錫融勢」)附註(a)) | 中國 中國內地 2019年10月11日 | 人民幣 100,000,000 元 | | 投資控股 |
| Wuxi Yinxuan Enterprise Management Co., Ltd.** | PRC/Mainland China/ 2 July 2020 | RMB1,010,000 | 100% | Investment holding |
| 無錫垠煊企業管理有限公司** | 中國 中國內地 2020年7月2日 | 人民幣 1,010,000 元 | | 投資控股 |
| Wuxi Yinzexian Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 July 2020 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤渲企業管理有限公司** | 中國 中國內地 2020年7月16日 | 人民幣 1,000,000 元 | | 投資控股 |
| Wuxi Yinzetao Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 July 2020 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤濤企業管理有限公司** | 中國 中國內地 2020年7月16日 | 人民幣 1,000,000 元 | | 投資控股 |
| Wuxi Yinzeshou Enterprise Management Co., Ltd.** | PRC/Mainland China/ 16 July 2020 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤洲企業管理有限公司** | 中國 中國內地 2020年7月16日 | 人民幣 1,000,000 元 | | 投資控股 |
| Hangzhou Qingcheng Real Estate Development Co., Ltd.** ("Hangzhou Qingcheng") | PRC/Mainland China/ 28 May 1998 | RMB151,515,200 | 100% | Property development |
| 杭州青城房地產開發有限公司** (「杭州青城」) | 中國 中國內地 1998年5月28日 | 人民幣 151,515,200 元 | | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |
| Indirectly held: (Continued) | | | | |
| 間接持有:(續) | | | | |
| Hangzhou Zezhou Enterprise Management Co., Ltd.** | PRC/Mainland China/ 14 August 2020 | RMB10,000,000 | 100% | Investment holding |
| 杭州澤洲企業管理有限公司** | 中國 中國內地 2020年8月14日 | 人民幣10,000,000元 | | 投資控股 |
| Wenzhou Yinjihui Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 29 October 2020 | RMB10,000,000 | 70% | Property development |
| 溫州銀嘉匯企業管理有限責任公司*** | 中國 中國內地 2020年10月29日 | 人民幣10,000,000元 | | 房地產開發 |
| Xuzhou Yinzehei Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 20 November 2020 | RMB1,000,000 | 51% | Investment holding |
| 徐州銀澤匯企業管理有限公司*** | 中國 中國內地 2020年11月20日 | 人民幣1,000,000元 | | 投資控股 |
| Changshu Shajibang China Ting Land Co., Ltd.** | PRC/Mainland China/ 28 September 2018 | RMB20,000,000 | 100% | Property development |
| 常熟市沙家濱華鼎置地有限公司** | 中國 中國內地 2018年9月28日 | 人民幣20,000,000元 | | 房地產開發 |
| Wuxi Xuelang Changguang Real Estate Co., Ltd.** ("Xuelang Changguang") | PRC/Mainland China/ 17 February 2020 | RMB20,000,000 | 100% | Property development |
| 無錫雪浪長廣置業有限公司** (「雪浪長廣」) | 中國 中國內地 2020年2月17日 | 人民幣20,000,000元 | | 房地產開發 |
| Nanjing Yinguangji Decoration Co., Ltd.** | PRC/Mainland China/ 17 November 2020 | RMB50,000,000 | 100% | Property development |
| 南京銀光吉裝飾有限公司** | 中國 中國內地 2020年11月17日 | 人民幣50,000,000元 | | 房地產開發 |
| Hangzhou Hongyuyuan Enterprise Management Partnership** | PRC/Mainland China/ 12 August 2020 | RMB1,300,010,000 | 100% | Investment holding |
| 杭州鴻鈺源企業管理合夥企業** | 中國 中國內地 2020年8月12日 | 人民幣1,300,010,000元 | | 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--------------|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |

Indirectly held: (Continued)

間接持有:(續)

| | | | | |
|------------------------|---|--------------------------|------|----------------------------|
| Grateful Bay Limited** | British Virgin Islands 29 May 2020 英屬處女群島 2020年5月29日 | USD150,000 150,000 美元 | 100% | Investment holding 投資控股 |
|------------------------|---|--------------------------|------|----------------------------|

* 南京銀港 is registered as a wholly-foreign-owned enterprise under PRC law.

* 南京銀港為根據中國法律註冊的外商獨資企業。

** These companies are wholly-owned subsidiaries of the Company.

** 該等公司為本公司的全資附屬公司。

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

*** 該等公司為本公司的非全資附屬公司的附屬公司，因此本公司於該等公司擁有控制權而入賬列為附屬公司。

Note (a): 南京昌拓, 無錫億豐, 南京九城興, 鎮江恒潤, 南京至君, 南京銀嘉沁, 無錫融勢 and 新發佳園 are accounted for as subsidiaries of the Group mainly because the Group owns 51% of the voting rights according to the articles of association and the supplemental agreement regarding voting arrangement entered into between the shareholders, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

附註(a): 南京昌拓、無錫億豐、南京九城興、鎮江恒潤、南京至君、南京銀嘉沁、無錫融勢及新發佳園入賬列為本集團的附屬公司，主要原因是本集團根據組織章程細則及股東之間訂立有關投票安排的補充協議擁有51%的投票權，據此，本集團對參與該等實體業務的浮動回報享有權利，並能通過其對該等實體的權力影響該等回報。

融創(江蘇) and 南京空港 are accounted for as subsidiaries of the Group mainly because the Group owns 100% of the voting rights according to the supplemental agreement regarding voting arrangement entered into between the shareholders of 融創(江蘇) and 南京空港, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

融創(江蘇)及南京空港入賬列為本集團的附屬公司，主要原因是本集團根據融創(江蘇)與南京空港股東之間訂立有關投票安排的補充協議擁有100%的投票權，據此，本集團對參與該等實體業務的浮動回報享有權利，並能通過其對該等實體的權力影響該等回報。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all standards and interpretations approved by the IASB, and International Accounting Standards ("IASs"), Standing Interpretations Committee interpretations approved by the IASB that remain in effect), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss ("FVTPL"), equity investments designated at fair value through other comprehensive income ("FVOCI") and other financial liabilities 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).

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.

2.1 編製基準

該等財務報表乃根據仍然有效的國際會計準則理事會批准的國際財務報告準則(包括國際會計準則理事會批准的所有標準及詮釋、國際會計準則(「國際會計準則」)及常設詮釋委員會詮釋)及香港公司條例的披露要求編製。該等財務報表乃根據歷史成本法編製,惟投資物業、按公平值計入損益(「按公平值計入損益」)之金融資產、指定按公平值計入其他全面收益(「按公平值計入其他全面收益」)之股權投資及已按公平值計量的其他金融負債除外。該等財務報表以人民幣(「人民幣」)呈列,除另有說明外,所有金額約整至最接近千位數。

合併基準

該等綜合財務報表包括本公司及其附屬公司(統稱本集團)截至2020年12月31日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體(包括結構性實體)。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他投票持有人的合約安排;
- (b) 其他合約安排所產生的權利;及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就本公司的相同報告期使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作合併計算,並繼續綜合入賬直至有關控制權終止之日為止。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to IFRS 3 | Definition of a Business |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | Interest Rate Benchmark Reform |
| Amendment to IFRS 16 | Covid-19 Related Rent Concessions (early adopted) |

2.1 編製基準(續)

合併基準(續)

即使導致非控股權益出現赤字餘額，損益及其他全面收益表各部分仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間之交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

倘有事實及情況顯示上文所述三個控制因素中有一個或以上出現變動，則本集團將重新評估是否仍控制投資對象。附屬公司的擁有權益變動(並無喪失控制權)被視為股本交易入賬。

倘本集團失去附屬公司之控制權，則會終止確認(i)該附屬公司之資產(包括商譽)及負債；(ii)任何非控股權益之賬面值及(iii)計入權益之累計匯兌差額；並確認(i)已收取代價之公平值；(ii)任何保留投資之公平值；及(iii)所產生並於損益確認之任何盈餘或虧絀。先前已於其他全面收益確認之本集團應佔組成部分乃重新分類至損益或保留溢利(如適用)，基準與本集團直接出售相關資產或負債所需使用之基準相同。

2.2 會計政策及披露變動

本集團就本年度財務報表首次採納2018年度財務報告概念框架及以下經修訂國際財務報告準則。

| | |
|---|--------------------------|
| 國際財務報告準則第3號 (修訂本) | 業務的定義 |
| 國際財務報告準則第9號、 國際會計準則第39號及 國際財務報告準則第7號 (修訂本) | 利率基準改革 |
| 國際財務報告準則第16號 (修訂本) | Covid-19相關租金 減免(提早採納) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs 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) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

2.2 會計政策及披露變動(續)

2018年度財務報告概念框架及經修訂國際財務報告準則的性質及影響詳述如下：

- (a) 2018年度財務報告概念框架(「概念框架」)提出一套全面的財務報告及標準制定概念，為財務報表編製者制定一致的會計政策提供指引，並協助各方理解及詮釋標準。概念框架包括有關計量及呈報財務表現的新章節、終止確認資產及負債的新指引以及資產及負債的更新定義及確認準則。其亦闡明管理、審慎及計量不確定性在財務申報中的作用。概念框架並非標準，其中所載概念概無覆蓋任何標準的概念或規定。概念框架對本集團的財務狀況及表現並無任何重大影響。
- (b) 國際財務報告準則第3號(修訂本)對業務定義進行了澄清並提供額外指引。該項修訂明確了如果要構成業務，一組整合的活動和資產必須至少包括一項投入和一項實質性過程。業務可以不具備所有創造產出所需的投入和過程。該修訂刪除了對市場參與者是否有能力購買業務並能持續產生產出的評估，轉而重點關注所取得的投入和所取得的實質性過程是否共同顯著促進創造產出的能力。該修訂縮小了產出的定義範圍，重點關注於向顧客提供的商品或服務、投資收益或其他日常活動收入。此外，該修訂為主體評估所取得的過程是否為實質性過程提供了指引，並引入了可選的公平值集中度測試，允許對所取得的一組活動和資產是否不構成業務進行簡化評估。本集團已按前瞻基準將該修訂應用於2020年1月1日或之後發生的交易或其他事項。該修訂並無對本集團的財務狀況及表現產生任何影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

The Group has applied the concentration test to the acquisition of subsidiaries. The fair value of the gross assets acquired in each of the above subsidiaries was substantially concentrated in a single identifiable asset or group of similar identifiable assets of the acquired subsidiaries. Therefore, the acquisition of these subsidiaries was determined not to be a business and accordingly, the Group did not apply the acquisition method to the acquisition of these subsidiaries (note 37).

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group.

2.2 會計政策及披露變動(續)

(b) (續)

本集團已將集中測試應用於收購附屬公司。於上述附屬公司中所收購總資產的公平值主要集中於所收購附屬公司的單一可識別資產或一組類似可識別資產。因此，收購該等附屬公司被認為非業務，因此，本集團並無採用收購法收購該等附屬公司(附註37)。

(c) 國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號(修訂本)旨在解決於以替代無風險利率(「無風險利率」)替換現有利率基準前之期間影響財務申報的問題。該等修訂本提供可在引入替代無風險利率前的不確定期限內繼續進行對沖會計處理的暫時性補救措施。此外，該等修訂本規定公司須向投資者提供有關直接受該等不確定因素影響之對沖關係的額外資料。由於本集團並無任何利率對沖關係，故該等修訂對本集團的財務狀況及表現並無任何影響。

(d) 國際財務報告準則第16號(修訂本)為承租人提供可行權宜方法，可選擇不就 covid-19 疫情的直接後果產生的租金減免應用租賃修訂會計處理。該可行權宜方法僅適用於疫情的直接後果產生租金減免，並僅在以下情況下適用：(i) 租賃付款變動導致經修訂租賃代價大致等於或低於緊接該變動前的租賃代價；(ii) 租賃付款的任何減幅僅影響原到期日為2021年6月30日或之前的付款；及(iii) 其他租賃條款及條件並無實質變動。該修訂本於2020年6月1日或之後開始的年度期間生效，允許提早應用以及須追溯應用。該修訂本對本集團的財務狀況及表現並無任何重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to adopt them, if applicable, when they become effective.

| | |
|--|--|
| Amendments to IFRS 3 | <i>Reference to the Conceptual Framework¹</i> |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | <i>Interest Rate Benchmark Reform — Phase 2²</i> |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current⁴</i> |
| Amendments to IAS 16 | <i>Property, Plant and Equipment: Proceeds before Intended Use¹</i> |
| Amendments to IAS 37 | <i>Onerous Contracts — Cost of Fulfilling a Contract¹</i> |
| Annual Improvements to IFRS Standards 2018–2020 | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 |

- ¹ Effective for annual periods beginning on or after 1 January 2022
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ No mandatory effective date yet determined but available for adoption
- ⁴ Effective for annual periods beginning on or after 1 January 2023

2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。本集團擬於該等準則生效時採納該等準則(如適用)。

| | |
|---|---|
| 國際財務報告準則第3號(修訂本) | 概念框架之提述 ¹ |
| 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號修訂本、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 ² |
| 國際財務報告準則第10號及國際會計準則第28號(修訂本) | 投資者與其聯營公司或合營企業之間的資產出售或注資 ³ |
| 國際會計準則第1號(修訂本) | 負債分類作流動或非流動 |
| 國際會計準則第16號(修訂本) | 物業、廠房及設備 — 擬定用途之前所得款項 |
| 國際會計準則第37號(修訂本) | 虧損合同 — 履行合約的成本 ⁴ |
| 2018年至2020年國際財務報告準則之年度改進 | 國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附之範例及國際會計準則第41號(修訂本) |

- ¹ 於2022年1月1日或之後開始的年度期間生效
- ² 於2021年1月1日或之後開始的年度期間生效
- ³ 未釐定強制生效日期，惟仍可供採納
- ⁴ 於2023年1月1日或之後開始的年度期間生效

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

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 *Levies*, 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 *Levies* 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.

2.3 已頒佈但未生效的國際財務報告準則(續)

有關預期適用於本集團的該等國際財務報告準則的進一步資料詳述如下。

國際財務報告準則第3號(修訂本)旨在以於2018年3月頒佈的財務報告概念框架取代先前的財務報表編製及呈報框架，而不會大幅改變其規定。該修訂本亦在國際財務報告準則第3號加入其確認原則的一項例外情況，以使實體參照概念框架釐定資產或負債的組成部份。該例外情況規定，倘屬國際會計準則第37號或國際財務報告詮釋委員會第21號徵稅範圍內的負債及或然負債乃單獨產生而非於業務合併中所承擔者，則應用國際財務報告準則3的實體應分別參照國際會計準則第37號或國際財務報告詮釋委員會第21號徵稅，而非參照概念框架。此外，該修訂本澄清或然資產於收購日期不符合資格作出確認。本集團預期自2022年1月1日起按前瞻基準採納該修訂本。由於該修訂本按前瞻基準應用於收購日期為首次應用日期或之後的日期的業務合併，故本集團於過渡日期將不受該修訂本影響。

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號(修訂本)旨在解決先前修訂本中並無處理的問題，而有關問題於以替代無風險利率(「無風險利率」)替換現有利率基準時會影響財務申報。第二階段修訂提供一個可行權宜方法，允許於計及確定金融資產及負債的合約現金流量的基準變動時更新實際利率，惟該變動乃利率基準改革的直接結果以及確定合約現金流量的新基準在經濟上與緊接該變動之前的基準相等。此外，該等修訂本允許於不終止對沖關係的情況下作出就對沖指定項目及對沖文件進行利率基準改革所需的變動。任何可能因過渡而產生的收益或虧損均按國際財務報告準則第9號的一般規定處理，以計量及確認對沖無效。當無風險利率被指定為風險組成部分時，該等修訂本亦為實體提供暫時性補救措施，使其不必符合可單獨識別的規定。

銀城國際控股有限公司 155
二零二零年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (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.

2.3 已頒佈但未生效的國際財務報告準則(續)

該補救措施允許實體於指定對沖時假設符合可單獨識別的規定，惟該實體合理預期無風險利率的風險組成部分在未來24個月內成為可單獨識別。此外，該等修訂本要求實體披露額外資料，以使財務報表使用者了解利率基準改革對該實體的金融工具及風險管理策略的影響。該等修訂本於2021年1月1日或之後開始的年度期間生效，並須追溯應用，惟實體毋須重列比較資料。

本集團有若干計息銀行及其他借款以人民幣及以基於中國人民銀行於2020年12月31日所報匯率換算的外幣計值，倘若該等借款的利率於未來期間被無風險利率取代，本集團將於修改該等借款時應用此可行權宜方法(於符合「經濟等值」準則的情況下)，並預期將不會因應用該等變動的修訂而產生重大修改收益或虧損。

國際財務報告準則第10號及國際會計準則第28號(修訂本)處理國際財務報告準則第10號及國際會計準則第28號於處理投資者與其聯營公司或合營企業之間的資產出售或注資方面的規定的不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須全面確認盈虧。對於涉及並無構成一項業務的資產的交易而言，該項交易產生的盈虧於投資者的損益中確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂將按前瞻基準應用。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務 報告準則(續)

國際會計準則第1號修訂本澄清將負債分類為流動或非流動的規定。該修訂本指明，倘實體遞延清償負債的權利受限於其須符合特定條件，則該實體有權於報告期末(如其於該日符合該等條件)遞延清償負債。負債的分類不受該實體將行使其遞延清償負債權利的可能性所影響。該修訂本亦澄清被視為清償負債的情況。該修訂本於2023年1月1日或之後開始的年度期間生效，並須追溯應用。允許提前應用。該修訂本預期不會對本集團的財務報表造成任何重大影響。

國際會計準則第16號修訂本禁止實體從物業、廠房及設備項目的成本中扣除出售所生產項目的任何所得款項，而使該資產達致其能夠以管理層擬定的方式經營所需的地點及條件。相反，實體於損益中確認出售任何該等項目的所得款項及該等項目的成本。該修訂本於2022年1月1日或之後開始的年度期間生效，並僅追溯應用於實體首次應用該修訂本的財務報表所呈列的最早期間開始時或之後可供使用的物業、廠房及設備項目。允許提前應用。該修訂本預期不會對本集團的財務報表造成任何重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (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.

2.3 已頒佈但未生效的國際財務報告準則(續)

國際會計準則第37號修訂本澄清，就根據國際會計準則第37號評估合約是否屬虧損性而言，履行合約的成本包括與合約直接相關的成本。與合約直接相關的成本包括履行該合約的增量成本(例如直接勞工及材料)及與履行合約直接相關的其他成本分配(例如分配履行合約所用物業、機器及設備項目的折舊開支以及合約管理及監管成本)。一般及行政成本與合約並無直接關連，除非根據合約明確向對手方收取費用，否則不包括在內。該修訂本於2022年1月1日或之後開始的年度期間生效，並適用於實體於其首次應用修訂的年度報告期初尚未履行其所有責任的合約。允許提前應用。初步應用該修訂本的任何累積影響將確認為首次應用日期的期初權益的調整，而毋須重列比較資料。該修訂本預期不會對本集團的財務報表造成任何重大影響。

*國際財務報告準則2018年至2020年年度改進*載列國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附之範例及國際會計準則第41號(修訂本)。預期適用於本集團的該等修訂本詳情如下：

國際財務報告準則第9號金融工具：澄清於實體評估是否新訂或經修改金融負債的條款與原金融負債的條款存在實質差異時所包含的費用。該等費用僅包括借款人與貸款人之間已支付或收取的費用，包括借款人或貸款人代表其他方支付或收取的費用。實體將有關修訂本應用於實體首次應用有關修訂本的年度報告期開始或之後修改或交換的金融負債。該修訂本自2022年1月1日或之後開始的年度期間生效。允許提前應用。該修訂本預期不會對本集團的財務報表造成任何重大影響。

國際財務報告準則第16號租賃：刪除國際財務報告準則第16號隨附之範例13中有關租賃物業裝修的出租人付款說明。此舉消除於採用國際財務報告準則第16號有關租賃激勵措施處理方面的潛在困惑。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

2.4 重大會計政策概要

業務合併及商譽

業務合併按收購法列賬。轉讓代價乃按收購日期的公平值計量，該公平值為本集團轉讓的資產於收購日期的公平值、本集團自被收購方的前度擁有人承擔的負債及本集團發行以換取被收購方控制權的股本權益的總和。於每個業務合併中，本集團選擇是否以公平值或被收購方可識別資產淨值的應佔比例，計算於被收購方屬現時擁有人權益並賦予擁有人權利於清盤時按比例分佔實體的資產淨值的非控股權益。非控股權益的所有其他部分乃按公平值計量。收購相關成本於產生時列為開支。

當所收購的一組活動及資產包括一項投入及一個實質性過程而兩者對創造產出的能力有重大貢獻時，本集團確定其已收購一項業務。

當本集團收購一項業務時，其會根據合約條款及於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及指定。此包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘業務合併分階段實現，則先前持有的股權於收購日期按公平值進行重新計量，而由此產生的任何收益或虧損於損益中確認。

收購方將予轉讓的任何或然代價將於收購日期按公平值確認。分類為一項資產或負債的或然代價按公平值計量，公平值的任何變動於損益確認。倘將或然代價分類為權益，則毋須重新計量，其後結算於權益中入賬。

商譽初步按成本計量，即轉讓代價、確認為非控股權益的金額及本集團此前持有的被收購方股權的公平值之和超出本集團所收購可識別淨資產及所承擔負債的部分。倘該代價及其他項目之和低於所收購淨資產的公平值，有關差額在重估後於損益確認為廉價收購收益。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

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.

2.4 重大會計政策概要(續)

業務合併及商譽(續)

初始確認後，商譽按成本減任何累計減值虧損計量。如有任何事件或情況變動表明賬面值可能減值，每年或更頻繁地對商譽進行減值測試。本集團每年於12月31日進行減值測試。就減值測試而言，於業務合併時收購的商譽自收購日期起分配至預期將從合併協同效應受益之本集團各現金產生單位或現金產生單位組別，而不論本集團之其他資產或負債是否已被分配至該等單位或單位組別。

減值乃通過評估商譽所屬的現金產生單位(現金產生單位組別)的可收回金額而釐定。倘現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽所確認的減值虧損不會於其後期間撥回。

倘商譽被分配至某現金產生單位(或現金產生單位組別)，而該單位內的部分業務被出售，與被出售業務有關的商譽將於釐定該出售的收益或虧損時計入該業務的賬面值。在此情況下被出售的商譽按被出售業務的相對價值及保留的現金產生單位部分計量。

於聯營公司及合營企業的投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指的是參與投資對象的財務和經營決策的權力，但不是控制或共同控制該等決策的權力。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業的資產淨值擁有權利。共同控制指按照合約協議對一項安排所共有的控制，共同控制僅在有關活動要求享有控制權的訂約方作出一致同意的決定時存在。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

(Continued)

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated 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*.

2.4 重大會計政策概要(續)

於聯營公司及合營企業的投資(續)

本集團於聯營公司的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。倘出現任何不相符的會計政策，即會作出調整加以修正。本集團應佔聯營公司及合營企業收購後業績及其他全面收益計入綜合損益及其他全面收益表。此外，倘於聯營公司或合營企業的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動(倘適用)。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司或合營企業的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司或合營企業所產生的商譽計入作本集團於聯營公司或合營企業投資的一部分。

倘於聯營公司的投資變成於合營企業的投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。在所有其他情況下，失去對聯營公司的重大影響力或對合營企業的共同控制權後，本集團按其公平值計量及確認任何剩餘投資。聯營公司或合營企業於失去重大影響力或共同控制權時的賬面值與剩餘投資及出售所得款項的公平值之間的任何差額乃於損益賬內確認。

當聯營公司或合營企業的投資歸類為持作出售時，則按國際財務報告準則第5號持作出售及已終止經營業務的非流動資產入賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties and equity instruments designated at FVOCI at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

2.4 重大會計政策概要(續)

公平值計量

本集團於各報告期間末按公平值計量其投資物業及指定按公平值計入其他全面收益之股權投資。公平值乃在市場參與者於計量日期進行的有序交易中出售資產所收取或轉移負債所支付的價格。公平值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須位於本集團能到達的地方。資產或負債的公平值乃基於市場參與者為資產或負債定價所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產公平值的計量則參考市場參與者可從使用該資產得到的最高及最佳效用，或把該資產售予另一可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

本集團使用適用於不同情況的估值技術，而其有足夠數據計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

於財務報表中計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低級別輸入數據在下列公平值層級內進行分類：

- 第一級 — 基於相同資產或負債於活躍市場的所報價格(未經調整)
- 第二級 — 基於對公平值計量而言屬重大的可觀察(直接或間接)最低級別輸入數據的估值技術
- 第三級 — 基於對公平值計量而言屬重大的不可觀察最低級別輸入數據的估值技術

就按經常性基準於財務報表確認的資產及負債而言，本集團通過於各報告期間末重新評估分類(根據對計量公平值整體而言屬重大的最低級別輸入數據)，釐定層級內級別之間是否出現轉移。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

2.4 重大會計政策概要(續)

非金融資產減值

倘存在任何減值跡象，或當須每年就資產進行減值檢測(金融資產、開發中物業、持作出售的已竣工物業及投資物業除外)，則會估計資產的可收回數額。資產的可收回數額乃按資產或現金產生單位的使用價值或公平值減出售成本兩者的較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別的現金流入，於此情況下，則可收回數額按資產所屬現金產生單位的可收回數額計算。

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估的稅前貼現率貼現至現值。減值虧損按與該減值資產功能相符的開支類別於產生期間自損益中扣除。

本集團會在各報告期間末評估是否有任何跡象顯示以前所確認的減值虧損已不在或可能減少。倘出現此等跡象，則會估計可收回金額。僅當用以確定資產(商譽除外)可收回金額的估計有變時，方會撥回先前確認的減值虧損，但撥回後的數額不得超逾假設於過往年度並無就該項資產確認減值虧損而應釐定的賬面值(扣除任何折舊、攤銷)。減值虧損撥回會計入產生期間的損益，除非資產以重估金額入賬，在此情況下，減值虧損撥回根據重估資產的有關會計政策列賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (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.

2.4 重大會計政策概要(續)

關聯方

以下人士被視為本集團的關聯方，倘：

- (a) 有關方為一名人士或該人士的關係密切家庭成員，而該人士：
 - (i) 擁有本集團的控制權或共同控制權；
 - (ii) 對本集團產生重大的影響力；或
 - (iii) 為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 該人士為實體且符合下列任何一項條件：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一實體為一第三方的合營企業，而另一實體為同一第三方的聯營公司；
 - (v) 該方提供一個僱用後福利計劃予本集團僱員或與本集團相關的實體作為福利；
 - (vi) 該實體為(a)所述人士控制或共同控制；
 - (vii) 於(a)(i)所識別人士對實體有重大影響或屬該實體(或該實體母公司)主要管理人員的其中一名成員；及
 - (viii) 向本集團或本集團的母公司提供主要管理人員的服務的實體或為其一部分的任何集團成員。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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 statement 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 capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

| | |
|---|---|
| Buildings | 2% to 5% |
| Motor vehicles | 24% |
| Office equipment and electronic devices | 19% to 32% |
| Leasehold improvements | Over the shorter of the lease terms and 20% |

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.

2.4 重大會計政策概要(續)

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備類項目的成本包括其購買價及任何令資產投入運作及將資產運往擬定用途地點的直接應計費用。

於物業、廠房及設備類項目投入運作後所引致的支出,如維修及保養費等,通常於該等支出產生期間計入損益及其他全面收益表。倘確認條件達標,主要檢查費用可按撥充資本計入作為重置的資產賬面值。倘大部分物業、廠房及設備須不時重置,本集團確認該部分物業、廠房及設備為個別具有特定使用年期的資產及相應地對其作出折舊。

折舊乃以直線法按其估計可使用年期撇銷各項物業、廠房及設備的成本至其剩餘價值。主要估計可使用年期及年度折舊率如下:

| | |
|------------|---------------------|
| 樓宇 | 2%至5% |
| 汽車 | 24% |
| 辦公室設備及電子設備 | 19%至32% |
| 租賃物業裝修 | 按租期及20% (以較短者為準) |

當一項物業、廠房及設備的各部分有不同可使用年期時,該項目的成本乃按合理基準在各部分之間分配,而各部分乃個別地折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末檢討,並作出調整(如適用)。

物業、廠房及設備的項目(包括最初經確認的任何重大部分)於出售或預期其使用或出售不會帶來任何未來經濟利益時終止確認。因出售或報廢而於該資產終止確認年度的損益內確認的任何盈虧乃有關資產出售淨收入與賬面值的差額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

(Continued)

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 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 the statement of profit or loss and other comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of the retirement or disposal.

2.4 重大會計政策概要(續)

物業、廠房及設備與折舊(續)

在建工程指在建樓宇，其按成本減任何減值虧損列賬，且不予折舊。成本包括於建築期間的直接建築成本及相關借入資金的資本化借貸成本。在建工程於完工且可供使用時重新分類為適當類別的物業、廠房及設備。

投資物業

投資物業指以獲得租金收入及或達致資本增值為目的而持有之樓宇權益(包括持作使用權資產持有的租賃物業，否則將符合投資物業定義之租賃權益)，其非用作生產或提供貨品或服務，或用作行政用途，或用作在日常業務中出售之用途。該等物業初始按成本(包括交易成本)計量。於初始確認後，投資物業按反映報告期末市況的公平值入賬。

投資物業公平值變動產生的損益於其產生年度的損益及其他全面收益表內確認。

棄用或出售投資物業之收益或虧損在棄用或出售當年之損益及其他全面收益表內確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated statement of profit or loss and other comprehensive income.

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.

2.4 重大會計政策概要(續)

投資物業(續)

就轉往自用物業或存貨的投資物業而言，用作日後入賬的推定物業成本，為改變用途之日的公平價值。倘本集團擁有的自用物業轉變為投資物業，本集團將根據「物業、廠房及設備及折舊」項下所列政策將有關物業入賬為自用物業及或根據「使用權資產」項下所列政策將有關物業入賬為持作使用權資產之物業，直至改變用途之日，並根據上述「物業、廠房及設備及折舊」項下所列政策，按物業在該日的賬面值及公平值的差額記入重估賬。就轉往投資物業的存貨而言，物業在該日的公平值及其之前賬面值的差額會於綜合損益及其他全面收益表確認。

開發中物業

開發中物業擬於完工後持作出售。

開發中物業按成本與可變現淨值的較低者列賬，成本包括土地成本、建築成本、借款成本、專業費用及於開發期內與有關物業直接相關的其他成本。

除非開發中物業不能於正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於完工時轉至持作出售的已竣工物業。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to its occupied gross floor area ("GFA") to the total occupied 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.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

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.

2.4 重大會計政策概要(續)

持作出售的已竣工物業

持作出售的已竣工物業按成本與可變現淨值兩者的較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定，可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

分配房地產開發成本

土地成本根據各單位的已佔用建築面積(「建築面積」)佔已佔用總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

無形資產(商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期分為有限期或無限期。有限期的無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於每個財政年度末檢討一次。

軟件按成本減任何減值虧損列賬，並於5年的估計可使用年內按直線法攤銷。

租約

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約為或包含租賃。

本集團作為承租人

本集團對所有租賃(惟短期租賃及低價值資產租賃除外)採取單一確認及計量方法。本集團確認租賃負債以作租賃款項，而使用權資產指使用相關資產的權利。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

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:

| | |
|---------------------|----------------|
| Leasehold land | 35 to 50 years |
| Plant and machinery | 2 to 5 years |
| Motor vehicles | 2 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.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 重大會計政策概要(續)

租約(續)

本集團作為承租人(續)

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用當日)確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量,並就任何重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債款項、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃獎勵。使用權資產按租賃期及資產的估計可使用年期之較短者按直線法折舊:

| | |
|-------|--------|
| 租賃土地 | 35至50年 |
| 廠房及機器 | 2至5年 |
| 汽車 | 2年 |

倘租賃資產的所有權於租賃期結束時轉移至本集團或成本反映行使購買期權,則使用資產的估計可使用年期計算折舊。

(b) 租賃負債

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括固定付款(包括實質固定付款)減任何租賃獎勵應收款項、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及支付終止租賃的罰款(倘租賃條款反映本集團行使選擇權終止租賃)。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of 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 vehicles that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 重大會計政策概要(續)

租約(續)

本集團作為承租人(續)

(b) 租賃負債(續)

於計算租賃付款的現值時，由於租賃中所隱含的利率不易確定，則本集團於租賃開始日期使用其增量借款利率。於開始日期後，租賃負債金額的增加反映了利息的增長並減少租賃付款。此外，倘有任何修改（即租期變更、租賃款項變更（例如指數或比率的變更導致對未來租賃付款發生變動）或購買相關資產的選擇權評估的變更），則重新計量租賃負債的賬面值。

(c) 短期租賃及低值資產租賃

本集團對其機器及設備的短期租賃（即該等於開始日期的租期為12個月或以下且不包含購買權的租賃）應用短期租賃確認豁免。其亦對被認為具有低價值的辦公設備及汽車的租賃應用低價值資產租賃的確認豁免。短期租賃及低價值資產租賃的租賃付款在租賃期內按直線法確認為開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income 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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through profit or loss, and at fair value through other comprehensive income.

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, 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.

2.4 重大會計政策概要(續)

租約(續)

本集團作為出租人

當本集團作為出租人時，在租賃開始時(或發生租賃變更時)將其租賃分類為經營租賃或融資租賃。

本集團並無轉移資產所有權附帶的絕大部分風險及回報的租賃乃分類為經營租賃。倘合約包含租賃及非租賃部分，本集團按相對獨立售價基準將合約的代價分配至各部分。由於租金收入的性質，其於租期內按直線基準列賬，並計入損益及其他全面收益表內的收益。磋商及安排經營租賃過程中產生的初始直接成本乃計入租賃資產的賬面值，並於租賃期內按與租金收入相若的基準確認。或然租金乃於賺取期間確認為收益。

將相關資產所有權附帶的絕大部分風險及回報轉移至承租人的租賃，均列為融資租賃。

投資及其他金融資產

初始確認及計量

金融資產於初步確認時分類為按公平值計入損益及按公平值計入其他全面收入，其後按攤銷成本計量。

於初始確認時，金融資產的分類取決於該項金融資產的現金流量特點及本集團管理該項資產時業務模式。除並無重大融資成分或本集團已應用實際權益方法的貿易應收款項外，本集團初始按公平值加(倘屬並非按公平值計入損益的金融資產)交易成本計量金融資產。並不包含重大融資部分或本集團已對其使用實際權益辦法的貿易應收款項，根據下文「收益確認」所載政策按根據國際財務報告準則第15號釐定的交易價格計量。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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 the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

為使金融資產按攤銷成本或按公平值計入其他全面收入分類及計量，需產生純粹為支付本金及未償還本金利息(「純粹為支付本金及利息」)的現金流量。並無產生純粹為支付本金及利息的現金流量的金融資產乃按公平值計入損益分類及計量(不論業務模式為何)。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量的方式。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。按攤銷成本分類及計量的金融資產，乃於旨在持有以收取合約現金流量為目的之業務模式內持有，而按公平值計入其他全面收入分類及計量的金融資產，乃於旨在同時持有以收取合約現金流量並出售的業務模式內持有。並無於上述業務模式內持有的金融資產乃按公平值計入損益分類及計量。

所有常規購買及出售金融資產於交易日(即本集團承諾購買或出售該資產之日)確認。常規購買或出售指需要在一般由法規或市場慣例確定的期間內移交資產的金融資產買賣。

後續計量

不同類別金融資產的後續計量方法如下：

按攤銷成本計量的金融資產(債務工具)

按攤銷成本計量的金融資產其後使用實際利率法計量，並可能受減值影響。當資產終止確認、修訂或減值時，收益及虧損於損益及其他全面收益表中確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss and other comprehensive income. Dividends are recognised as other income in the statement 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

指定按公平值計入其他全面收入的金融資產(股權投資)

於初步確認時,本集團可選擇於股權投資符合國際會計準則第32號金融工具:呈報項下的股權定義且並非持作買賣時,將其股權投資不可撤回地分類為指定按公平值計入其他全面收入的股權投資。分類乃按個別工具基準釐定。

該等金融資產的收益及虧損概不會被重新計入損益及其他全面收益表。當確立支付權時,股息於損益及其他全面收益表中確認為其他收入,與股息相關的經濟利益很可能會流入本集團,而股息金額能夠可靠地計量,惟當本集團於作為收回金融資產一部分成本的所得款項中獲益時則除外,於此等情況下,該等收益於其他全面收入入賬。指定按公平值計入其他全面收入的股權投資不受減值評估影響。

金融資產終止確認

金融資產(或(如適用)一項金融資產的一部分或一組同類金融資產的一部分)在下列情況將被終止確認(即自本集團的綜合財務狀況表移除):

- 收取該項資產所得現金流量的權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量的權利,或已根據一項「轉付」安排承擔責任,在無重大延誤情況下,將所得現金流量全數付予第三方;及(a)本集團已轉讓該項資產的絕大部分風險及回報;或(b)本集團並無轉讓亦無保留該項資產絕大部分風險及回報,但已轉讓該項資產的控制權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 重大會計政策概要(續)

金融資產終止確認(續)

倘本集團已轉讓其收取資產現金流量的權利或已訂立轉付安排，需評估是否及何種程度上保留該資產的風險及回報。當並無轉讓或保留資產大部分風險及回報，亦無轉讓資產的控制權，則按本集團持續涉及資產的程度確認資產。在此情況下，本集團亦確認相應的負債。轉移資產及相關負債乃以本集團所保留之反映權利與義務的基礎計量。

持續參與之形式乃就已轉讓資產作出保證，並以該項資產之原賬面值及本集團或須償還之代價數額上限(以較低者為準)計量。

金融資產減值

本集團確認對並非按公平值計入損益的所有債務工具預期信貸虧損(「預期信貸虧損」)的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就自初始確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來12個月內可能發生違約事件而導致的信貸虧損(12個月預期信貸虧損)。就自初始確認起經已顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備(存續期的預期信貸虧損)。

於各報告日期，本集團評估金融工具之信貸風險自初始確認以來是否已顯著增加。在進行有關評估時，本集團會就金融工具於報告日期發生違約的風險與金融工具於初始確認當日發生違約的風險進行比較並會考慮毋須付出不必要的成本或努力即可獲得的合理且可靠的資料，包括歷史及前瞻性資料。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and 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, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the reporting period. 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.

2.4 重大會計政策概要(續)

金融資產減值(續)

一般方法(續)

倘合約已逾期還款超過90日，則本集團認為金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在計及本集團持有的任何信貸提升措施前，本集團不大可能悉數收到未償還合約款項，則本集團亦可認為金融資產違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

按公平值計入其他綜合收入的債務投資及按攤銷成本計量的金融資產於一般方法下或會發生減值，且除應用下文所述簡化法的貿易應收款項外，債務投資及金融資產乃就計量預期信貸虧損分為以下步驟。

步驟1 — 信貸風險自初始確認後並無顯著增加的金融工具，虧損撥備按等同12個月預期信貸虧損的金額計量。

步驟2 — 金融工具的信貸風險自初始確認後顯著增加但無發生信貸減值的金融資產，其虧損撥備按等同於存續期的預期信貸虧損的金額計量。

步驟3 — 於報告日期為信貸減值的金融資產(但於購買或發起時並無信貸減值)，其虧損撥備按等同於存續期的預期信貸虧損的金額計量。

簡化方法

就貿易應收款項而言，本集團於計算預期信貸虧損時應用簡化方法。故此，本集團並無追溯信貸風險變動，而是根據各報告期末的存續期的預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算之撥備矩陣，並按債務人之特定前瞻性因素及經濟環境作出調整。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

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 financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related companies, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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.

2.4 重大會計政策概要(續)

金融負債

初始確認及計量

金融負債乃於初始確認時分類為按公平值計入損益的金融負債、貸款及借款、應付款項，或指定為一種有效對沖的對沖工具的衍生工具(如適用)。

所有金融負債初步按公平值確認及倘屬並非按公平值計入損益的金融負債，則應減去直接應佔交易成本。

本集團的金融負債包括貿易應付款項、計入其他應付款項、已收按金及應計費用的金融負債、應付關聯公司款項、租賃負債以及計息銀行及其他借款。

後續計量

不同類別金融負債的後續計量方法如下：

按攤銷成本計量的金融負債(貸款及借款)

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，惟貼現影響為微不足道則除外，在該情況下則按成本列賬。當負債終止確認以及按實際利率法進行攤銷程序時，其收益及虧損在損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益的財務成本內。

金融負債終止確認

當金融負債的責任已履行、取消或屆滿時，金融負債會被終止確認。

當現時金融負債被另一項由同一貸款人借出，而條款有重大不同的金融負債所取代，或當現時負債的條款被重大修訂，該取代或修訂被視為對原有負債的終止確認及對新負債的確認，而各自賬面值的差額於損益確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Treasury shares

Own equity instruments which are held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's and the Group's own equity instruments.

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 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 each 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 profit or loss.

2.4 重大會計政策概要(續)

抵銷金融工具

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債及於財務狀況表內呈報淨值。

庫存股份

本公司或本集團持有的自身權益工具(庫存股份)直接於權益中按成本確認。收購、出售、發行或註銷本公司及本集團自身權益工具時概不會於損益中確認收益或虧損。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可實時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要償還的銀行透支，並構成本集團現金管理主要部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行存款。

撥備

倘因過往事件導致現時承擔責任(法定或推定責任)，且日後可能須流失資源以履行責任，並能可靠估計責任的數額，則確認撥備。

當貼現影響屬重大時，確認撥備的金額為預期未來履行責任所作出的開支於各報告期間末的現值。因時間流逝而增加的貼現現值金額會記入損益表財務成本項下。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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 each 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 each 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 and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, 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

2.4 重大會計政策概要(續)

所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外確認的其他全面收益或直接於權益確認。

當期及過往期間的即期稅項資產及負債，乃按預期自稅務當局退回或付予稅務當局的金額，根據於各報告期間末已頒佈或實質上已頒佈的稅率(及稅法)，以及考慮本集團經營所在國家當時的詮釋及慣例計量。

遞延稅項採用負債法就於各報告期間末資產及負債的稅基與兩者用作財務報告的賬面值之間的所有暫時性差異計提撥備。

遞延稅項負債乃就所有應課稅暫時性差異而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初次確認商譽、資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及
- 就與於附屬公司及聯營公司的投資有關的應課稅暫時性差異而言，暫時性差異的撥回時間為可控制，且該等暫時性差異於可見將來可能不會撥回。

遞延稅項資產乃就所有可抵扣暫時性差異以及未動用稅項抵免及任何未動用稅項虧損的結轉而確認。遞延稅項資產的確認以將有應課稅溢利可用以抵銷可抵扣暫時性差異以及未動用稅項抵免和未動用稅項虧損的結轉為限，惟下列情況除外：

- 與可抵扣暫時性差異有關的遞延稅項資產乃因在一項並非業務合併的交易中初次確認資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

- in respect of deductible temporary differences associated with investments in subsidiaries 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 each reporting period.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 重大會計政策概要(續)

所得稅(續)

- 就與於附屬公司及聯營公司的投資有關的可抵扣暫時性差異而言，遞延稅項資產僅於暫時性差異於可見將來有可能撥回以及將有應課稅溢利可用以抵銷暫時性差異的情況下，方予確認。

於各報告期間末審閱遞延稅項資產的賬面值，並在不再可能有足夠應課稅溢利以動用全部或部分遞延稅項資產時，相應扣減該賬面值。未被確認的遞延稅項資產會於各報告期間末重新評估，並在可能有足夠應課稅溢利以收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於各報告期間末已頒佈或實質上已頒佈的稅率(及稅法)計算。

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助

倘能合理確定將會收取有關補助且符合補助附帶的所有條件，則政府補助將按公平值予以確認。倘補助與開支項目有關，即於所擬補償的成本的支銷期間內系統地確認為收入。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

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.

2.4 重大會計政策概要(續)

收益確認

來自客戶合約的收益

於貨品或服務的控制權按反映本集團預期就交換該等貨品或服務有權收取的代價的金額轉移予客戶時確認客戶合約收益。

當合約代價包含可變金額時，代價金額估計為本集團就向客戶轉讓貨品或服務而有權在交換中獲取的數額。可變代價於合約開始時估計並受到約束，直至其後關乎可變代價的不確定因素獲得解決時確認累計收益金額不大可能發生重大收益撥回。

當合約中包含為客戶提供向其轉移貨品或服務超過一年的重大融資利益的融資部分時，收益按應收金額的現值計量，並以本集團與客戶之間於合約開始時的獨立融資交易所反映的折現率折現。當合約中包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收益包括按實際利率法計算的合約負債所產生的利息開支。對於客戶付款與轉移承諾商品或服務之間的期限為一年或以下的合約，交易價格不會根據國際財務報告準則第15號的可行權宜方法就重大融資部分的影響而調整。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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. *Project management services*

Project management 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.

c. *Hotel and catering services*

Hotel and catering services are primarily derived from the rental of rooms, food and beverage sales and other ancillary goods and services, including but not limited to souvenir, laundry, parking and conference reservation. Each of these products and services represents an individual performance obligation and, in exchange for these services, we receive fixed amounts based on published rates or negotiated contracts. Payment is due in full at the time when the services are rendered or the goods are provided. Room rental revenue is recognised on a daily basis when rooms are occupied. Food and beverage revenue and other goods and services revenue are recognised when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

d. *Exhibition services*

Revenue from providing exhibition services is recognised in the accounting period in which the related services are rendered.

2.4 重大會計政策概要(續)

收益確認(續)

來自客戶合約的收益(續)

a. *物業銷售*

當或於資產的控制權轉移至客戶時確認收益。

於釐定交易價格時，本集團就融資組成部分的影響(如重大)調整約定代價金額。

就物業控制權於某一時點轉移的房地產開發及銷售合約而言，收益於客戶取得已竣工物業的實質擁有權或合法所有權，且本集團現時有權收取付款及有可能收取代價時確認。

b. *項目管理服務*

就開發物業項目提供支援服務所得的項目管理服務收入於提供相關服務時確認，而客戶在實體履約的同時取得及耗用實體履約所提供的利益。

c. *酒店及餐飲服務*

酒店及餐飲服務主要來源於客房租金、餐飲銷售以及其他輔助商品及服務，包括但不限於紀念品、洗衣、停車及會議預訂。該等產品及服務均指單項履約責任，而為交換該等服務，我們按公開費率或已協商的合同收取固定款項。款項須於提供服務或商品時悉數支付。客房租金收入於客房被佔用時每天確認。餐飲收入以及其他商品及服務收入於其交付或提供予客人及履行各履約責任時確認。

d. *會展服務*

提供會展服務的收益於提供相關服務的會計期間確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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.

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.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss and other comprehensive income 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.

2.4 重大會計政策概要(續)

來自其他來源的收益

租金收入

租金收入於租賃期間按時間比例基準確認。不依賴指數或利率的可變租賃付款於其產生的會計期間確認為收入。

利息收入

利息收入按應計基準以實際利率法通過採用將金融工具的估計未來所收現金在預計可使用年內貼現至金融資產賬面價值淨值的利率予以確認。

股息收入

股息收入於股東收取該付款的權利獲確定時確認，與股息有關的經濟利益很可能流入本集團，而股息金額能可靠計量。

合約負債

當本集團於轉讓相關商品或服務前收到客戶的付款或付款到期(以較早者為準)時，則確認合約負債。合約負債於本集團履行合約時確認為收益。

合約成本

除資本化為存貨、物業、廠房及設備以及無形資產的成本外，倘符合所有下列條件，則將履行客戶合約產生的成本資本化為資產：

- (a) 有關成本與實體可明確識別的合約或預期合約有直接關係。
- (b) 有關成本令實體將用於履行(或持續履行)日後履約責任的資源得以產生或有所增加。
- (c) 有關成本預期可收回。

資本化合約成本乃按符合向客戶轉讓與相關資產相關的商品或服務的系統基準攤銷並自損益及其他全面收益表扣除。其他合約成本於產生時支銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefit expense, together with a corresponding increase in equity (capital reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.4 重大會計政策概要(續)

以股份為基礎付款

本集團僱員(包括高級行政人員)按以股份為基礎付款的形式收取薪酬,其中僱員提供服務作為股本工具的代價(股本結算交易)。

股本結算交易

股本結算交易的成本乃使用適當估值模型按授出日期的公平值釐定。

該成本連同股本(資本儲備)的相應增加在服務及(如適用)履約條件獲達成的期間(歸屬期間)於僱員福利開支中確認。直至歸屬日期前於各報告日期就股本結算交易確認的累計開支反映歸屬期到期的程度以及本集團對最終歸屬的股本工具數目的最佳估計。某期間損益及其他全面收益表的開支或進賬指於該期初及期末確認的累計開支變動。

釐定獎勵獲授當日之公平值時,並不計及服務及非市場績效條件,惟在有可能符合條件的情況下,則評估為本集團對最終將會歸屬的股本工具數目的最佳估計之一部分。市場績效條件反映於獎勵獲授當日之公平值。獎勵之任何其他附帶條件(但不帶有相關服務要求)視作非歸屬條件。非歸屬條件反映於獎勵之公平值,除非同時具服務及或績效條件,否則獎勵即時支銷。

因非市場績效及或服務條件未能達成而最終無歸屬之獎勵並不確認為開支。凡獎勵包含市場或非歸屬條件,無論市場條件或非歸屬條件獲達成與否,而所有其他績效及或服務條件均獲達成,則交易仍被視為已歸屬。

倘以權益結算之獎勵條款經修訂,所確認之開支最少須達到猶如條款並無經修訂之水準(倘符合獎勵之原歸屬條款)。倘任何修訂會增加以股份為基礎付款之總公平值或以其他方式令僱員受惠,則應就該等修訂確認按修訂日期計量的額外開支。倘獎勵被實體或對手方取消,獎勵公平值的任何餘下部分即時通過損益支銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs 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.

2.4 重大會計政策概要(續)

其他僱員福利

本集團於中國內地營運的附屬公司的僱員須參加當地政府實施的中央養老金計劃。該等附屬公司須就僱員的薪金成本按若干百分比向中央養老金計劃供款。該等供款於根據中央養老金計劃的規則成為應付款項時自損益扣除。

借款成本

直接用於購買、興建或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)的借款成本一律撥充作為該等資產的部分成本。一旦資產大致可供擬定用途或出售,則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。

所有其他借款成本均於產生期間支銷。

借款成本包括利息開支、融資費用及外幣借款所產生而被視為利息費用調整的匯兌差額。利息費用調整的匯兌收益及虧損包括倘實體以其功能貨幣借入資金而會產生的借款成本與外幣借款實際產生的借款成本之間的利率差額。此等數額以借款初期的遠期匯率為基礎進行估計。

當建造合資格的資產需要超過一個會計期間,各年度期間符合資本化的匯兌差額須予釐定,惟限於功能貨幣借款的假設利息金額與外幣借款產生的實際利息之間的差額。過往年度並不符合資本化標準的匯兌差額不得於隨後年度予以資本化。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

Final dividends are recognised 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 recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.4 重大會計政策概要(續)

股息

末期股息於股東大會上獲股東批准時確認為負債。

由於本公司的組織章程大綱及細則授予董事權力以宣派中期股息，故中期股息同時提出及宣派。因此，中期股息於提出及宣派時隨即確認為負債。

外幣

財務報表以人民幣呈列，而本公司的功能貨幣為人民幣，乃因本集團主要業務在中國內地進行。本集團旗下實體錄得的外幣交易首次記錄時按其各自交易日的功能貨幣適用匯率換算後入賬。

以外幣計值的貨幣資產及負債按各報告期間末功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的匯兌差額在損益表確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理(即公平值收益或虧損於其他全面收益或損益中確認的項目的匯兌差額亦分別於其他全面收益或損益中確認)。

在終止確認與預付代價有關的非貨幣資產或非貨幣負債時，釐定首次確認相關資產、開支或收入所用的匯率，初步交易日期為本集團首次確認預付代價產生的非貨幣資產或非貨幣負債當日。倘涉及多筆預付款項或預收款項，則本集團釐定各項付款或收取預付代價的交易日期。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. 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 the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. 重大會計判斷與估計

編製本集團的財務報表時，管理層須作出會影響所呈報收益、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

經營租賃承擔 — 本集團作為出租人

本集團就其投資物業組合訂有商業物業租約。本集團按該等條款及條件作出評估，決定其於以經營租約租出的物業保留擁有權的所有重大風險及回報。

投資物業及持作出售的已竣工物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。若干物業中有一部分持作賺取租金或資本增值，而另一部分持作生產或供應商品或服務或行政用途。若該等部分不能夠單獨出售，則僅當極小部分持作生產或供應商品或服務或行政用途時，該物業方為投資物業。要釐定附屬設施是否過於重大以致物業不符合資格列作投資物業，須逐項物業進行判斷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as 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.

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.

3. 重大會計判斷與估計(續)

判斷(續)

附屬公司、合營企業及聯營公司的分類

將投資分類為附屬公司、合營企業或聯營公司乃基於釐定本集團對被投資對象是否擁有控制權、聯合控制權或重大影響力，此涉及透過分析本集團對被投資對象主要決策機構(如董事會會議及股東大會)的代表等各項因素以及其他事實及情況作出的判斷。

附屬公司乃綜合入賬，即指其各資產、負債及交易分項計入本集團綜合財務報表，而於合營企業及聯營公司的權益則於綜合財務狀況表中按權益入賬列作投資。

重大融資組成部分

於釐定交易價時，倘合約各方協定的付款時間為本集團帶來重大融資利益，本集團就貨幣時間價值的影響調整已約定的代價金額。

自客戶收取的若干預付款項為本集團帶來重大融資利益。儘管政府要求本集團將所有就竣工前銷售收取的按金及定期付款存入利益相關方賬戶，但本集團仍可自該等預付款項中受益，因其可從該賬戶提取款項以支付項目的已支出建築成本。所收取的預付款項實際上削減本集團依賴其他融資來源的需要。

融資部分的金額於合約開始時估計。於合約開始後，貼現率不會因利率變動或其他情況(例如信貸風險變動)而更新。融資期自收取付款起至完成向客戶轉讓貨品為止。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC 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.

3. 重大會計判斷與估計(續)

估計不明朗因素

下文披露可能引致資產及負債的賬面值於下個財政年度或須予以重大調整，且有關未來的主要假設，以及於各報告期間未存在的估計不明朗因素的其他主要來源：

開發中物業及持作出售的已竣工物業的撥備

本集團的開發中物業及持作出售的已竣工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計開發中物業的售價與完工成本，以及根據當前市況估計銷售物業將產生的費用。

倘完工成本增加或銷售淨值降低，則可變現淨值會減少，可能導致須就開發中物業及持作出售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

中國土地增值稅(「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待房地產開發項目完工後由稅務機關釐定。本集團尚未就其若干房地產開發項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties under construction carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amount of investment properties at 31 December 2020 was RMB2,788,700,000 (2019: RMB918,200,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the financial statements.

3. 重大會計判斷與估計(續)

估計不明朗因素(續)

非金融資產(商譽除外)減值

本集團於各報告期間未評估所有非金融資產有否任何減值跡象。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產的賬面值或現金產生單位超逾其可收回金額(即公平值減出售成本與使用價值的較高者),則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算,則管理層須估計資產或現金產生單位的預計未來現金流量,選取合適的貼現率以計算該等現金流量的現值。

投資物業的公平值估計

以公平值列賬的在建投資物業於各報告日期根據獨立專業估值師給出的評估市值重新估值。該等估值乃根據若干假設作出,存在不確定性,可能與實際結果存在較大差異。本集團經考慮類似物業活躍市場現行價格信息並利用主要根據各報告期間末的市場條件作出的假設作出估計。

本集團對公平值估計的主要假設包括參考同一地點及狀況之類似物業現行市場租金、有關資本轉化比率及預期溢利率所得估計租值的有關假設。於2020年12月31日,投資物業的賬面值為人民幣2,788,700,000元(2019年:人民幣918,200,000元)。更多詳情(包括公平值計量所用的主要假設及敏感度分析)載於財務報表附註15。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2020 was RMB9,642,000 (2019: RMB14,186,000). The amount of unrecognised tax losses at 31 December 2020 was RMB808,362,000 (2019: RMB628,173,000). Further details are included in note 19 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, the provision of project management services, hotel and exhibition operation. Property leasing, the provision of project management services, hotel and exhibition operation 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 further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2020.

3. 重大會計判斷與估計(續)

估計不明朗因素(續)

遞延稅項資產

遞延稅項資產乃就所有可抵扣暫時性差異以及未動用稅項抵免及未動用稅項虧損的結轉而確認，惟以將有應課稅溢利可用以抵銷可抵扣暫時性差異以及未動用稅項抵免及未動用稅項虧損的結轉為限。可予確認的遞延稅項資產數額須由管理層根據未來可能出現應課稅溢利的時間及數額以及未來稅項計劃策略作出重大判斷後釐定。於2020年12月31日，有關已確認稅項虧損的遞延稅項資產的賬面值為人民幣9,642,000元(2019年：人民幣14,186,000元)。於2020年12月31日的未確認稅項虧損金額為人民幣808,362,000元(2019年：人民幣628,173,000元)。進一步詳情載於財務報表附註19。

4. 經營分部資料

管理層監控本集團業務(包括房地產開發、物業租賃、提供項目管理服務以及酒店及會展業務)的經營業績。物業租賃、提供項目管理服務以及酒店及會展業務對收入貢獻不大。因此，房地產開發為本集團唯一可報告經營分部，但並無呈列其進一步經營分部分析。

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非流動資產位於中國內地以外地區，故並無呈列其他地區資料。

有關主要客戶的資料

截至2020年12月31日止年度，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。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management income, hotel operations and rental income during the reporting year.

An analysis of revenue is as follows:

5. 收益、其他收入及收益

收益指報告年度內物業銷售收入、項目管理收入、酒店經營及租金收入。

對收益的分析如下：

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|-----------------------------------|
| Revenue from contracts with customers | 來自客戶合約的收益 | 10,663,274 | 9,089,267 |
| Revenue from other sources | 來自其他來源的收益 | | |
| Rental income | 租金收入 | 16,360 | 3,205 |
| | | 10,679,634 | 9,092,472 |
| Revenue from contracts with customers | 來自客戶合約的收益 | | |
| Types of goods or services: | 商品或服務類別： | | |
| Sale of properties | 物業銷售 | 10,589,619 | 8,996,128 |
| Project management service | 項目管理服務 | 30,489 | 79,679 |
| Hotel operation | 酒店經營 | 40,290 | 13,460 |
| Exhibition operation income | 會展經營收入 | 2,876 | - |
| Total revenue from contracts with customers | 來自客戶合約的總收益 | 10,663,274 | 9,089,267 |
| Timing of revenue recognition: | 收益確認時間： | | |
| Recognised at a point in time: | 於某一時點確認： | | |
| Revenue from sale of properties | 來自物業銷售的收益 | 10,589,619 | 8,996,128 |
| Revenue from hotel operation | 來自酒店經營的收益 | 23,165 | 7,293 |
| Recognised over time: | 於一段時間確認： | | |
| Revenue from project management | 來自項目管理的收益 | 30,489 | 79,679 |
| Revenue from hotel operation | 來自酒店經營的收益 | 17,125 | 6,167 |
| Revenue from exhibition operation | 來自會展經營的收益 | 2,876 | - |
| Total revenue from contracts with customers | 來自客戶合約的總收益 | 10,663,274 | 9,089,267 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

5. REVENUE, OTHER INCOME AND GAINS

(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:

5. 收益、其他收入及收益(續)

下表顯示於本報告期間內確認且於報告期初被列入合約負債之收益金額，以及就過往期間完成之履約責任確認之收益金額：

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|--------------------------|-----------------------------------|-----------------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | 於報告期初列入合約負債的已確認收益： | | |
| Sale of properties | 物業銷售 | 5,520,419 | 4,959,576 |
| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
| Other income and gains | 其他收入及收益 | | |
| Government grants | 政府補助 | 5,003 | 2,799 |
| Interest income | 利息收入 | 25,535 | 23,323 |
| Forfeiture of deposits | 沒收按金 | 1,463 | 1,685 |
| Investment income on business combination achieved in steps | 按階段實現業務合併的投資收入 | - | 11,277 |
| Gain/(loss) on disposal of a subsidiary | 出售一間附屬公司的收益 (虧損) | 1,369 | (14,739) |
| Investment income from financial assets at FVTPL | 來自按公平值計入損益的金融資產的公平值收益 | 13,524 | - |
| Dividend income from financial assets at FVOCI | 來自按公平值計入其他全面收益的金融資產之股息收入 | 15,154 | 10,990 |
| Recovery of financial guarantees contracts | 收回財務擔保合約 | - | 13,102 |
| Recovery of a security deposit for breaking contracts | 收回違約保證金 | - | 16,470 |
| Others | 其他 | 2,725 | 893 |
| | | 64,773 | 65,800 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

6. 除稅前溢利

本集團的除稅前溢利乃自以下各項扣除（計入）後達致：

| | | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|-------------------------------------|----|-----------------------------------|-----------------------------------|
| Cost of inventories sold | 已售存貨成本 | 23 | 9,503,029 | 7,534,877 |
| Project management costs | 項目管理成本 | | 15,143 | 39,290 |
| Operating costs for leased out properties | 出租物業的經營成本 | | 4,705 | 1,231 |
| Exhibition costs | 會展經營成本 | | 997 | – |
| Hotel operation costs | 酒店經營成本 | | 23,441 | 10,885 |
| Impairment loss recognised for completed properties for sales | 就持作出售的已竣工物業 確認減值虧損 | 23 | 3,932 | 26,882 |
| Depreciation of items of property, plant and equipment | 物業、廠房及設備項目折舊 | 13 | 23,201 | 5,160 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 16 | 15,532 | 15,708 |
| Amortisation of other intangible assets | 其他無形資產攤銷 | 14 | 710 | 681 |
| Loss on disposal of items of property plant and equipment | 出售物業、廠房及設備項目的虧損 | | – | 43 |
| Rental expenses | 租金開支 | 16 | 2,199 | 4,126 |
| Auditors' remuneration | 核數師薪酬 | | 3,000 | 2,800 |
| Fair value gains on investment properties | 投資物業公平值收益 | | (125,670) | (106,300) |
| Fair value gains from financial assets at FVTPL | 來自按公平值計入損益的 金融資產的公平值收益 | | 13,524 | – |
| Employee benefit expense (including directors' and chief executive's remuneration (note 8)): | 僱員福利開支(包括董事及 主要行政人員薪酬 (附註8)): | | | |
| Wages and salaries | 薪金及工資 | | 183,545 | 195,493 |
| Pension scheme contributions and social welfare | 養老金計劃供款及社會福利 | | 39,816 | 55,938 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

7. FINANCE COSTS

An analysis of finance costs is as follows:

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Interests on bank and other borrowings | 銀行及其他借款利息 | 1,011,867 | 571,974 |
| Interest expense arising from revenue contracts | 收益合約產生的利息開支 | 313,401 | 238,253 |
| Interests on lease liabilities (note 16(b)) | 租賃負債利息(附註16(b)) | 1,042 | 1,268 |
| Less: Interest capitalised | 減：資本化利息 | (1,123,980) | (644,504) |
| | | 202,330 | 166,991 |

7. 財務成本

財務成本分析如下：

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. 董事及主要行政人員薪酬

根據上市規則所披露，香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露的本年度董事及主要行政人員薪酬如下：

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| Fees | 袍金 | 804 | 629 |
| Other emoluments: | 其他酬金： | | |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物福利 | 4,121 | 5,114 |
| Performance-related bonuses | 表現掛鈎花紅 | 6,954 | 2,161 |
| Pension scheme contributions and social welfare | 養老金計劃供款及社會福利 | 378 | 732 |
| | | 12,257 | 8,636 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--------------------|-------|-----------------------------------|-----------------------------------|
| Mr. Lam Ming Fai | 林名輝先生 | 252 | 202 |
| Mr. Chan Peng Kuan | 陳炳鈞先生 | 252 | 202 |
| Mr. Chen Shi Min | 陳世敏先生 | 300 | 225 |
| | | 804 | 629 |

There were no other emoluments payable to the independent non-executive directors during the year ended 31 December 2020 (2019: Nil).

8. 董事及主要行政人員薪酬(續)

(a) 獨立非執行董事

於本年度支付予獨立非執行董事的袍金如下：

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--------------------|-------|-----------------------------------|-----------------------------------|
| Mr. Lam Ming Fai | 林名輝先生 | 252 | 202 |
| Mr. Chan Peng Kuan | 陳炳鈞先生 | 252 | 202 |
| Mr. Chen Shi Min | 陳世敏先生 | 300 | 225 |
| | | 804 | 629 |

截至2020年12月31日止年度並無應付予獨立非執行董事的其他酬金(2019年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

8. 董事及主要行政人員薪酬(續)

(b) Executive directors and non-executive directors

(b) 執行董事及非執行董事

| | | Salaries, allowances and benefits in kind 薪金、津貼及實物福利 RMB'000 人民幣千元 | Performance-related bonuses 表現掛鉤花紅 RMB'000 人民幣千元 | Pension scheme contributions and social welfare 養老金計劃供款及社會福利 RMB'000 人民幣千元 | Total remuneration 薪酬總計 RMB'000 人民幣千元 |
|--------------------------|---------|---|---|---|--|
| 2020 | 2020年 | | | | |
| Executive directors: | 執行董事： | | | | |
| — Mr. Ma Bao Hua | — 馬保華先生 | 400 | 841 | 63 | 1,304 |
| — Mr. Zhu Li | — 朱力先生 | 407 | 841 | 63 | 1,311 |
| — Mr. Wang Zheng | — 王政先生 | 444 | 841 | 63 | 1,348 |
| — Ms. Shao Lei | — 邵磊女士 | 437 | 841 | 63 | 1,341 |
| Non-executive directors: | 非執行董事： | | | | |
| — Mr. Huang Qing Ping | — 黃清平先生 | 1,916 | 3,290 | 63 | 5,269 |
| — Mr. Xie Chen Guang | — 謝晨光先生 | 517 | 300 | 63 | 880 |
| | | 4,121 | 6,954 | 378 | 11,453 |
| 2019 | 2019年 | | | | |
| Executive directors: | 執行董事： | | | | |
| — Mr. Ma Bao Hua | — 馬保華先生 | 619 | 425 | 122 | 1,166 |
| — Mr. Zhu Li | — 朱力先生 | 629 | 425 | 122 | 1,176 |
| — Mr. Wang Zheng | — 王政先生 | 655 | 425 | 122 | 1,202 |
| — Ms. Shao Lei | — 邵磊女士 | 739 | 425 | 122 | 1,286 |
| Non-executive directors: | 非執行董事： | | | | |
| — Mr. Huang Qing Ping | — 黃清平先生 | 1,954 | 41 | 122 | 2,117 |
| — Mr. Xie Chen Guang | — 謝晨光先生 | 518 | 420 | 122 | 1,060 |
| | | 5,114 | 2,161 | 732 | 8,007 |

Mr. Ma Bao Hua is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

馬保華先生為本公司的行政總裁兼執行董事。於本年度，概無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2020 and 31 December 2019 were all directors. Details of those directors' remuneration are set out in note 8 above.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the 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 the PRC corporate income tax rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

9. 五名最高薪酬僱員

截至2020年12月31日及2019年12月31日止年度，五名最高薪酬僱員均為董事。該等董事的薪酬詳情載於上文附註8。

10. 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溢利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法規，本集團於開曼群島及英屬處女群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該公司截至2020年12月31日止年度並無於香港當前產生的任何應課稅溢利。

本集團於中國內地經營的附屬公司年內須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照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、借款成本及其他房地產開發開支)。本集團根據有關中國稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|-------------------------------|------------|-----------------------------------|-----------------------------------|
| Current tax: | 即期稅項： | | |
| PRC corporate income tax | 中國企業所得稅 | 268,329 | 492,732 |
| PRC LAT | 中國土地增值稅 | 137,494 | 444,236 |
| Deferred tax (note 19) | 遞延稅項(附註19) | (117,568) | (357,199) |
| Total tax charge for the year | 年內稅項支出總額 | 288,255 | 579,769 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

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 for each reporting period is as follows:

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| Profit before tax | 除稅前溢利 | 674,399 | 940,129 |
| At the statutory income tax rate | 按法定所得稅率計算 | 168,600 | 235,032 |
| Profits and losses attributable to joint ventures and associates | 合營企業及聯營公司應佔溢利及虧損 | (8,527) | (16,482) |
| Investment income recognised in acquisition of subsidiaries | 收購附屬公司的已確認投資收入 | - | (2,819) |
| Income not subject to tax | 毋須課稅收入 | (3,789) | (2,748) |
| Expenses not deductible for tax | 不可扣稅開支 | 3,707 | 3,335 |
| Unrecognised temporary differences | 未確認的暫時差異 | 6,181 | 2,902 |
| Withholding taxes on undistributed profits of the subsidiaries in the PRC | 中國附屬公司未分派溢利的預扣稅 | (26,085) | 3,101 |
| Tax losses utilised from previous periods | 動用自過往期間的稅項虧損 | (4,297) | (38,512) |
| Unrecognised tax losses | 未確認的稅項虧損 | 49,344 | 62,783 |
| Provision for LAT | 土地增值稅撥備 | 137,494 | 444,236 |
| Tax effect on LAT | 土地增值稅的稅務影響 | (34,373) | (111,059) |
| Tax charge at the Group's effective rate | 按本集團實際稅率計算的稅項費用 | 288,255 | 579,769 |

The share of tax charge attributable to joint ventures and associates amounted to RMB44,356,000 for the year (2019: RMB33,506,000). The share of tax credit attributable to joint ventures and associates amounted to RMB32,986,000 for the year (2019: RMB11,530,000). 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.

10. 所得稅(續)

於各報告期間，本公司及其大部分附屬公司註冊所在司法權區按法定稅率計算的除稅前溢利適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬如下：

本年度合營企業及聯營公司應佔稅項支出為人民幣44,356,000元(2019年：人民幣33,506,000元)。本年度合營企業及聯營公司應佔稅項抵免為人民幣32,986,000元(2019年：人民幣11,530,000元)。兩者均計入綜合損益及其他全面收益表「合營企業及聯營公司應佔溢利及虧損」。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

10. INCOME TAX (Continued)

Tax payable in the consolidated statement of financial position represents:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--------------------------|---------|--|--|
| PRC corporate income tax | 中國企業所得稅 | 479,878 | 524,194 |
| PRC LAT | 中國土地增值稅 | 866,815 | 768,857 |
| | | 1,346,693 | 1,293,051 |

10. 所得稅(續)

綜合財務狀況表內的應付稅項指：

11. DIVIDENDS

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|--|---|-----------------------------------|
| Proposed final — HK 3.06 cents (2019: HK 2.32 cents) per ordinary share | 建議末期股息 — 每股普通股 3.06港仙(2019年：2.32港仙) | 37,205 | 30,062 |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

本年度擬派末期股息須待本公司股東於應屆股東週年大會上批准後方可作實。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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 1,446,962,138 in issue during the year ended 31 December 2020 (2019: 1,369,170,287 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 potential 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:

12. 本公司普通權益持有人應佔每股盈利

每股基本盈利之金額乃基於母公司普通權益持有人應佔年內溢利，及截至2020年12月31日止年度內已發行普通股加權平均數1,446,962,138股(2019年：1,369,170,287股股份)。

由於本集團於截至2020年及2019年12月31日止年度並無發行潛在攤薄普通股，故截至2020年及2019年12月31日止年度呈列的每股基本盈利金額毋須作出調整。

每股基本及攤薄盈利之金額乃基於以下各項計算：

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|----------------------|-----------------------------------|-----------------------------------|
| Earnings | | | |
| Profit attributable to ordinary equity holders of the parent | 盈利 母公司普通權益持有人應佔溢利 | 182,627 | 150,309 |
| | | Number of shares 股份數目 | |
| | | 2020 2020年 | 2019 2019年 |
| Shares | 股份 | | |
| Weighted average number of ordinary shares in issue during the year | 年內已發行普通股的加權平均數 | 1,446,962,138 | 1,369,170,287 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

| | | Buildings | Motor vehicles | Office equipment and electronic device 辦公室設備及電子設備 | Leasehold improvements 租賃物業裝修 | Construction in process 在建工程 | 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 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| 31 December 2020 | 2020年12月31日 | | | | | | |
| At 1 January 2020 | 於2020年1月1日 | | | | | | |
| Cost | 成本 | 113,580 | 7,672 | 56,168 | 10,857 | 1,077,744 | 1,266,021 |
| Accumulated depreciation | 累計折舊 | (1,356) | (5,608) | (9,176) | (8,658) | - | (24,798) |
| Net carrying amount | 賬面淨值 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |
| At 1 January 2020, net of accumulated depreciation | 於2020年1月1日，扣除累計折舊 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |
| Additions | 添置 | 63,840 | 203 | 2,014 | 1,563 | 410,861 | 478,481 |
| Transfer from construction in progress | 轉撥自在建工程 | 654,015 | - | - | - | (654,015) | - |
| Transfer to investment properties (note 15) | 轉撥至投資物業(附註15) | - | - | - | - | (753,617) | (753,617) |
| Disposals | 出售 | - | (53) | (285) | (1,001) | - | (1,339) |
| Depreciation provided during the year (note 6) | 年內折舊撥備(附註6) | (15,408) | (830) | (6,632) | (331) | - | (23,201) |
| At 31 December 2020, net of accumulated depreciation | 於2020年12月31日，扣除累計折舊 | 814,671 | 1,384 | 42,089 | 2,430 | 80,973 | 941,547 |
| At 31 December 2020: | 於2020年12月31日： | | | | | | |
| Cost | 成本 | 831,435 | 7,822 | 57,897 | 11,419 | 80,973 | 989,546 |
| Accumulated depreciation | 累計折舊 | (16,764) | (6,438) | (15,808) | (8,989) | - | (47,999) |
| Net carrying amount | 賬面淨值 | 814,671 | 1,384 | 42,089 | 2,430 | 80,973 | 941,547 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

| | | Buildings | Motor vehicles | Office equipment and electronic device 辦公室設備及電子設備 | Leasehold improvements 租賃物業裝修 | Construction in process | Total |
|--|---------------------|------------------------|------------------------|--|----------------------------------|--------------------------|------------------------|
| | | 樓宇 RMB'000 人民幣千元 | 汽車 RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | 在建工程 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| 31 December 2019 | 2019年12月31日 | | | | | | |
| At 1 January 2019 | 於2019年1月1日 | | | | | | |
| Cost | 成本 | - | 6,610 | 10,903 | 12,046 | 352,721 | 382,280 |
| Accumulated depreciation | 累計折舊 | - | (5,060) | (6,171) | (8,407) | - | (19,638) |
| Net carrying amount | 賬面淨值 | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| At 1 January 2019, net of accumulated depreciation | 於2019年1月1日，扣除累計折舊 | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| Additions | 添置 | - | 783 | 2,653 | 447 | 719,138 | 723,021 |
| Acquisition of subsidiaries | 收購附屬公司 | 113,580 | 279 | 43,006 | - | 6,365 | 163,230 |
| Disposals of subsidiaries | 出售附屬公司 | - | - | (32) | - | - | (32) |
| Disposals | 出售 | - | - | (362) | (1,636) | (480) | (2,478) |
| Depreciation provided during the year (note 6) | 年內折舊撥備(附註6) | (1,356) | (548) | (3,005) | (251) | - | (5,160) |
| At 31 December 2019, net of accumulated depreciation | 於2019年12月31日，扣除累計折舊 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |
| At 31 December 2019: | 於2019年12月31日： | | | | | | |
| Cost | 成本 | 113,580 | 7,672 | 56,168 | 10,857 | 1,077,744 | 1,266,021 |
| Accumulated depreciation | 累計折舊 | (1,356) | (5,608) | (9,176) | (8,658) | - | (24,798) |
| Net carrying amount | 賬面淨值 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |

At 31 December 2020, certain of the Group's buildings with a net carrying amount of approximately RMB105,301,000 (2019: RMB112,224,000) were pledged to secure general banking facilities granted to the Group (note 31).

The amount of borrowing costs capitalised during the year ended 31 December 2020 was RMB11,217,000 (2019: RMB12,186,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 6.18%, which was the effective interest rate of the specific borrowings.

於2020年12月31日，本集團賬面淨值約為人民幣105,301,000元(2019年：人民幣112,224,000元)的若干樓宇已作抵押，以獲取授予本集團的一般銀行融資(附註31)。

於截至2020年12月31日止年度，資本化借款成本為人民幣11,217,000元(2019年：人民幣12,186,000元)。用於釐定可作資本化的借款成本金額的比率為6.18%，並作為指定借款的實際利率。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

14. INTANGIBLE ASSETS

14. 無形資產

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|--------------|--|--|
| Software | 軟件 | | |
| At the beginning of the year: | 於年初： | | |
| Cost | 成本 | 6,946 | 6,922 |
| Accumulated amortisation | 累計攤銷 | (1,239) | (558) |
| Net carrying amount | 賬面淨值 | 5,707 | 6,364 |
| Carrying amount at the beginning of the year | 於年初的賬面淨值 | 5,707 | 6,364 |
| Additions | 添置 | 2,087 | 21 |
| Acquisition of subsidiaries | 收購附屬公司 | - | 3 |
| Amortisation provided during the year (note 6) | 年內已撥備攤銷(附註6) | (710) | (681) |
| Carrying amount at the end the year | 於年末的賬面值 | 7,084 | 5,707 |
| At the end of the year: | 於年末： | | |
| Cost | 成本 | 9,033 | 6,946 |
| Accumulated amortisation | 累計攤銷 | (1,949) | (1,239) |
| Net carrying amount | 賬面淨值 | 7,084 | 5,707 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

15. INVESTMENT PROPERTIES

15. 投資物業

| | | Under construction 在建 RMB'000 人民幣千元 | Completed 已竣工 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|----------------------------|---|--------------------------------------|---------------------------------|
| Carrying amount at 1 January 2019 | 於2019年1月1日的賬面值 | – | 811,900 | 811,900 |
| Net gain from a fair value adjustment (note 6) | 公平值調整所得收益淨額 (附註6) | – | 106,300 | 106,300 |
| Carrying amount at 31 December 2019 and 1 January 2020 | 於2019年12月31日及2020年1月1日的賬面值 | – | 918,200 | 918,200 |
| Additions | 添置 | 75,268 | 284,428 | 359,696 |
| Transfer from property, plant and equipment (note 13) | 轉撥自物業、廠房及設備 (附註13) | 753,617 | – | 753,617 |
| Transfer from right-of-use assets (note 16) | 轉撥自使用權資產(附註16) | 107,332 | – | 107,332 |
| Transfer from completed properties held for sale (note 23) | 轉撥自持作出售的已竣工物業(附註23) | – | 509,834 | 509,834 |
| Net gain from a fair value adjustment | 公平值調整所得收益淨額 | 81,983 | 58,038 | 140,021 |
| Carrying amount at 31 December 2020 | 於2020年12月31日的賬面值 | 1,018,200 | 1,770,500 | 2,788,700 |

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB2,788,700,000 (2019: RMB918,200,000). The Group's senior finance manager and the chief financial officer 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 and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with an aggregate carrying amount of approximately RMB602,490,000 at 31 December 2020 (31 December 2019: RMB225,087,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

本集團的投資物業位於中國內地。本集團的投資物業乃基於獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司(「仲量聯行」)的評估於2020年12月31日重估為人民幣2,788,700,000元(2019年：人民幣918,200,000元)。本集團的高級財務經理及財務總監經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

於2020年12月31日，本集團總賬面值約人民幣602,490,000元(2019年12月31日：人民幣225,087,000元)的若干投資物業已質押，為本集團獲授的銀行及其他借款作抵押(附註31)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

15. 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 於2020年12月31日使用以下級別的公平值計量 | | | |
|---|----------------------|---|--|---|---------------------------------|
| | | Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Recurring fair value measurement for | 就以下項目進行的 經常性公平值計量 | | | | |
| Investment properties Under construction | 投資物業 在建 | - | - | 1,018,200 | 1,018,200 |
| Completed | 已竣工 | - | - | 1,770,500 | 1,770,500 |
| | | - | - | 2,788,700 | 2,788,700 |

| | | Fair value measurement as at 31 December 2019 using 於2019年12月31日使用以下級別的公平值計量 | | | |
|---|----------------------|---|--|---|---------------------------------|
| | | Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Recurring fair value measurement for | 就以下項目進行的 經常性公平值計量 | | | | |
| Investment properties Completed | 投資物業 已竣工 | - | - | 918,200 | 918,200 |
| | | - | - | 918,200 | 918,200 |

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).

於本年度，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(2019年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

15. INVESTMENT PROPERTIES (Continued)

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

15. 投資物業(續)

以下為投資物業估值所用的估值方法及主要輸入數據概要：

| | Valuation techniques 估值技術 | Significant unobservable inputs 重大不可觀察輸入數據 | Range or weighted average 範圍或加權平均 | |
|--|------------------------------|--|--|------------------------------|
| | | | 2020 2020年 | 2019 2019年 |
| Completed commercial properties 已竣工商業物業 | Income method 收入法 | Estimated rental value (RMB per sq.m. and per month) 估計租金 (人民幣 平方米及人民幣 月) | RMB31-122 人民幣 31 元至 122 元 | RMB22-176 人民幣22元至 176元 |
| | | Capitalisation rate 資本化比率 | 1.6%-6% | 5.0%-6.0% |
| | | Long term vacancy rate 長期空置率 | 3%-15% | 5.0%-12.0% |
| | | Discount rate 折現率 | 4.3%-5.3% | 4.75%-5.5% |
| Commercial properties under construction 在建商業物業 | Comparison method 比較法 | Expected profit margin 預期利潤率 | 12.5% | N/A 不適用 |
| | | Estimated land price (RMB per sq.m.) 估計地價 (人民幣 平方米) | RMB2,594-11,075 人民幣 2,594 元至 11,075 元 | N/A 不適用 |

The fair value of completed commercial properties is determined by the income method by taking into account the net 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 has also been made to the comparable sales transactions as available in the relevant market.

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 in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

已竣工商業物業的公平值乃通過收入法釐定，方法是通過計及有關物業因現有租約而產生及或在現行市況下可能取得的租金收入淨額(就租約的潛在續租收入作出充分撥備)，然後加以資本化，以按適當的資本化比率釐定公平值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

估計租金大幅增加(減少)將導致投資物業的公平值大幅增加(減少)。資本化比率單獨大幅增加(減少)將導致投資物業的公平值大幅減少(增加)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

15. INVESTMENT PROPERTIES (Continued)

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction costs and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction costs, the lower the fair value of the investment properties under construction would result.

The fair value of the commercial properties under construction is determined by using the comparison method, and with reference to sales transactions as available in the relevant market, comparable land in close proximity has been selected and adjustments have been made to account for the difference in factors such as location and property size.

The higher the estimated land price, the higher is the fair value of the investment properties under construction.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, machinery and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 35 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings and machinery generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms of 2 years.

15. 投資物業(續)

在建商業物業的公平值使用比較法釐定，經參考相關市場上可獲得的可資比較交易個案並(如適用)經扣除以下項目後得出物業的公平值(假設其已竣工)：

- 市場參與者完成物業將產生的估計建築成本及專業費用；及
- 市場參與者將房地產開發至竣工所要求持有的估計利潤率。

估計建築成本越高，則在建投資物業公平值越低。

在建商業物業的公平值使用比較法釐定並經參考相關市場上可獲得的銷售交易，已選擇鄰近的可資比較土地，並已作出調整以計及位置及物業規模等因素的差異。

估計地價越高，則在建投資物業公平值越高。

16. 租約

本集團作為承租人

本集團擁有其經營活動中所用的多項樓宇、機器及車輛的租賃合約。提早作出一次性付款向擁有人收購租賃期為35至50年的租賃土地，且將不會根據該等土地租賃的條款作出持續付款。樓宇及機器租賃的租賃期通常為2至5年，而車輛的租賃期通常為2年。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

16. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

| | | Prepaid land lease payments 預付土地 租賃付款 RMB'000 人民幣千元 | Plant and machinery 樓宇及機器 RMB'000 人民幣千元 | Motor vehicles 車輛 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|----------------------------|---|---|---|---------------------------------|
| As at 1 January 2019 | 於2019年1月1日 | 263,870 | 20,123 | 766 | 284,759 |
| Additions | 添置 | - | 2,483 | - | 2,483 |
| Additions as a result of acquisition of a subsidiary | 收購一間附屬公司 所致的添置 | 9,328 | 312 | - | 9,640 |
| Depreciation charge (note 6) | 折舊費用(附註6) | (5,439) | (9,890) | (379) | (15,708) |
| As at 31 December 2019 and and 1 January 2020 | 於2019年12月31日及 2020年1月1日 | 267,759 | 13,208 | 387 | 281,354 |
| Additions | 添置 | - | 7,818 | - | 7,818 |
| Transferred to investment properties completed (note 15) | 轉撥至已竣工投資 物業(附註15) | (107,332) | - | - | (107,332) |
| Reassessment of lease contracts — termination | 重新評估租賃合約 — 終止 | - | (2,553) | - | (2,553) |
| Depreciation charge (note 6) | 折舊費用(附註6) | (3,342) | (11,803) | (387) | (15,532) |
| As at 31 December 2020 | 於2020年12月31日 | 157,085 | 6,670 | - | 163,755 |

As of 31 December 2020, certain of the Group's right-of-use assets with an aggregate carrying amount of RMB8,834,000 (2019: RMB107,332,000) have been pledged to secure bank and other borrowings granted to the Group, which are disclosed in note 31.

截至2020年12月31日，本集團總賬面值為人民幣8,834,000元(2019年：人民幣107,332,000元)的若干使用權資產已質押，為本集團獲授的銀行及其他借款作出抵押(披露於附註31)。

16. 租約(續)

本集團作為承租人(續)

(a) 使用權資產

本集團的使用權資產的賬面值及年內變動如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

16. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the years are as follows:

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Carrying amount at 1 January | 於1月1日的賬面值 | 19,898 | 19,642 |
| New leases | 新租賃 | 7,818 | 2,483 |
| Accretion of interest recognised during the year (note 7) | 年內已確認的利息增幅(附註7) | 1,042 | 1,268 |
| Reassessment of lease contracts termination | 重新評估租賃合約終止 | (2,545) | - |
| Transfer to other payables | 轉撥至其他應付款項 | (10,501) | - |
| Payments | 付款 | (7,005) | (3,785) |
| Carrying amount at 31 December | 於12月31日的賬面值 | 8,707 | 19,898 |
| Analysed into: | 分析為: | | |
| Current portion | 即期部分 | 5,164 | 16,826 |
| Non-current portion | 非即期部分 | 3,543 | 3,072 |

(c) The amounts recognised in profit or loss in relation to leases are as follows:

| | | 2020 2020年 RMB'000 人民幣千元 |
|---|---------------------------------|-----------------------------------|
| Interest on lease liabilities (note 7) | 租賃負債利息(附註7) | 1,042 |
| Expense relating to short-term leases and leases of low-value assets (included in administrative expenses) (note 6) | 與短期租賃及低價值資產租賃相關的開支(計入行政開支)(附註6) | 2,199 |
| Depreciation charge of right-of-use assets (note 6) | 使用權資產的折舊費用(附註6) | 15,532 |
| Total amount recognised in profit or loss | 於損益中確認的款項總額 | 18,773 |

The total cash outflow for leases is disclosed in note 35 (c) to the financial statements.

租賃的現金流出總額披露於財務報表附註35(c)。

16. 租約(續)

本集團作為承租人(續)

(b) 租賃負債

租賃負債的賬面值及年內變動如下:

| | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Carrying amount at 1 January | 19,898 | 19,642 |
| New leases | 7,818 | 2,483 |
| Accretion of interest recognised during the year (note 7) | 1,042 | 1,268 |
| Reassessment of lease contracts termination | (2,545) | - |
| Transfer to other payables | (10,501) | - |
| Payments | (7,005) | (3,785) |
| Carrying amount at 31 December | 8,707 | 19,898 |
| Analysed into: | | |
| Current portion | 5,164 | 16,826 |
| Non-current portion | 3,543 | 3,072 |

(c) 於損益中確認的租賃相關款項如下:

| | 2020 2020年 RMB'000 人民幣千元 |
|---|-----------------------------------|
| Interest on lease liabilities (note 7) | 1,042 |
| Expense relating to short-term leases and leases of low-value assets (included in administrative expenses) (note 6) | 2,199 |
| Depreciation charge of right-of-use assets (note 6) | 15,532 |
| Total amount recognised in profit or loss | 18,773 |

租賃的現金流出總額披露於財務報表附註35(c)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

16. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in Nanjing 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 RMB16,360,000 (2019: RMB3,205,000), 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:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|---------|--|--|
| Within one year | 一年內 | 42,526 | 19,097 |
| After one year but within two years | 一年後但兩年內 | 72,376 | 30,149 |
| After two years but within three years | 兩年後但三年內 | 74,961 | 52,520 |
| After three years but within four years | 三年後但四年內 | 77,254 | 55,104 |
| After four years but within five years | 四年後但五年內 | 80,884 | 57,089 |
| After five years | 五年後 | 678,512 | 487,186 |
| | | 1,026,513 | 701,145 |

17. INVESTMENTS IN JOINT VENTURES

Share of net assets 應佔資產淨值

The Group's trade receivable and payable balances with joint ventures are disclosed in note 40 to the financial statements. There was no recent history of default and past due amounts for loans to joint ventures. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

16. 租約(續)

本集團作為出租人

本集團根據經營租賃安排出租其位於南京的投資物業(附註15),其中包括兩處商業物業。租賃條款通常要求租戶支付按金,並根據現行市況定期調整租金。本集團於年內確認的租金收入為人民幣16,360,000元(2019年:人民幣3,205,000元),詳情載於財務報表附註5。

於2020年12月31日,本集團與租戶於不可撤銷的經營租賃下於未來期間應收的未折現租賃付款如下:

17. 於合營企業的投資

| | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|----------------------------|--|--|
| Share of net assets 應佔資產淨值 | 180,725 | 78,103 |

本集團與合營企業的貿易應收款項及應付款項結餘於財務報表附註40披露。近期並無違約記錄及拖欠合營企業貸款的逾期金額。於2020年及2019年12月31日,虧損撥備評估為最低。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

As at 31 December 2020, the Group provided guarantees of RMB552,000,000 to banks and other institutions in connection with financial facilities granted to joint ventures (2019: RMB1,915,592,000). The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant.

(a) Particulars of the Group's joint ventures are as follows:

2020

| Names 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|------------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 杭州銀嘉涵企業管理有限責任 公司(「杭州銀嘉涵」) | 30,000 | PRC/ Hangzhou, China 2020 | 45% (note d) | 45% | 45% | Property development |
| 杭州銀嘉涵企業管理有限責任 公司(「杭州銀嘉涵」) | 30,000 | 中國 中國杭州 2020年 | 45% (附註d) | 45% | 45% | 物業開發 |
| 蘇州恒萬置地有限公司 (「蘇州恒萬」) | 180,000 | PRC/ Suzhou, China 2017 | 16.7% (note b) | 16.7% | 16.7% | Property development |
| 蘇州恒萬置地有限公司 (「蘇州恒萬」) | 180,000 | 中國 中國蘇州 2017年 | 16.7% (附註b) | 16.7% | 16.7% | 物業開發 |
| 蘇州立泰置業有限公司 (「蘇州立泰」) | 100,000 | PRC/ Suzhou, China 2018 | 20.01% (note c) | 20.01% | 20.01% | Property development |
| 蘇州立泰置業有限公司 (「蘇州立泰」) | 100,000 | 中國 中國蘇州 2018年 | 20.01% (附註c) | 20.01% | 20.01% | 物業開發 |
| 溫州金瑤置業有限公司 (「溫州金瑤」) | 26,100 | PRC/ Wenzhou, China 2020 | 40% (note e) | 40% | 40% | Property development |
| 溫州金瑤置業有限公司 (「溫州金瑤」) | 26,100 | 中國 中國溫州 2020年 | 40% (附註e) | 40% | 40% | 物業開發 |

17. 於合營企業的投資(續)

於2020年12月31日，本集團就授予合營企業的財務融資向銀行及其他機構提供擔保人民幣552,000,000元(2019年：人民幣1,915,592,000元)。本公司董事認為，由於公平值並不重大，故毋須就該等擔保作出撥備。

(a) 本集團合營企業的詳情如下：

2020年

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

2020 (Continued)

Note a: Pursuant to an agreement between the Group and 南京聖鷹置業有限公司(「南京聖鷹」), on 25 December 2020, the Group transferred 85% equity interests in 南京銀嘉匯, a subsidiary of the Group which holds the equity interests in 南京佳佑城, to 南京聖鷹. After the equity transfer, 南京佳佑城 is no longer a joint venture of the Group.

Note b: As at 31 December 2020 and 2019, 蘇州恒萬 had six shareholders, each holding 16.70%, 16.66%, 16.66%, 16.66%, 16.66% and 16.66% equity interests, respectively. Pursuant to the articles of association of 蘇州恒萬, all shareholder resolutions of 蘇州恒萬 shall be resolved by the six shareholders on a unanimous basis. In light of this requirement, 蘇州恒萬 is accounted for as a joint venture of the Company notwithstanding that the Company held a 16.7% equity interest as at 31 December 2020.

Note c: As at 31 December 2020 and 2019, Suzhou Litai had five shareholders holding 20.01%, 20%, 20%, 20% and 19.99% equity interests, respectively. Pursuant to the articles of association of 蘇州立泰, all shareholder resolutions of 蘇州立泰 shall be resolved by the five shareholders on a unanimous basis. In light of this requirement, 蘇州立泰 is accounted for as a joint venture of the Company notwithstanding that the Company held a 20.01% equity interest as at 31 December 2020.

Note d: The Group acquired 45% equity from 德信地產集團有限公司 on 25 December 2020. The Group owned 45% of the voting rights and all shareholder resolutions of 杭州銀嘉涵 shall be resolved by the two shareholders on a unanimous basis. In light of this requirement, 杭州銀嘉涵 is accounted for as a joint venture.

Note e: The Group acquired 40% equity from 杭州科昉商務諮詢有限公司 on 15 September 2020. The Group owned 40% of the voting rights and all shareholder resolutions of 溫州金瑤 shall be resolved by the two shareholders on a unanimous basis. In light of this requirement, 溫州金瑤 is accounted for as a joint venture.

17. 於合營企業的投資(續)

(a) 本集團合營企業的詳情如下:(續)

2020年(續)

附註a: 根據本集團與南京聖鷹置業有限公司(「南京聖鷹」)於2020年12月25日訂立的一項協議,本集團轉讓其附屬公司南京銀嘉匯的85%股權予南京聖鷹,而南京銀嘉匯於南京佳佑城持有股權。於股權轉讓後,南京佳佑城不再為本集團的合營企業。

附註b: 於2020年及2019年12月31日,蘇州恒萬有六名股東,各自分別持有16.70%、16.66%、16.66%、16.66%、16.66%及16.66%股權。根據蘇州恒萬的組織章程細則,蘇州恒萬的所有股東決議案須由六名股東一致議決。鑒於該規定,蘇州恒萬入賬列為本公司的合營企業,儘管本公司於2020年12月31日持有其16.7%股權。

附註c: 於2020年及2019年12月31日,蘇州立泰有五名股東,分別持有20.01%、20%、20%、20%及19.99%股權。根據蘇州立泰的組織章程細則,蘇州立泰的所有股東決議案須由五名股東一致議決。鑒於該規定,蘇州立泰入賬列為本公司的合營企業,儘管本公司於2020年12月31日持有其20.01%股權。

附註d: 本集團於2020年12月25日收購德信地產集團有限公司的45%股權。本集團擁有45%的投票權及杭州銀嘉涵的所有股東決議案須由兩名股東一致議決。鑒於該規定,杭州銀嘉涵入賬列為合營企業。

附註e: 本集團於2020年9月15日收購杭州科昉商務諮詢有限公司40%股權。本集團擁有40%投票權及溫州金瑤的所有股東決議案須由兩名股東一致議決。鑒於該規定,溫州金瑤入賬列為合營企業。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (b) 蘇州恒萬, which was considered a material joint venture of the Group for the years ended 31 December 2020 and 31 December 2019, the Group co-develops a property development project with the other joint venture partner in Mainland China and 蘇州恒萬 is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 蘇州恒萬 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 153,183 | 261,564 |
| Other current assets | 其他流動資產 | 336,424 | 1,268,837 |
| Total current assets | 流動資產總額 | 489,607 | 1,530,401 |
| Non-current assets | 非流動資產 | 7 | 17,438 |
| Current liabilities | 流動負債 | (178,009) | (1,405,076) |
| Non-current liabilities | 非流動負債 | - | - |
| Net assets | 資產淨值 | 311,605 | 142,763 |
| Reconciliation to the Group's interest in the joint venture: | 與本集團於合營企業的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 16.7% | 16.7% |
| Group's share of net assets of the joint venture | 本集團應佔合營企業資產淨值 | 52,038 | 23,841 |
| | | 52,038 | 23,841 |
| Revenue | 收益 | 1,171,189 | 1,624 |
| Cost/expenses | 成本 開支 | (995,667) | (21,455) |
| Taxes | 稅項 | (6,680) | 4,958 |
| Net profit/(loss) and other comprehensive income/(loss) for the year | 年內淨溢利 (虧損)及其他全面收益 (虧損) | 168,842 | (14,873) |

17. 於合營企業的投資(續)

- (b) 蘇州恒萬(截至2020年12月31日及2019年12月31日止年度被視為本集團的重大合營企業)與中國內地的另一名合營企業夥伴共同開發一個房地產開發項目,採用權益法入賬。

下表列示有關蘇州恒萬的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (c) 南京佳佑城, which was considered a material joint venture of the Group for the year ended 31 December 2019, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京佳佑城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | | 190,060 |
| Other current assets | 其他流動資產 | | 3,075,890 |
| Total current assets | 流動資產總額 | | 3,265,950 |
| Non-current assets | 非流動資產 | | 99 |
| Current liabilities | 流動負債 | | (1,926,202) |
| Non-current liabilities | 非流動負債 | | (1,265,609) |
| Net assets | 資產淨值 | | 74,238 |
| Reconciliation to the Group's interest in the joint venture: | 與本集團於合營企業的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | | 50% |
| Group's share of net assets of the joint venture | 本集團應佔合營企業資產淨值 | | 37,119 |
| | | | 37,119 |
| Revenue | 收益 | 1,082,459 | 35,353 |
| Cost/expenses | 成本 開支 | (1,155,241) | (30,209) |
| Taxes | 稅項 | - | (1,286) |
| Net profit/(loss) and other comprehensive income/(loss) for the year | 年內淨溢利 (虧損)及其他全面收益 (虧損) | (72,782) | 3,858 |

At 31 December 2020, 南京佳佑城 was no longer a joint venture of the Group (note 17(a) note a).

17. 於合營企業的投資(續)

- (c) 南京佳佑城(截至2019年12月31日止年度被視為本集團的重大合營企業)與中國內地的另一名合營企業夥伴共同開發一個房地產開發項目,採用權益法入賬。

下表列示有關南京佳佑城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

於2020年12月31日,南京佳佑城不再為本集團的合營企業。(附註17(a)附註a)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (d) 溫州金瑤, which was considered a material joint venture of the Group for the year ended 31 December 2020, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 溫州金瑤 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

17. 於合營企業的投資(續)

- (d) 溫州金瑤(截至2020年12月31日止年度被視為本集團的重大合營企業)與中國內地的另一名合營企業夥伴共同開發一個房地產開發項目,採用權益法入賬。

下表列示有關溫州金瑤的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 143,903 |
| Other current assets | 其他流動資產 | 716,411 |
| Total current assets | 流動資產總額 | 860,314 |
| Non-current assets | 非流動資產 | 1,026 |
| Current liabilities | 流動負債 | (223,132) |
| Non-current liabilities | 非流動負債 | (390,000) |
| Net assets | 資產淨值 | 248,208 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 40% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 99,283 |
| | | 99,283 |
| Revenue | 收益 | - |
| Cost/expenses | 成本 開支 | (12,792) |
| Tax | 稅項 | - |
| Net loss and other comprehensive loss for the year | 年內淨虧損及其他全面虧損 | (12,792) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(e) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-------------------|--|--|
| Share of the joint ventures' loss for the year | 年內應佔合營企業虧損 | 4,160 | (14,885) |
| Share of the joint ventures' total comprehensive income/(expense) | 應佔合營企業的全面收益(開支)總額 | 4,160 | (14,885) |
| Aggregate carrying amount of the Group's investments in the joint ventures | 本集團於合營企業投資的賬面總值 | 29,404 | 17,143 |

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in joint ventures are considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

本公司董事認為，因於合營企業的投資被視為可悉數收回，故於2020年12月31日毋須作出減值撥備(2019年：無)。該等合營企業已於該等財務報表內使用權益法入賬。

18. INVESTMENTS IN ASSOCIATES

The Group's trade receivable and payable balances with associates are disclosed in note 40 to the financial statements. There was no recent history of default and past due amounts for loans to associates. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

As at 31 December 2020, the Group provided guarantees of RMB 1,915,592,000 to banks and other institutions in connection with financial facilities granted to associates (2019: RMB492,000,000). The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant.

17. 於合營企業的投資(續)

(e) 下表列示個別並不重大的本集團合營企業的匯總財務資料：

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-------------------|--|--|
| Share of the joint ventures' loss for the year | 年內應佔合營企業虧損 | 4,160 | (14,885) |
| Share of the joint ventures' total comprehensive income/(expense) | 應佔合營企業的全面收益(開支)總額 | 4,160 | (14,885) |
| Aggregate carrying amount of the Group's investments in the joint ventures | 本集團於合營企業投資的賬面總值 | 29,404 | 17,143 |

本公司董事認為，因於合營企業的投資被視為可悉數收回，故於2020年12月31日毋須作出減值撥備(2019年：無)。該等合營企業已於該等財務報表內使用權益法入賬。

18. 於聯營公司的投資

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---------------------|--------|--|--|
| Share of net assets | 應佔資產淨值 | 2,142,510 | 910,513 |

本集團與聯營公司的貿易應收款項及應付款項結餘於財務報表附註40披露。向聯營公司貸款近期無拖欠記錄及逾期金額。於2020年及2019年12月31日，虧損撥備被評估為甚微。

於2020年12月31日，本集團就授予聯營公司的財務融資向銀行及其他機構提供擔保人民幣1,915,592,000元(2019年：人民幣492,000,000元)。本公司董事認為，由於公平值並不重大，故毋須就該等擔保作出撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows:

2020

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|-----------------------------|---|--|---------------------------|---------------------|------------------------|------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | PRC/ Nanjing, China 2014 | 49% | 49% | 49% | Property development |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | 中國 中國南京 2014年 | 49% | 49% | 49% | 物業開發 |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | PRC/ Maanshan, China 2018 | 50% | 30% | 50% | Property development |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | 中國 中國馬鞍山 2018年 | 50% | 30% | 50% | 物業開發 |
| 蘇州業方房地產開發有限公司 ("蘇州業方") | 100,000 | PRC/ Suzhou, China 2017 | 19.99% | 19.99% | 19.99% | Property development |
| 蘇州業方房地產開發有限公司 ("蘇州業方") | 100,000 | 中國 中國蘇州 2017年 | 19.99% | 19.99% | 19.99% | 物業開發 |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | PRC/ Hefei, China 2018 | 50% (note a) | 49% | 50% | Property development |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | 中國 中國合肥 2018年 | 50% (附註a) | 49% | 50% | 物業開發 |
| 無錫齊珂置業有限公司 ("無錫齊珂") | 20,000 | PRC/ Wuxi, China 2019 | 49% (note b) | 49% | 49% | Property development |
| 無錫齊珂置業有限公司 ("無錫齊珂") | 20,000 | 中國 中國無錫 2019年 | 49% (附註b) | 49% | 49% | 物業開發 |

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下：

2020年

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2020 (Continued)

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|------------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京江雁元錦置業發展有限公司 ("南京江雁元錦") | 463,725 | PRC/ Nanjing, China 2019 | 33% (note c) | 15% | 33% | Property development |
| 南京江雁元錦置業發展有限公司 ("南京江雁元錦") | 463,725 | 中國 中國南京 2019年 | 33% (附註c) | 15% | 33% | 物業開發 |
| 南京孔雀城房地產開發有限公司 ("南京孔雀城") | 147,059 | PRC/ Nanjing, China 2019 | 33% (note d) | 15% | 33% | Property development |
| 南京孔雀城房地產開發有限公司 ("南京孔雀城") | 147,059 | 中國 中國南京 2019年 | 33% (附註d) | 15% | 33% | 物業開發 |
| 台州市美泰房地產開發有限公司 ("台州美泰") | 120,000 | PRC/ Taizhou, China 2019 | 40% (note e) | 40% | 40% | Property development |
| 台州市美泰房地產開發有限公司 ("台州美泰") | 120,000 | 中國 中國台州 2019年 | 40% (附註e) | 40% | 40% | 物業開發 |
| 合肥盛恩房地產開發有限公司 ("合肥盛恩") | 20,000 | PRC/ Hefei, China 2018 | 33% (note f) | 33% | 33% | Property development |
| 合肥盛恩房地產開發有限公司 ("合肥盛恩") | 20,000 | 中國 中國合肥 2018年 | 33% (附註f) | 33% | 33% | 物業開發 |
| 南京頤城房地產開發有限公司 ("南京頤城") | 20,000 | PRC/ Nanjing, China 2019 | 30% (note g) | 30% | 30% | Property development |
| 南京頤城房地產開發有限公司 ("南京頤城") | 20,000 | 中國 中國南京 2019年 | 30% (附註g) | 30% | 30% | 物業開發 |

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2020年(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2020 (Continued)

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|-----------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 上海雋岳置業有限公司 ("上海雋岳") | 50,000 | PRC/ Shanghai, China 2020 | 40% (note h) | 40% | 40% | Property development |
| 上海雋岳置業有限公司 ("上海雋岳") | 50,000 | 中國 中國上海 2020年 | 40% (附註h) | 40% | 40% | 物業開發 |
| 杭州凱琰企業管理有限公司 ("杭州凱琰") | 40,000 | PRC/ Hangzhou, China 2020 | 29.7% (note i) | 29.7% | 29.7% | Property development |
| 杭州凱琰企業管理有限公司 ("杭州凱琰") | 40,000 | 中國 中國杭州 2020年 | 29.7% (附註i) | 29.7% | 29.7% | 物業開發 |
| 南京銀雁房地產開發有限公司 ("南京銀雁") | 20,000 | PRC/ Nanjing, China 2020 | 16.5% (note j) | 12.25% | 16.5% | Property development |
| 南京銀雁房地產開發有限公司 ("南京銀雁") | 20,000 | 中國 中國南京 2020年 | 16.5% (附註j) | 12.25% | 16.5% | 物業開發 |
| 江寧區瑞洲房地產開發有限公司 ("江寧區瑞洲") | 20,000 | PRC/ Nanjing, China 2020 | 20% (note k) | 20% | 20% | Property development |
| 江寧區瑞洲房地產開發有限公司 ("江寧區瑞洲") | 20,000 | 中國 中國南京 2020年 | 20% (附註k) | 20% | 20% | 物業開發 |

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2020年(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2020 (Continued)

Note (a): Under a co-operation agreement entered into between the Group and 合肥旭輝企業管理有限公司 on 7 December 2018, 合肥銀弘 is a project company in which the Group and 合肥旭輝企業管理有限公司 each holds 50% equity interests, respectively. 合肥銀弘 is accounted as an associate of the Group as the Group only exercises significant influence on it according to the articles of association of 合肥銀弘.

Note (b): The Group established 無錫齊珂 in cooperation with 南京齊珂置業有限公司 on 5 March 2019. 無錫齊珂 is accounted as an associate of the Group as the Group owns 49% of the voting rights and only exercises significant influence on 無錫齊珂 according to the articles of association.

Note (c): On 31 August 2019, the Group established 南京江雁元錦 with Nanjing Xiaguan Urban Cons. & Dev. (Group) Co., Ltd. and Langfang Jingyu Real Estate Development Co., Ltd. with 33% interests. 南京江雁元錦 is accounted as an associate of the Group as the Group owns 15% of the voting rights and only exercises significant influence on 南京江雁元錦 according to the articles of association.

Note (d): On 31 August 2019, the Group established 南京孔雀城 with Nanjing Xiaguan Urban Cons. & Dev. (Group) Co., Ltd. and Langfang Jingyu Real Estate Development Co., Ltd. with 33% interests. 南京孔雀城 is accounted as an associate of the Group as the Group owns 15% of the voting rights and only exercises significant influence on 南京孔雀城 according to the articles of association.

Note (e): The Group established 台州美泰 in cooperation with 寧波市梅山美的房地產發展有限公司 on 16 April 2019. 台州美泰 is accounted as an associate of the Group as the Group owns 40% of the voting rights and only exercises significant influence on 台州美泰 according to the articles of association.

Note (f): The Group acquired 33% equity from 合肥盛恩 on 28 August 2019. 合肥盛恩 is accounted as an associate of the Group, as the Group owns 33% of the voting rights and only exercises significant influence on 合肥盛恩 according to the articles of association.

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2020年(續)

附註(a): 根據本集團與合肥旭輝企業管理有限公司於2018年12月7日訂立的合作協議,合肥銀弘為本集團與合肥旭輝企業管理有限公司各自分別持有50%權益之項目公司。由於本集團僅根據合肥銀弘之組織章程細則對其施加重大影響,故合肥銀弘入賬列作本集團之聯營公司。

附註(b): 本集團於2019年3月5日與南京齊珂置業有限公司合作成立無錫齊珂。由於本集團擁有49%投票權及僅根據組織章程細則對無錫齊珂施加重大影響,故無錫齊珂入賬列作本集團之聯營公司。

附註(c): 於2019年8月31日,本公司與南京下關城市建設開發(集團)有限公司及廊坊京禦房地產開發有限公司成立南京江雁元錦,而本集團持有33%權益。由於本集團擁有15%投票權及僅根據組織章程細則對南京江雁元錦施加重大影響,故南京江雁元錦入賬列作本集團之聯營公司。

附註(d): 於2019年8月31日,本公司與南京下關城市建設開發(集團)有限公司及廊坊京禦房地產開發有限公司成立南京孔雀城,而本集團持有33%權益。由於本集團擁有15%投票權及僅根據組織章程細則對南京孔雀城施加重大影響,故南京孔雀城入賬列作本集團之聯營公司。

附註(e): 本集團於2019年4月16日與寧波市梅山美的房地產發展有限公司合作成立台州美泰。由於本集團擁有40%投票權及僅根據組織章程細則對台州美泰施加重大影響,故台州美泰入賬列作本集團之聯營公司。

附註(f): 於2019年8月28日,本集團收購合肥盛恩33%股權。合肥盛恩被視為本集團的聯營公司,原因為根據組織章程細則,本集團擁有33%的投票權,且僅對合肥盛恩有重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2020 (Continued)

Note (g): On 30 October 2019, the Group established 南京頤城 with 南京國資投資置業有限公司 with 35% interest and voting rights in 南京頤城. On 1 January 2020, 南京頤城 added a new shareholder, 南京市鴻悅置業有限公司 with 36% interest, since then interest and voting rights of the Company in 南京頤城 have become 30%. 南京頤城 is accounted as an associate because the Group only exercises significant influence on it.

Note (h): The Group acquired 40% equity from 上海雋朗房地產開發有限公司 on 24 April 2020. 上海雋岳 is accounted as an associate of the Group, as the Group owned 40% of the voting rights and only exercises significant influence on 上海雋岳 according to the articles of association.

Note (i): The Group acquired 45% equity interests in 杭州凱琰 from 杭州凱乾企業管理有限公司 on 19 May 2020. On 17 June 2020 嘉興槓里投資合夥企業(有限合夥) ("嘉興槓里") made capital injection into 杭州凱琰 which led to 34% equity interests held by 嘉興槓里, and the equity interest held by the Group in 杭州凱琰 reduced to 29.7%. 杭州凱琰 is accounted for as an associate of the Group as the Group owns 29.7% of the voting rights and only exercises significant influence on 杭州凱琰 according to the articles of association.

Note (j): The Group established 南京銀雁 in cooperation with 南京市下關城市建設開發(集團)有限公司, 南京濱江雅居樂房地產開發有限公司 and 杭州市城建開發集團有限公司 on 30 September 2020. 南京銀雁 is accounted for as an associate of the Group as the Group owns 12.25% of the voting rights and only exercises significant influence on 南京銀雁 according to the articles of association.

Note (k): The Group established 江寧區瑞洲 in cooperation with 南京中南新錦城房地產開發有限公司, 南京綠祥置業有限公司 and 上海辰景企業發展有限公司 on 25 November 2020. 江寧區瑞洲 is accounted as an associate of the Group as the Group owns 20% of the voting rights and only exercises significant influence on 江寧區瑞洲 according to the articles of association.

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2020年(續)

附註(g): 於2019年10月30日,本集團與南京國資投資置業有限公司成立南京頤城,並持有南京頤城35%權益及投票權。於2020年1月1日,南京頤城新增一名股東南京市鴻悅置業有限公司,並持有南京市鴻悅置業有限公司36%權益,自此本公司於南京頤城的權益及投票權變為30%。由於本集團僅對其實施重大影響,故南京頤城入賬列作聯營公司。

附註(h): 本集團於2020年4月24日收購上海雋朗房地產開發有限公司的40%股權。由於根據組織章程大綱本集團擁有40%投票權並僅對上海雋岳實施重大影響,故上海雋岳入賬列作本集團的聯營公司。

附註(i): 本集團於2020年5月19日自杭州凱乾企業管理有限公司收購杭州凱琰的45%股權。於2020年6月17日,嘉興槓里投資合夥企業(有限合夥)("嘉興槓里")注資予杭州凱琰,導致嘉興槓里持有34%股權,而本集團於杭州凱琰所持有的股權減至29.7%。由於本集團擁有29.7%投票權及僅根據組織章程細則對杭州凱琰施加重大影響,故杭州凱琰入賬列作本集團之聯營公司。

附註(j): 本集團於2020年9月30日與南京市下關城市建設開發(集團)有限公司、南京濱江雅居樂房地產開發有限公司及杭州市城建開發集團有限公司合作成立南京銀雁。由於本集團擁有12.25%投票權及僅根據組織章程細則對南京銀雁施加重大影響,故南京銀雁入賬列作本集團之聯營公司。

附註(k): 本集團於2020年11月25日與南京中南新錦城房地產開發有限公司、南京綠祥置業有限公司及上海辰景企業發展有限公司合作成立江寧區瑞洲。由於本集團擁有20%投票權及僅根據組織章程細則對江寧區瑞洲施加重大影響,故江寧區瑞洲入賬列作本集團之聯營公司。

銀城國際控股有限公司 221
二零二零年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (b) 南京旭城, which was considered a material associate of the Group for the years ended 31 December 2020 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京旭城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (b) 南京旭城(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關南京旭城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 17,802 | 5,452 |
| Other current assets | 其他流動資產 | 698,966 | 680,617 |
| Total current assets | 流動資產總額 | 716,768 | 686,069 |
| Non-current assets | 非流動資產 | - | 1 |
| Current liabilities | 流動負債 | (150,417) | (142,647) |
| Non-current liabilities | 非流動負債 | - | - |
| Net assets | 資產淨值 | 566,351 | 543,423 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 49% | 49% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 277,512 | 266,277 |
| | | 277,512 | 266,277 |
| Revenue | 收益 | 35,642 | 16,966 |
| Cost/expenses | 成本 開支 | (5,071) | (1,368) |
| Taxes | 稅項 | (7,643) | 64,997 |
| Net profit and other comprehensive income for the year | 年內純利及其他全面收益 | 22,928 | 80,595 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (c) 和縣孔雀湖, which was considered a material associate of the Group for the years ended 31 December 2020 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 和縣孔雀湖 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (c) 和縣孔雀湖(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關和縣孔雀湖的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 121,185 | 173,603 |
| Other current assets | 其他流動資產 | 1,328,127 | 1,123,008 |
| Total current assets | 流動資產總額 | 1,449,312 | 1,296,691 |
| Non-current assets | 非流動資產 | 10,525 | 6,633 |
| Current liabilities | 流動負債 | (991,070) | (833,262) |
| Non-current liabilities | 非流動負債 | (115) | - |
| Net assets | 資產淨值 | 468,652 | 470,062 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 50% | 50% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 234,326 | 235,031 |
| | | 234,326 | 235,031 |
| Revenue | 收益 | 460,273 | - |
| Cost/expenses | 成本 開支 | (461,683) | (1,903) |
| Tax | 稅項 | - | - |
| Net loss and other comprehensive loss for the year | 年內淨虧損及其他全面虧損 | (1,410) | (1,903) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (d) 合肥銀弘, which was considered a material associate of the Group for the years ended 31 December 2020 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 合肥銀弘 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statement:

18. 於聯營公司的投資(續)

- (d) 合肥銀弘(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關合肥銀弘的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 205,391 | 212,504 |
| Other current assets | 其他流動資產 | 394,758 | 682,080 |
| Total current assets | 流動資產總額 | 600,149 | 894,584 |
| Non-current assets | 非流動資產 | 277 | 429 |
| Current liabilities | 流動負債 | (262,555) | (478,260) |
| Non-current liabilities | 非流動負債 | (83,100) | (277,000) |
| Net assets | 資產淨值 | 254,771 | 139,753 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 50% | 50% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 127,385 | 69,876 |
| | | 127,385 | 69,876 |
| Revenue | 收益 | 949,030 | - |
| Cost/expenses | 成本 開支 | (795,618) | (13,474) |
| Tax | 稅項 | (38,394) | 3,227 |
| Net profit/(loss) and other comprehensive income/(loss) for the year | 年內淨溢利 (虧損)及其他全面收益 (虧損) | 115,018 | (10,247) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (e) 南京頤城, which was considered a material associate of the Group for the years ended 31 December 2020 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京頤城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (e) 南京頤城(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關南京頤城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 544,239 | 3,316 |
| Other current assets | 其他流動資產 | 1,811,287 | 1,030,916 |
| Total current assets | 流動資產總額 | 2,355,526 | 1,034,232 |
| Non-current assets | 非流動資產 | 81 | - |
| Current liabilities | 流動負債 | (785,093) | (1,014,378) |
| Non-current liabilities | 非流動負債 | (1,199,081) | - |
| Net assets | 資產淨值 | 371,433 | 19,854 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 30% | 35% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 111,430 | 6,949 |
| | | 111,430 | 6,949 |
| Revenue | 收益 | - | - |
| Cost/expenses | 成本 開支 | (28,397) | (146) |
| Tax | 稅項 | - | - |
| Net loss and other comprehensive loss for the year | 年內淨虧損及其他全面虧損 | (8,519) | (146) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (f) 南京孔雀城, which was considered a material associate of the Group for the years ended 31 December 2020 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京孔雀城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (f) 南京孔雀城(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關南京孔雀城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 254,433 | 32,546 |
| Other current assets | 其他流動資產 | 2,335,574 | 626,240 |
| Total current assets | 流動資產總額 | 2,590,007 | 658,786 |
| Non-current assets | 非流動資產 | 7,233 | 428 |
| Current liabilities | 流動負債 | (1,124,243) | (512,550) |
| Non-current liabilities | 非流動負債 | (753,176) | - |
| Net assets | 資產淨值 | 719,821 | 146,664 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 33% | 33% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 237,541 | 48,399 |
| | | 237,541 | 48,399 |
| Revenue | 收益 | - | - |
| Cost/expenses | 成本 開支 | (28,146) | (396) |
| Tax | 稅項 | (1,843) | - |
| Net profit/(loss) and other comprehensive income/(loss) for the year | 年內淨溢利 (虧損)及其他全面收益 (虧損) | 29,989 | (396) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (g) 上海雋岳, which was considered a material associate of the Group for the year ended 31 December 2020, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 上海雋岳 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (g) 上海雋岳(截至2020年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關上海雋岳的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 525,321 |
| Other current assets | 其他流動資產 | 3,027,165 |
| Total current assets | 流動資產總額 | 3,552,486 |
| Non-current assets | 非流動資產 | - |
| Current liabilities | 流動負債 | (1,336,519) |
| Non-current liabilities | 非流動負債 | (899,980) |
| Net assets | 資產淨值 | 1,315,987 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 40% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 526,395 |
| | | 526,395 |
| Revenue | 收益 | 127 |
| Cost/expenses | 成本 開支 | (56,755) |
| Tax | 稅項 | - |
| Net loss and other comprehensive loss for the year | 年內淨虧損及其他全面虧損 | (56,628) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(h) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------|--|--|
| Share of the associates' profits and losses for the year | 年內應佔聯營公司溢利及虧損 | 6,746 | (5,068) |
| Share of the associates' total comprehensive income or losses | 應佔聯營公司的全面收益或虧損總額 | 6,746 | (5,068) |
| Aggregate carrying amount of the Group's investments in the associates | 本集團於聯營公司投資的賬面總值 | 627,921 | 78,679 |

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.

18. 於聯營公司的投資(續)

(h) 下表列示個別並不重大的本集團聯營公司的匯總財務資料：

本公司董事認為，因於聯營公司的投資被視為可悉數收回，故於2020年12月31日毋須作出減值撥備(2019年：無)。該等聯營公司已於該等財務報表內使用權益法入賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

| | | Losses available for offsetting against future taxable profits 可供抵銷 未來應課稅 溢利的虧損 RMB'000 人民幣千元 | Expenses for offsetting against future taxable profits 抵銷未來 應課稅溢利的開支 RMB'000 人民幣千元 | Accrued construction cost 應計 建築成本 RMB'000 人民幣千元 | Unrealised revenue received in advance 未變現 預收收益 RMB'000 人民幣千元 | Financial guarantee contracts 財務 擔保合約 RMB'000 人民幣千元 | Unpaid LAT 未付土地 增值稅 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|---------------------------------|---|---|---|--|---|--|---------------------------------|
| At 1 January 2019 | 於2019年1月1日 | 27,285 | 37 | 2,877 | 84,394 | 3,144 | 96,452 | 214,189 |
| Acquisition of subsidiaries | 收購附屬公司 | - | - | - | 17,302 | - | - | 17,302 |
| Deferred tax credited/(charged) to profit or loss during the year | 年內計入 (扣除自) 損益的遞延稅項 | (13,099) | 68 | 1,721 | 146,337 | (3,144) | (6,399) | 125,484 |
| At 31 December 2019 and 1 January 2020 | 於2019年12月31日及 2020年1月1日 | 14,186 | 105 | 4,598 | 248,033 | - | 90,053 | 356,975 |
| Deferred tax credited/(charged) to profit or loss during the year (note 10) | 年內計入 (扣除自) 損益的遞延稅項 (附註10) | (4,544) | 8 | 43 | (57,853) | - | 24,490 | (37,856) |
| At 31 December 2020 | 於2020年12月31日 | 9,642 | 113 | 4,641 | 190,180 | - | 114,543 | 319,119 |

19. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

遞延稅項資產

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

Deferred tax liabilities

| | | Fair value adjustment arising from acquisition of subsidiaries | Fair value adjustment arising from investment properties | Withholding taxes | Total |
|---|------------------------|--|--|-------------------------|------------------------|
| | | 收購附屬公司產生的公平值調整 RMB'000 人民幣千元 | 投資物業產生的公平值調整 RMB'000 人民幣千元 | 預扣稅 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2019 | 於2019年1月1日 | 337,213 | 15,768 | 27,984 | 380,965 |
| Acquisition of subsidiaries | 收購附屬公司 | 738,104 | - | - | 738,104 |
| Deferred tax (credited)/charged to profit or loss during the year | 年內(計入)扣除自損益的遞延稅項 | (243,211) | 10,807 | 3,101 | (229,303) |
| At 31 December 2019 and 1 January 2020 | 於2019年12月31日及2020年1月1日 | 832,106 | 26,575 | 31,085 | 889,766 |
| Others | 其他 | (553,720) | - | - | (553,720) |
| Deferred tax (credited)/charged to other comprehensive income of the year | 年內(計入)扣除自其他全面收益的遞延稅項 | - | 3,588 | - | 3,588 |
| Deferred tax (credited)/charged to profit or loss during the year (note 10) | 年內(計入)扣除自損益的遞延稅項(附註10) | (160,756) | 31,417 | (26,085) | (155,424) |
| At 31 December 2020 | 於2020年12月31日 | 117,630 | 61,580 | 5,000 | 184,210 |

19. 遞延稅項(續)

遞延稅項資產及負債於年內的變動如下：
(續)

遞延稅項負債

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|----------------------|--|--|
| Net deferred tax assets recognised in the consolidated statement of financial position | 於綜合財務狀況表內確認的遞延稅項資產淨值 | 278,034 | 309,682 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | 於綜合財務狀況表內確認的遞延稅項負債淨值 | (143,125) | (842,471) |

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 5%. 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, deferred tax liabilities amounting to RMB5,000,000 (2019: RMB31,085,000) has been recognised for withholding taxes. In the opinion of the directors of the Company, the Group's fund will mainly be retained in Mainland China for the expansion of the Group's operation, management expected that it is probable that no more than RMB100,000,000 will be distributed by these subsidiaries 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 RMB70,063,000 as at 31 December 2020 (31 December 2019: RMB92,024,000).

19. 遞延稅項(續)

遞延稅項負債(續)

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的的遞延稅項結餘分析：

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後產生的盈利。倘中國內地與該外國投資者所處司法權區存在稅收安排，可採用較低預扣稅率。本集團的適用稅率為5%。因此，本集團須就該等在中國內地成立附屬公司就自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。

於2020年12月31日，已就預扣稅確認人民幣5,000,000元(2019年：人民幣31,085,000元)的遞延稅項負債。本公司董事認為，本集團的資金將主要保留於中國內地以擴展本集團的業務，而管理層預期該等附屬公司於可預見未來可能分派的金額不超過人民幣100,000,000元。於2020年12月31日，與於並無確認遞延稅項負債的中國內地附屬公司的投資相關的暫時差異總額合共約為人民幣70,063,000元(2019年12月31日：人民幣92,024,000元)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

Deferred tax assets have not been recognised in respect of the following items:

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|----------------------------------|----------|-----------------------------------|-----------------------------------|
| Tax losses | 稅項虧損 | 808,362 | 628,173 |
| Deductible temporary differences | 可抵扣暫時性差異 | 24,724 | 11,608 |
| | | 833,086 | 639,781 |

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 RMB202,091,000 (2019: RMB157,043,000) in respect of losses amounting to approximately RMB808,362 (2019: RMB628,173,000), that can be carried forward to offset against future taxable income.

19. 遞延稅項(續)

遞延稅項負債(續)

尚未就以下各項確認遞延稅項資產：

遞延稅項資產乃就結轉的稅項虧損作出確認，惟以有可能透過未來應課稅溢利變現相關稅項利益為限。於2020年12月31日，本集團並無就虧損約人民幣808,362元(2019年：人民幣628,173,000元)確認約人民幣202,091,000元(2019年：人民幣157,043,000元)的遞延稅項資產，該等虧損可結轉以抵銷未來應課稅收入。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

20. OTHER NON-CURRENT ASSETS

20 其他非流動資產

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|------------------------------------|----------|-----------------------------------|-----------------------------------|
| Prepayments for equity investments | 股權投資預付款項 | 445,540 | - |
| Others | 其他 | 82,169 | - |
| | | 527,709 | - |

The Group entered into an agreement with 江蘇瑞華投資控股集團有限公司 on 12 December 2020 to purchase its 25% equity interest in Eastern Senior at a total price of RMB335,347,000, of which RMB175,000,000 was paid as at 31 December 2020. The equity transfer has not been completed as at 31 December 2020.

本集團於2020年12月12日與江蘇瑞華投資控股集團有限公司簽訂一項協議，以總價人民幣335,347,000元購買其於東方頤年的25%股權，其中於2020年12月31日已支付人民幣175,000,000元。於2020年12月31日尚未完成股權轉讓。

The Group entered into an agreement with 深圳華僑城股份有限公司 on 21 December 2020 to purchase its 51% equity interest in 溫州華僑城投資發展有限公司 at a total price of RMB270,540,000 which was paid as at 31 December 2020. The equity transfer has not been completed as at 31 December 2020.

本集團於2020年12月21日與深圳華僑城股份有限公司簽訂一項協議，以總價人民幣270,540,000元購買其於溫州華僑城投資發展有限公司的51%股權，該筆款項已於2020年12月31日支付。於2020年12月31日尚未完成股權轉讓。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 指定按公平值計入其他全面收益之股權投資

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|---------------|--|--|
| Listed equity investments, at fair value | 按公平值列賬之上市股權投資 | 643,710 | 326,723 |

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. During the year ended 31 December 2020, the Group received dividends of RMB15,154,000 (2019: RMB10,990,000) from the companies above (note 5).

As at 31 December 2020, the Group's equity investments with a carrying value of RMB491,567,000 (2019: RMB326,723,000) were pledged as security for the Group's bank loans, as further detailed in note 31 to the financial statements.

由於本集團認為上述股權投資為戰略性投資，故該等投資不可撤銷地被指定為按公平值計入其他全面收益。截至2020年12月31日止年度，本集團收到上述公司(附註5)派發的股息人民幣15,154,000元(2019年：人民幣10,990,000元)。

於2020年12月31日，本集團有賬面值人民幣491,567,000元(2019年：人民幣326,723,000元)的股權投資被抵押作為本集團銀行貸款的抵押品，進一步詳情載於財務報表附註31。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

22. PROPERTIES UNDER DEVELOPMENT

22. 開發中物業

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|-------------------------|--|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 16,166,537 | 17,397,704 |
| Additions | 添置 | 10,801,543 | 10,170,460 |
| Disposal of subsidiaries | 出售附屬公司 | - | (1,124,172) |
| Transferred to completed properties held for sale (note 23) | 轉撥至持作出售的已竣工物業 (附註23) | (6,640,577) | (11,610,655) |
| Acquisition of subsidiaries | 收購附屬公司 | - | 1,333,200 |
| Carrying amount at 31 December | 於12月31日的賬面值 | 20,327,503 | 16,166,537 |

The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB10,872,645,000 as at 31 December 2020 (31 December 2019: RMB8,214,416,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

本集團的開發中物業位於中國內地的租賃土地上。

於2020年12月31日，本集團賬面總值約為人民幣10,872,645,000元(2019年12月31日：人民幣8,214,416,000元)的若干開發中物業已質押，為本集團獲授的銀行及其他借款作抵押(附註31)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

23. COMPLETED PROPERTIES HELD FOR SALE

23. 持作出售的已竣工物業

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|----------------|--|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 6,227,457 | 2,123,761 |
| Acquisition of subsidiaries | 收購附屬公司 | - | 54,800 |
| Transferred from properties under development (note 22) | 轉撥自開發中物業(附註22) | 6,640,577 | 11,610,655 |
| Impairment loss recognised (note 6) | 已確認減值虧損(附註6) | (3,932) | (26,882) |
| Transferred to investment properties (note 15) | 轉撥至投資物業(附註15) | (509,834) | - |
| Transferred to cost of sales (note 6) | 轉撥至銷售成本(附註6) | (9,503,029) | (7,534,877) |
| Carrying amount at 31 December | 於12月31日的賬面值 | 2,851,239 | 6,227,457 |

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB579,493,000 as at 31 December 2020 (31 December 2019: RMB3,630,080,000) have been pledged to secure bank and other borrowings granted to the Group, details of which are disclosed in note 31.

於2020年12月31日，本集團賬面總值約為人民幣579,493,000元(2019年12月31日：人民幣3,630,080,000元)的若干持作出售的已竣工物業已質押，為本集團獲授的銀行及其他借款作抵押(其詳情於附註31所披露)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

24. 預付款項、按金及其他應收款項

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---------------------------------------|-----------|--|--|
| Prepayments for land auction | 土地拍賣預付款項 | 11,200 | 154,364 |
| Construction performance deposits | 建築履約按金 | 388,899 | 15,284 |
| Other deposits | 其他按金 | 146,066 | 182,197 |
| Other tax recoverable | 其他可收回稅項 | 653,778 | 519,042 |
| Due from non-controlling shareholders | 應收非控股股東款項 | 1,726,824 | 1,211,510 |
| Due from third parties | 應收第三方款項 | 826,460 | 598,874 |
| Due from employees | 應收僱員款項 | 651 | 959 |
| Other receivables | 其他應收款項 | 13,761 | 47,144 |
| | | 3,767,639 | 2,729,374 |
| Impairment allowance | 減值撥備 | (4,932) | - |
| | | 3,762,707 | 2,729,374 |

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the reporting period.

其他應收款項為無抵押、不計息且無固定還款期限。於報告期間概無就其他應收款項減值計提撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

25. 按公平值計入損益的金融資產

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--------------------------|--------|--|--|
| Structured deposits | 結構性存款 | 1,300,000 | - |
| Investments in the funds | 於基金的投資 | 480,192 | - |
| Other equity investments | 其他股權投資 | 154,100 | - |
| | | 1,934,292 | - |

Structured deposits of RMB1,300,000,000 were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. As at 31 December 2020, structured deposits of RMB1,300,000,000 were pledged for related parties' bank facilities.

The above investments in the funds 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 other equity investments at the end of the reporting period 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.

結構性存款人民幣1,300,000,000元被分類為按公平值計入損益的金融資產，乃由於其合約現金流量並非單獨支付本金及利息。於2020年12月31日，結構性存款人民幣1,300,000,000元已就關聯方的銀行融資作抵押。

於報告期末，上述於基金的投資於屬持作買賣而被分類為按公平值計入損益的金融資產。

於報告期末，上述其他股權投資因其合約現金流量並非僅為本金及利息的付款而被強制分類為按公平值計入損益的金融資產。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

26. OTHER CURRENT ASSETS

Other current assets are initially recognised for commission to the sales agents when the agreement for sale and purchase is signed with a property buyer, if recoverable. The amounts recognised as other current assets are amortised on a systematic basis which is consistent with the transfer of the related property to the customer.

The expected timing of recovery or settlement for other current assets as at 31 December 2020 is as follows:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|----------------------------|----------|--|--|
| Within one year | 一年內 | 31,566 | 26,060 |
| After one year | 一年後 | 25,044 | 30,185 |
| Total other current assets | 其他流動資產總額 | 56,610 | 56,245 |

26. 其他流動資產

其他流動資產乃於與物業買方簽署買賣協議時就銷售代理之佣金而初步確認(如可收回)。確認為其他流動資產之款項按與向客戶轉讓相關物業一致之系統基準攤銷。

其他流動資產於2020年12月31日的收回或結算預期時間如下：

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|------------------------|---------|--|--|
| Cash and bank balances | 現金及銀行結餘 | 6,420,932 | 4,031,399 |
| Less: Restricted cash | 減：受限制現金 | 708,538 | 1,137,115 |
| Pledged deposits | 已抵押存款 | 2,194,070 | 29 |
| | | 3,518,324 | 2,894,255 |

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, and as at 31 December 2020, such restricted cash amounted to RMB708,538,000 (2019: RMB1,137,115,000).

27. 現金及現金等價物、受限制現金及已抵押存款

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，而於2020年12月31日，該等受限制現金為人民幣708,538,000元(2019年：人民幣1,137,115,000元)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

(Continued)

As at 31 December 2020, bank deposits of RMB1,240,000 (2019: RMB29,000) were pledged as security for purchasers' mortgage loans, RMB1,630,000,000 was pledged for related parties' bank facilities and RMB562,830,000 was pledged to banks as collateral for issuance of bank acceptance notes.

27. 現金及現金等價物、受限制 現金及已抵押存款(續)

於2020年12月31日，為數人民幣1,240,000元(2019年：人民幣29,000元)的銀行存款已質押，作為買方按揭貸款的抵押品，人民幣1,630,000,000元已就關聯方的銀行融資作抵押以及人民幣562,830,000元已質押予銀行作為發行銀行承兌票據的抵押品。

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---------------------------|----------|-----------------------------------|-----------------------------------|
| Cash and cash equivalents | 現金及現金等價物 | | |
| Denominated in RMB | 以人民幣計值 | 2,946,302 | 2,326,586 |
| Denominated in HK\$ | 以港元計值 | 31,608 | 17,930 |
| Denominated in US\$ | 以美元計值 | 540,414 | 549,739 |
| | | 3,518,324 | 2,894,255 |

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存於無近期違約歷史的信譽可靠的銀行。現金及現金等價物的賬面值與彼等公平值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

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:

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---------------|------|--|--|
| Within 1 year | 1年內 | 2,868,654 | 1,866,927 |
| Over 1 year | 1年以上 | 1,133,153 | 875,872 |
| | | 4,001,807 | 2,742,799 |

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

29. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------|--|--|
| Retention deposits related to construction | 建築相關留存按金 | 109,279 | 129,218 |
| Interests payable | 應付利息 | 99,378 | 94,270 |
| Payroll and welfare payable | 應付工資及福利 | 59,447 | 56,634 |
| Other tax and surcharges | 其他稅項及附加費用 | 26,527 | 72,782 |
| Advances from non-controlling shareholders | 非控股股東墊款 | 1,594,727 | 2,097,500 |
| Advances from third parties | 第三方墊款 | 1,218,056 | 1,445,574 |
| Accrued liabilities | 應計負債 | 25,460 | 49,269 |
| Others | 其他 | 33,180 | 24,471 |
| | | 3,166,054 | 3,969,718 |

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

28. 貿易應付款項及應付票據

於報告期末，本集團基於發票日期的貿易應付款項及應付票據賬齡分析如下：

貿易應付款項為無抵押及免息，一般基於工程進度結算。

29. 其他應付款項、已收按金及應計費用

其他應付款項為無抵押並應按要求償還。其他應付款項於報告期末的公平值與其相應的賬面值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

30. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

| | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|-------------------------|--|--|
| Sale of properties 銷售物業 | 11,384,909 | 10,503,434 |

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly for property development and sale. According to the business model of the Group, for revenue recognised from the sale of properties, all such revenue is carried forward from contract liabilities during the reporting period. The amounts of outstanding payments from customers which are not received but contracted were RMB3,607,375,454 as at 31 December 2020 (2019: RMB3,326,460,150).

30. 合約負債

本集團確認下列收益相關合約負債：

本集團按物業銷售合約內建立的結算時間表從客戶收取付款。付款通常根據合約（主要為房地產開發及銷售）表現預先收取。於報告期間，根據本集團的業務模式，就來自銷售物業所確認的收益而言，所有該等收益乃結轉自合約負債。於2020年12月31日，已訂立合約但仍未收到來自客戶的未償還金額為人民幣3,607,375,454元（2019年：人民幣3,326,460,150元）。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

31. 計息銀行及其他借款

| | | 31 December 2020 2020年12月31日 | | | 31 December 2019 2019年12月31日 | | |
|--|-------------------|---|--------------------|-------------------|---|-----------------|-------------------|
| | | Effective interest rate (%) 實際利率 (%) | Maturity 到期日 | RMB'000 人民幣千元 | Effective interest rate (%) 實際利率 (%) | Maturity 到期日 | RMB'000 人民幣千元 |
| Current | 即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | - | - | - | 8.00 | 2020 | 200,000 |
| | | | | | | 2020年 | |
| Other loans — secured | 其他貸款 — 有抵押 | 13.00 | 2021 | 576,000 | 11.50–12.40 | 2020 | 373,000 |
| | | | 2021年 | | | 2020年 | |
| Other loans — unsecured | 其他貸款 — 無抵押 | 12.50 | 2021 | 326,245 | 12.50 | 2020 | 697,620 |
| | | | 2021年 | | | 2020年 | |
| Current portion of long term bank loans — secured | 長期銀行貸款的即期部分 — 有抵押 | 4.46–6.90 | 2021 | 2,321,141 | 4.72–6.81 | 2020 | 2,863,036 |
| | | | 2021年 | | | 2020年 | |
| Current portion of long term other loans — secured | 長期其他貸款的即期部分 — 有抵押 | 13.00 | 2021 | 99,700 | 8.38–13.00 | 2020 | 634,163 |
| | | | 2021年 | | | 2020年 | |
| Current portion of long term other loans — unsecured | 長期其他貸款的即期部分 — 無抵押 | - | - | - | 7.50–15.00 | 2020 | 150,000 |
| | | | | | | 2020年 | |
| | | | | 3,323,086 | | | 4,917,819 |
| Non-current | 非即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | 4.46–6.65 | 2022–2029 | 7,401,345 | 4.72–6.81 | 2021–2029 | 3,485,63 |
| | | | 2022年–2029年 | | | 2021年–2029年 | |
| Other loans — secured | 其他貸款 — 有抵押 | 7.00–13.00 | 2022–2024 | 1,381,497 | 7.00–13.00 | 2021–2024 | 2,093,506 |
| | | | 2022年–2024年 | | | 2021年–2024年 | |
| Other loans — unsecured | 其他貸款 — 無抵押 | 7.00–7.50 | 2022–2024 | 42,252 | 15.00 | 2021 | 3,000 |
| | | | 2022年–2024年 | | | 2021年 | |
| | | | | 8,825,094 | | | 5,582,140 |
| | | | | 12,148,180 | | | 10,499,959 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Bank and other borrowings

31. 計息銀行及其他借款(續)

銀行及其他借款

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---------------------------------------|-----------|--|--|
| Analysed into: | 分析為： | | |
| Repayable within one year | 應於一年內償還 | 3,323,086 | 4,917,819 |
| Repayable in the second year | 應於第二年償還 | 2,455,705 | 2,316,179 |
| Repayable in the third to fifth years | 應於第三至五年償還 | 5,886,433 | 2,810,431 |
| Repayable after five years | 應於五年後償還 | 482,956 | 455,530 |
| Subtotal | 小計 | 8,825,094 | 5,582,140 |
| | | 12,148,180 | 10,499,959 |

All above borrowings are denominated in RMB.

所有上述借款均以人民幣計值。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values as at the end of the reporting period:

31. 計息銀行及其他借款(續)

本集團若干銀行及其他借款由質押以下於報告期末賬面值的資產作抵押：

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|---|----------------------------|--|--|
| Investment properties (note 15) | 投資物業(附註15) | 602,490 | 225,087 |
| Right-of-use assets (note 16) | 使用權資產(附註16) | 8,834 | 107,332 |
| Properties under development (note 22) | 開發中物業(附註22) | 10,872,645 | 8,214,416 |
| Completed properties held for sale (note 23) | 持作出售的已竣工物業(附註23) | 579,493 | 3,630,080 |
| Property, plant and equipment (note 13) | 物業、廠房及設備(附註13) | 105,301 | 112,224 |
| Equity investments were irrevocably designated at FVOCI | 不可撤銷地被指定為按公平值計入其他全面收益的股權投資 | 491,567 | 326,723 |

At 31 December 2020, the Group pledged below equity interests in certain subsidiaries for certain banking facilities granted to the Group.

於2020年12月31日，本集團就其獲授的若干銀行融資抵押下列若干附屬公司的股權。

| Name of the companies | 公司名稱 | Percentage of equity interest pledged 抵押股權百分比 |
|---|---------------|--|
| Nanjing Yincheng Medical Management Co., Ltd. | 南京銀城醫療管理有限公司 | 100.00% |
| Zhejiang Lin'an Zhongdu Real Estate Co., Ltd. | 浙江臨安中都置業有限公司 | 100.00% |
| Nanjing Zhijun Real Estate Development Co., Ltd. | 南京至君房地產開發有限公司 | 25.00% |
| Xuzhou Tongshun Real Estate Development Co., Ltd. | 徐州銅順房地產開發有限公司 | 90.00% |
| Wenzhou Yinju Real Estate Development Co., Ltd. | 溫州銀鉅房地產開發有限公司 | 100.00% |
| Hangzhou Zezhou Enterprise Management Co., Ltd. | 杭州澤洲企業管理有限公司 | 51.00% |
| Wuxi Yinzebo Enterprise Management Co., Ltd. | 無錫銀澤勃企業管理有限公司 | 100.00% |

At 31 December 2020, Mr. Huang Qing Ping and a company controlled by him have guaranteed certain of the Group's bank loans of RMB2,614,768,000 (2019: RMB3,308,583,000).

於2020年12月31日，黃清平先生及其控制之公司已為本集團之若干銀行貸款人民幣2,614,768,000元(2019年：人民幣3,308,583,000元)作出擔保。

Management of the Company has assessed that the fair values of interest-bearing bank borrowings 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.

本公司管理層已評估，計息銀行借款及其他借款的公平值與其賬面值相若，在很大程度上是由於該等借款乃基於現行市場利率於本集團與獨立第三方金融機構間作出。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

32. SENIOR NOTES

32. 優先票據

| | | 31 December 2020 2020年12月31日 | | | | 31 December 2019 2019年12月31日 | | | |
|---|---|--|---------------------------------|---------------|------------------|--|---------------------------------|----------|------------------|
| | | Principal in original currency US\$'000 原本幣種 本金 美元千元 | Contractual interest rate | Maturity | RMB'000 人民幣千元 | Principal in original currency US\$'000 原本幣種 本金 美元千元 | Contractual interest rate | Maturity | RMB'000 人民幣千元 |
| Senior notes due 2021 ("June 2021 Notes") | 於2021年到期的 優先票據 (「2021年 6月票據」) | 140,000 | 12% | 2021 2021年 | 901,585 | - | - | - | - |
| Senior notes due 2021 ("November 2021 Notes") | 於2021年到期的 優先票據 (「2021年 11月票據」) | 200,000 | 12% | 2021 2021年 | 1,315,793 | - | - | - | - |
| Current portion | 即期部分 | | | | 2,217,378 | | | | - |
| Non-current portion | 非即期部分 | | | | - | | | | - |

In June 2020, the Company issued the June 2021 Notes at a coupon rate of 12.0%, a maturity term of 12 months, with an aggregate principal amount of US\$140,000,000, approximately RMB913,486,000. The Company raised net proceeds of US\$138,065,800, approximately RMB900,865,538 (after deduction of an underwriting discount and commissions and other expenses).

In October 2020, the Company issued the November 2021 Notes at a coupon rate of 12.0%, a maturity term of 12 months, with an aggregate principal amount of US\$200,000,000, approximately RMB1,304,980,000. The Company raised net proceeds of US\$197,957,625, approximately RMB1,291,653,707 (after deduction of an underwriting discount and commissions and other expenses).

於2020年6月，本公司發行2021年6月票據，票面息率為12.0%，到期期限為12個月，本金總額為140,000,000美元(約人民幣913,486,000元)。本公司籌得所得款項淨額138,065,800美元(約人民幣900,865,538元)(經扣除包銷折讓及佣金以及其他費用)。

於2020年10月，本公司發行2021年11月票據，票面息率為12.0%，到期期限為12個月，本金總額為200,000,000美元(約人民幣1,304,980,000元)。本公司籌得所得款項淨額197,957,625美元(約人民幣1,291,653,707元)(經扣除包銷折讓及佣金以及其他費用)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

33. SHARE CAPITAL

33. 股本

| | | 31 December 2020 2020年 12月31日 HK\$'000 千港元 | 31 December 2019 2019年 12月31日 HK\$'000 千港元 |
|--|------------------------------------|---|---|
| Authorised: | 法定： | | |
| 50,000,000,000 ordinary shares of HK\$0.1 each | 50,000,000,000 股每股面值 0.1 港元的普通股 | 5,000,000,000 | 5,000,000,000 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Issued and fully paid: | 已發行及繳足： | | |
| 1,446,962,138 ordinary shares at HK\$0.1 each | 1,446,962,138 股每股面值 0.1 港元的普通股 | 124,119 | 124,119 |

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2020 and 2019 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve 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.

34. 儲備

截至2020年及2019年12月31日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

(a) 股份溢價

股份溢價指已發行股份面值與已收取代價之間的差額。

(b) 資本儲備

資本儲備指非控股權益的調整金額與就收購附屬公司非控股權益所付代價公平值之間的任何差額。資本儲備的變動詳情載於綜合權益變動表。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

34. RESERVES (Continued)

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation for IPO purpose.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,818,000 and RMB7,818,000, respectively, in respect of lease arrangements for plant and equipment (2019: non-cash additions to right-of-use assets and lease liabilities of RMB2,483,000 and RMB2,483,000).

34. 儲備(續)

(c) 法定盈餘儲備

根據中國公司法及於中國成立的附屬公司的組織章程細則，本集團須按除稅後純利的10%提取法定盈餘儲備，此乃根據中國會計準則釐定，直至儲備累計額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

(d) 合併儲備

本集團的合併儲備指就首次公開發售而進行公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下公司的若干附屬公司權益持有人的注資。

35. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團因廠房及設備之租賃安排對使用權資產及租賃負債分別作出人民幣7,818,000元及人民幣7,818,000元的非現金添置(2019年：對使用權資產及租賃負債作出人民幣2,483,000元及人民幣2,483,000元的非現金添置)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

35. 綜合現金流量表附註(續)

(b) Changes in liabilities arising from financing activities

(b) 融資活動產生的負債變動

| | | Lease liabilities | Senior notes | Other payables, deposits received and accruals 其他應付款項、已收按金及應計費用 | Interest-bearing bank and other borrowings | Due to related companies | Total liabilities from financing activities |
|--|-----------------|--------------------------|--------------------------|--|--|------------------------------|---|
| | | 租賃負債 RMB'000 人民幣千元 | 優先票據 RMB'000 人民幣千元 | RMB'000 人民幣千元 | 計息銀行及其他借款 RMB'000 人民幣千元 | 應付關聯公司款項 RMB'000 人民幣千元 | 來自融資活動的負債總額 RMB'000 人民幣千元 |
| At 1 January 2019 (restated) | 於2019年1月1日(經重列) | 19,642 | - | - | 10,191,404 | 1,615,416 | 11,826,462 |
| Changes from financing cash flows | 融資現金流量變動 | (3,785) | - | - | (121,445) | 787,728 | 662,498 |
| New leases | 新租賃 | 2,483 | - | - | - | - | 2,483 |
| Acquisition of subsidiaries | 收購附屬公司 | 290 | - | - | 430,000 | - | 430,290 |
| Accrual of interest | 應計利息 | 1,268 | - | - | - | - | 1,268 |
| Cash flows from non-financing activities | 非融資活動所得現金流量 | - | - | - | - | (1,778,645) | (1,778,645) |
| At 31 December 2019 | 於2019年12月31日 | 19,898 | - | - | 10,499,959 | 624,499 | 11,144,356 |
| At 1 January 2020 | 於2020年1月1日 | 19,898 | - | 3,969,718 | 10,499,959 | 624,499 | 15,114,074 |
| Changes from financing cash flows | 融資現金流量變動 | (7,005) | 2,192,519 | (932,512) | 1,387,361 | 4,376,619 | 7,016,982 |
| New leases | 新租賃 | 7,818 | - | - | - | - | 7,818 |
| Accrual of interest | 應計利息 | 1,042 | 24,859 | 5,108 | 90,860 | - | 121,869 |
| Transfer to other payables | 轉撥至其他應付款項 | (10,501) | - | - | - | - | (10,501) |
| Lease contract change | 租賃合約變動 | (2,545) | - | - | - | - | (2,545) |
| Cash flows from non-financing activities | 非融資活動所得現金流量 | - | - | 123,740 | 170,000 | (50,298) | 243,442 |
| At 31 December 2020 | 於2020年12月31日 | 8,707 | 2,217,378 | 3,166,054 | 12,148,180 | 4,950,820 | 22,491,139 |

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

(c) 租賃的現金流出總額

計入現金流量表之租賃的現金流出總額如下：

| | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|-----------------------------|-----------------------------------|-----------------------------------|
| Within financing activities | 融資活動內 7,005 | 3,785 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

36. DISPOSAL OF A SUBSIDIARY

31 December 2020

Pursuant to the share transfer agreement dated 30 December 2020, the Group disposed of its 85% equity interest in 南京銀嘉匯企業管理有限公司(“南京銀嘉匯”) to a third company.

36. 出售附屬公司

2020年12月31日

根據日期為2020年12月30日的股份轉讓協議，本集團向一間第三方公司出售其於南京銀嘉匯企業管理有限公司(「南京銀嘉匯」)的85%股權。

| | | 2020 2020年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|
| Net assets disposed of: | 出售的資產淨值： | |
| Cash and cash equivalents | 現金及現金等價物 | 105 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 1 |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | (1,475) |
| | | (1,369) |
| Gain on disposal of a subsidiary (note 5) | 出售一間附屬公司的收益(附註5) | 1,369 |
| Satisfied by cash | 以現金償付 | - |

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

有關出售附屬公司的現金及現金等價物流出淨額的分析如下：

| | | RMB'000 人民幣千元 |
|--|------------------------|------------------|
| Cash consideration | 現金代價 | - |
| Cash and cash equivalents disposed of | 出售的現金及現金等價物 | (105) |
| Net outflow of cash and cash equivalents in respect of the disposal of 南京銀嘉匯 | 有關出售南京銀嘉匯的現金及現金等價物流出淨額 | (105) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

37. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS A BUSINESS COMBINATION

As part of the Group's strategy to expand its property development business, the Group made the following acquisitions in year 2020:

The Group has applied the concentration test to the acquisition of the following 5 companies. The fair value of the gross assets acquired in each of the above acquisitions was substantially concentrated in a single identifiable asset or group of similar identifiable assets of the acquired subsidiaries. In the opinion of the directors, the acquisition of the companies does not constitute a business. Therefore, the transactions were determined by the directors of the Company to be the acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination as defined in IFRS 3 *Business Combinations*. The Group did not apply the acquisition method to the acquisitions of these subsidiaries.

The above acquisitions have been accounted for an acquisition of assets in the Group's consolidated financial statements. The purchase costs of the Group were allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase as follows:

37. 收購一間不作為業務合併入賬的附屬公司

作為本集團擴大房地產開發業務戰略的一部分，本集團於2020年作出以下收購：

本集團已將集中測試應用於以下5間收購公司。於上述各項收購中所收購總資產的公平值主要集中於所收購附屬公司的單一可識別資產或一組類似可識別資產。董事認為收購公司並不構成業務。因此，該等交易由本公司董事釐定為透過收購一間附屬公司收購資產及負債，而非國際財務報告準則第3號業務合併界定的業務合併。本集團並無採用收購法收購該等附屬公司。

上述收購已計入本集團綜合財務報表中的資產收購。本集團的購買成本分別根據購買日期的相對公平值分配至資產及負債，詳情如下：

| | | 新發佳園 新發佳園 RMB'000 人民幣千元 | 無錫誠祥 無錫誠祥 RMB'000 人民幣千元 | 杭州青城 杭州青城 RMB'000 人民幣千元 | 無錫雪浪長廣 無錫雪浪長廣 RMB'000 人民幣千元 | 常熟華僑城 常熟華僑城 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------------|------------------------------------|---------------------------------|
| Properties under development | 開發中物業 | 631,770 | 461,656 | 1,788,145 | 763,976 | 544,733 | 4,190,280 |
| Completed properties held for sale | 持作出售的已竣工物業 | - | - | 26,300 | - | - | 26,300 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 29,431 | - | 4,467 | 12 | 32,817 | 66,727 |
| Tax recoverable | 可收回稅項 | - | - | 7,260 | - | 5,917 | 13,177 |
| Trade and bills receivables | 貿易應收款項及應收票據 | - | - | 4,570 | - | - | 4,570 |
| Restricted cash | 受限制現金 | - | - | 108 | - | 37,166 | 37,274 |
| Cash and cash equivalents | 現金及現金等價物 | 2,985 | 4 | 125 | 11,964 | 30,260 | 45,338 |
| Property, plant and equipment | 物業、廠房及設備 | - | - | 71 | - | 121 | 192 |
| Other long term assets | 其他長期資產 | - | - | 5,051 | - | - | 5,051 |
| Deferred tax assets | 遞延稅項資產 | - | - | - | - | 6,099 | 6,099 |
| Contract liabilities | 合約負債 | - | - | (800) | - | (398,991) | (399,791) |
| Trade and bills payables | 貿易應付款項及應付票據 | - | - | (196,978) | - | (273) | (197,251) |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | (380,000) | (355,967) | (624,575) | (723,865) | (51,549) | (2,135,956) |
| Tax payable | 應付稅項 | - | - | (31,729) | - | - | (31,729) |
| Interest-bearing bank loans and other borrowings | 計息銀行及其他借款 | - | - | - | - | (170,000) | (170,000) |
| Net assets acquired | 所收購資產淨值 | 284,186 | 105,693 | 982,015 | 52,087 | 36,300 | 1,460,281 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

37. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS A BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition of the subsidiaries are as follows:

| | | | | | | | |
|--|-------------------|-----------|-----------|-----------|----------|----------|-------------|
| Cash consideration | 現金代價 | (284,186) | (105,693) | (982,015) | (52,087) | (36,300) | (1,460,281) |
| Cash and cash equivalents acquired | 收購的現金及現金等價物 | 2,985 | 4 | 125 | 11,964 | 30,260 | 45,338 |
| Net outflow of cash and cash equivalents in respect of the acquisition | 有關收購的現金及現金等價物流出淨額 | (281,201) | (105,689) | (981,890) | (40,123) | (6,040) | (1,414,943) |

38. CONTINGENT LIABILITIES

- (1) As of 31 December 2020, the Group provided guarantees of RMB5,130,590,000 in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale (2019: RMB5,258,668,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within 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 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.

37. 收購一間不作為業務合併入賬的附屬公司(續)

有關收購附屬公司的現金流量分析如下：

38. 或然負債

- (1) 截至2020年12月31日，本集團就若干銀行向本集團持作出售的已竣工物業買家授出的抵押融資提供擔保人民幣5,130,590,000元(2019年：人民幣5,258,668,000元)。根據擔保安排的條款，如買家拖欠按揭付款，則本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品，倘該等買家拖欠抵押還款，則該等銀行有權接管有關法定業權，並將透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關擔保期一般會於買家接管相關物業後為期一至兩年。

於年內，本集團並未因就向本集團持作出售的已竣工物業買家授出的抵押融資提供擔保產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值足以償還未償還抵押貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

38. CONTINGENT LIABILITIES (Continued)

- (2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the joint ventures and associates. 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 notes 17 and 18.

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.

39. COMMITMENTS

The Group had the following property development and capital commitments at the end of the reporting period:

38. 或然負債(續)

- (2) 本集團就授予合營企業及聯營公司的財務融資向銀行及其他機構提供擔保。本公司董事認為，由於公平值並不重大，故毋須就該等擔保作出撥備。更多詳情載於附註17及18。

除上文所披露者外，年內及截至年末，本集團及本公司均無涉及對本集團財務狀況或經營業務產生重大不利影響的任何訴訟、仲裁或行政訴訟、申索或糾紛。

39. 承擔

本集團於報告期末擁有以下房地產開發及資本承擔：

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|----------------|--|--|
| Contracted, but not provided for: | 已訂約但未撥備： | | |
| — Property, plant and equipment | — 物業、廠房及設備 | 753,017 | 320,768 |
| — Properties under development | — 開發中物業 | 10,247,313 | 6,527,318 |
| — Investment properties | — 投資物業 | 196,416 | — |
| — Capital contributions payable to Subsidiaries | — 應付注資 附屬公司 | 1,320,093 | — |
| Associates | 聯營公司 | 326,300 | — |
| | | 12,843,139 | 6,848,086 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

40. RELATED PARTY TRANSACTIONS

(1) Name and relationship

| Name of related parties 關聯方姓名 名稱 |
|---|
| Mr. Huang Qing Ping 黃清平先生 常熟源銀房地產開發有限公司 |
| 杭州銀嘉涵企業管理有限責任公司 |
| 蘇州立泰置業有限公司 |
| 蘇州恒萬置地有限公司 |
| 杭州銀豐房地產開發有限責任公司 |
| 杭州雋勁置業有限公司 |
| 台州市美泰房地產開發有限公司 |
| 南京銀雁房地產開發有限公司 |
| 南京市江寧區瑞洲房地產開發有限公司 |
| 南京銀涵房地產開發有限公司 |
| 徐州德信徐海置業有限公司 |
| 和縣孔雀湖房地產開發有限公司 |
| 南京頤城房地產開發有限公司 |
| 蘇州渝熙房地產開發有限公司 |
| 合肥盛恩房地產開發有限公司 |
| 無錫齊珂置業有限公司 |
| 合肥銀弘房地產開發有限公司 |
| 溫州市金瑤置業有限公司 |
| 杭州凱琰企業管理有限公司 |
| 南京江雁元錦置業發展有限公司 |

40. 關聯方交易

(1) 名稱及關係

| Relationship with the Group 與本集團的關係 |
|--|
| The director of the Company 本公司董事 |
| Joint venture 合營企業 |
| Joint venture 合營企業 |
| Joint venture 合營企業 |
| Joint venture 合營企業 |
| Joint venture 合營企業 |
| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |
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| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |
| Associate 聯營公司 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

40. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

Name of related parties

關聯方姓名 名稱

南京孔雀城房地產開發有限公司

南京旭城房地產開發有限公司

上海雋岳置業有限公司

南京佳佑城房地產開發有限公司

新城房地產開發(無錫)有限公司

銀城地產集團股份有限公司

銀城生活服務有限公司

Yincheng Life Service CO., Ltd.

南京東方頤和養老服務有限公司

南京弘安房地產開發有限公司

南京華中苑酒店有限公司

南京薈房網絡科技有限公司

南京耘初商業管理有限公司

南京聚心物資貿易有限公司

南京朗初物資貿易有限公司

南京錦城佳業營銷策劃有限公司

南京原谷生態農業有限公司

南京薈盛行房產經紀有限公司

南京物色網絡科技有限公司

南京銀嘉煌企業管理有限公司

南京銀城商業管理有限公司

40. 關聯方交易(續)

(1) 名稱及關係(續)

Relationship with the Group

與本集團的關係

Associate

聯營公司

Associate

聯營公司

Associate

聯營公司

Joint venture before 25 December 2020

於2020年12月25日前合營企業

Joint venture before 24 June 2019

於2019年6月24日前合營企業

Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

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Company controlled by Mr. Huang Qing Ping

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Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping

黃清平先生控制的公司

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

40. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions

In addition to transactions with related parties disclosed elsewhere of the financial statements, the following transactions were carried out with related parties during the reporting period:

The companies controlled by Mr. Huang Qing Ping are collectively referred to other related parties.

40. 關聯方交易(續)

(2) 關聯方交易

除與財務報表其他部分所披露的關聯方交易外，於報告期內與關聯方進行以下交易：

黃清平先生控制的公司統稱為其他關聯方。

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|--|----------------|-----------------------------------|-----------------------------------|
| Advances from joint ventures and associates | 合營企業及聯營公司墊款 | 2,056,290 | 382,121 |
| Repayment of advances from joint ventures and associates | 償還合營企業及聯營公司墊款 | 441,963 | 395,400 |
| Advances to joint ventures and associates | 墊款予合營企業及聯營公司 | 1,712,536 | 1,750,128 |
| Repayment of advances to joint ventures and associates | 合營企業及聯營公司償還墊款 | 1,478,906 | 2,410,794 |
| Advances from other related parties | 其他關聯方墊款 | 16,597,131 | 989,923 |
| Repayment of advances from other related parties | 償還其他關聯方墊款 | 13,834,839 | 188,916 |
| Advances to other related parties | 墊款予其他關聯方 | 7,006 | 3,071,289 |
| Repayment of advances to other related parties | 其他關聯方償還墊款 | 9,491 | 1,706,495 |
| Project management income from associates | 來自聯營公司的項目管理收入 | 29,061 | 27,141 |
| Project management income from joint ventures | 來自合營企業的項目管理收入 | 1,463 | 52,106 |
| Project management income from other related parties | 來自其他關聯方的項目管理收入 | - | 432 |
| Rental income from other related parties | 來自其他關聯方的租金收入 | 16,360 | 2,213 |
| Rental fees to other related parties | 支付予其他關聯方的租金費用 | 4,966 | 4,966 |
| Property management fees to other related parties | 支付予其他關聯方的項目管理費 | 32,902 | 25,093 |
| Service fees to other related parties | 支付予其他關聯方的服務費 | 21,027 | 16,461 |

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

附註：該等交易乃根據參與各方共同協定的條款及條件進行。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

40. RELATED PARTY TRANSACTIONS (Continued)

(3) Outstanding balances with related parties

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|------------------------------------|------------------|--|--|
| Due from related companies: | 應收關聯公司款項： | | |
| Associate | 聯營公司 | 858,037 | 720,158 |
| Joint venture | 合營企業 | 104,831 | 165,057 |
| Other related parties | 其他關聯方 | 8,418 | 10,547 |
| | | 971,286 | 895,762 |
| Due to related companies: | 應付關聯公司款項： | | |
| Associate | 聯營公司 | 2,053,016 | 477,329 |
| Joint venture | 合營企業 | 94,339 | 55,700 |
| Other related parties | 其他關聯方 | 2,803,465 | 91,470 |
| | | 4,950,820 | 624,499 |

Balances with the above related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

與上述關聯方的結餘為無抵押、免息及無固定還款期。

(4) Compensation of key management personnel of the Group

| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
|---|----------------|-----------------------------------|-----------------------------------|
| Short term employee benefits | 短期僱員福利 | 13,588 | 9,177 |
| Pension scheme contributions and social welfare | 退休計劃供款及社會福利 | 501 | 978 |
| Total compensation paid to key management personnel | 支付予主要管理人員的薪酬總額 | 14,089 | 10,155 |

Further details of directors' emoluments are included in note 8 to the financial statements.

董事酬金的進一步詳情載於財務報表附註8。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2020

Financial assets

41. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

2020年12月31日

金融資產

| | | Equity investments designated at FVOCI 指定按公平值計入其他全面收益之股權投資 RMB'000 人民幣千元 | Financial assets at amortised cost 按攤銷成本列賬之金融資產 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-----------------------|---|--|---------------------------------|
| Equity investments – designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 643,710 | - | 643,710 |
| Financial assets included in prepayments, deposits and other receivables | 計入預付款項、按金及其他應收款項的金融資產 | - | 2,562,763 | 2,562,763 |
| Trade receivables | 貿易應收款項 | - | 1,294 | 1,294 |
| Due from related companies | 應收關聯公司款項 | - | 971,286 | 971,286 |
| Financial assets at FVTPL | 按公平值計入損益的金融資產 | - | 1,934,292 | 1,934,292 |
| Restricted cash | 受限制現金 | - | 708,538 | 708,538 |
| Pledged deposits | 已抵押存款 | - | 2,194,070 | 2,194,070 |
| Cash and cash equivalents | 現金及現金等價物 | - | 3,518,324 | 3,518,324 |
| | | 643,710 | 11,890,567 | 12,534,277 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

41. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2020 (Continued)

Financial liabilities

| | | Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元 |
|---|--------------------|---|
| Lease liabilities | 租賃負債 | 8,707 |
| Trade and bills payables | 貿易應付款項及應付票據 | 4,001,807 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及應計費用的金融負債 | 2,912,160 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 12,148,180 |
| Senior notes | 優先票據 | 2,217,378 |
| Due to related companies | 應付關聯公司款項 | 4,950,820 |
| | | 26,239,052 |

41. 按類別劃分的金融工具(續)

2020年12月31日(續)

金融負債

31 December 2019

Financial assets

2019年12月31日

金融資產

| | | Equity investments designated at FVOCI 指定按公平值計入其他全面收益之股權投資 RMB'000 人民幣千元 | Financial assets at amortised cost 按攤銷成本列賬之金融資產 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-----------------------|---|--|---------------------------------|
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 326,723 | - | 326,723 |
| Financial assets included in prepayments, deposits and other receivables | 計入預付款項、按金及其他應收款項的金融資產 | - | 1,858,487 | 1,858,487 |
| Trade receivables | 貿易應收款項 | - | 1,458 | 1,458 |
| Due from related companies | 應收關聯公司款項 | - | 895,762 | 895,762 |
| Restricted cash | 受限制現金 | - | 1,137,115 | 1,137,115 |
| Pledged deposits | 已抵押存款 | - | 29 | 29 |
| Cash and cash equivalents | 現金及現金等價物 | - | 2,894,255 | 2,894,255 |
| | | 326,723 | 6,787,106 | 7,113,829 |

銀城國際控股有限公司 259
二零二零年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

41. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2019 (Continued)

Financial liabilities

| | | Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元 |
|---|--------------------|---|
| Lease liabilities | 租賃負債 | 19,898 |
| Trade and bills payables | 貿易應付款項及應付票據 | 2,742,799 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及應計費用的金融負債 | 3,637,344 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 10,499,959 |
| Due to related companies | 應付關聯公司款項 | 624,499 |
| | | 17,524,499 |

41. 按類別劃分的金融工具(續)

2019年12月31日(續)

金融負債

42. 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:

42. 金融工具的公平值及公平值層級

除賬面值與公平值合理相若的金融工具外，本集團金融工具的賬面值及公平值如下：

| | | Carrying amounts 賬面值 | | Fair values 公平值 | |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 | 2020 2020年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 |
| Financial assets | 金融資產 | | | | |
| Financial assets at FVTPL | 按公平值計入損益的金融資產 | 1,934,292 | - | 1,934,292 | - |
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 643,710 | 326,723 | 643,710 | 326,723 |
| Financial liabilities | 金融負債 | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 12,148,180 | 10,499,959 | 11,553,517 | 10,092,679 |
| Senior notes | 優先票據 | 2,219,608 | - | 2,219,608 | - |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, lease liabilities and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the 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 chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

During the reporting year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

42. 金融工具的公平值及公平值層級(續)

管理層已評估現金及現金等價物、已抵押存款、受限制現金、應收關聯公司款項、貿易應收款項、計入預付款項、按金及其他應收款項的金融資產、貿易應付款項及應付票據、計入其他應付款項、已收按金及應計費用的金融負債、租賃負債及應付關聯公司款項的公平值與其賬面值相若，主要是由於該等工具的到期期限較短。

本集團的公司融資部門由財務總監帶領，負責釐定金融工具公平值計量的政策及程序。公司融資團隊直接向財務總監及董事會匯報。於報告日期，公司融資團隊分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由財務總監審核及批准。每年就年度財務報告與董事會對估值程序及結果進行兩次討論。

於報告年度，金融資產及負債第一層與第二層之間並無公平值計量轉移，亦無轉入或轉出第三層。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2020

| Recurring fair value measurement for | 就以下項目進行的經常性公平值計量 | Fair value measurement using 使用以下級別的公平值計量 | | | Total 總計 |
|--|---------------------|--|---|--|------------------|
| | | Quoted prices in active markets (Level 1) 於活躍市場之報價 (第一層) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察輸入數據 (第二層) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 (第三層) RMB'000 人民幣千元 | |
| Financial assets at FVTPL | 按公平值計入損益的金融資產 | 480,192 | - | 1,454,100 | 1,934,292 |
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 643,710 | - | - | 643,710 |
| | | 1,123,902 | - | 1,454,100 | 2,578,002 |

As at 31 December 2019

| Recurring fair value measurement for | 就以下項目進行的經常性公平值計量 | Fair value measurement using 使用以下級別的公平值計量 | | | Total 總計 |
|--|---------------------|--|---|--|----------|
| | | Quoted prices in active markets (Level 1) 於活躍市場之報價 RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察輸入數據 RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 RMB'000 人民幣千元 | |
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 326,723 | - | - | 326,723 |

The Group did not have any financial liabilities measured at fair value as at 31 December 2020 and 2019.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

42. 金融工具的公平值及公平值層級(續)

公平值層級

下表說明本集團金融工具之公平值計量層級：

按公平值計量的資產：

於2020年12月31日

於2019年12月31日

於2020年及2019年12月31日，本集團並無任何按公平值計量的金融負債。

年內，金融資產及金融負債第一層與第二層之間並無公平值計量轉移，亦無轉入或轉出第三層(2019年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (Continued)

Liabilities for which fair values are disclosed:

42. 金融工具的公平值及公平值層級(續)

公平值層級(續)

下表說明本集團金融工具之公平值計量層級:(續)

披露公平值的負債:

| | | Fair value measurement using 使用以下級別的公平值計量 | | | |
|---|--------------|--|--|--|------------|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | | 於活躍市場之 報價(第一層) | 重大可觀察 輸入數據 (第二層) | 重大不可觀察 輸入數據 (第三層) | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| 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 | - | 11,553,517 | - | 11,553,517 |
| Senior notes | 優先票據 | 2,217,378 | - | - | 2,217,378 |
| | | 2,217,378 | 11,553,517 | - | 13,770,895 |
| As at 31 December 2019 | 於2019年12月31日 | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | - | 10,092,679 | - | 10,092,679 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and 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, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, 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 summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 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 held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB5,504,085 for the year ended 31 December 2020 (2019: RMB8,964,050).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposures from its cash and cash equivalents, financial assets at fair value through profit or loss and senior notes.

43. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及銀行結餘、受限制現金、已抵押存款、貿易及其他應收款項、貿易應付款項及應付票據以及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借款、應付關聯公司款項以及應收關聯公司款項。該等金融工具的主要目的在於為本集團的運營提供資金。

本集團金融工具產生的主要風險為利率風險、外幣風險、信貸風險及流動資金風險。一般而言，本集團對其風險管理採取保守策略。為將本集團所面臨的該等風險保持最低，本集團並無使用任何衍生及其他工具作對沖目的。本集團未持有或發行可供交易的衍生金融工具。董事會檢討並同意各項風險管理政策，其概述如下：

(a) 利率風險

本集團面臨的市場利率變動風險主要與附註31所載的本集團計息銀行及其他借款有關。本集團並無使用衍生金融工具對沖利率風險。本集團使用浮息銀行借款及其他借款管理其利息成本。

倘在所有其他變量維持不變情況下銀行及其他借款的利率上升/下降1%，則本集團截至2020年12月31日止年度的除稅前溢利(透過對浮息借款的影響)將減少/增加約人民幣5,504,085元(2019年：人民幣8,964,050元)。

(b) 外幣風險

本集團面臨交易帶來的貨幣風險。該等風險因經營單位以其功能貨幣以外的貨幣進行買賣而產生。本集團面臨現金及現金等價物、按公平價值計入損益的金融資產及優先票據帶來的貨幣風險。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and HKD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

43. 財務風險管理目標及政策(續)

(b) 外幣風險(續)

下表載列在所有其他變量保持不變的情況下，於報告期末美元及港元的匯率合理可能變動對本集團除稅前溢利的敏感度(由於貨幣資產及負債公平值變動)。

| | | Increase/ (decrease) in US\$/HK\$ rate 美元 港元匯率 上升 (下降) % | Increase/ (decrease) in profit before tax 除稅前溢利 增加 (減少) RMB'000 人民幣千元 |
|---|-----------|---|--|
| 2020 | | 2020年 | |
| If the RMB weakens against the US\$ | 倘人民幣兌美元貶值 | -5% | (100,374) |
| If the RMB strengthens against the US\$ | 倘人民幣對美元升值 | +5% | 100,374 |
| If the RMB weakens against the HK\$ | 倘人民幣兌港元貶值 | -5% | 27,463 |
| If the RMB strengthens against the HK\$ | 倘人民幣兌港元升值 | +5% | (27,463) |
| 2019 | | 2019年 | |
| If the RMB weakens against the US\$ | 倘人民幣兌美元貶值 | -5% | 10,056 |
| If the RMB strengthens against the US\$ | 倘人民幣對美元升值 | +5% | (10,056) |
| If the RMB weakens against the HK\$ | 倘人民幣兌港元貶值 | -5% | (46,864) |
| If the RMB strengthens against the HK\$ | 倘人民幣兌港元升值 | +5% | 46,864 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. 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 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, 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.

43. 財務風險管理目標及政策(續)

(c) 信貸風險

就釐定信貸風險的大幅增加及計算減值而言，本集團按共同信貸風險特徵(如工具類型及信貸風險評級)基準劃分金融工具。為管理貿易應收款項產生的風險，本集團設有政策，以確保僅向具有適當信貸記錄的交易對手授出信貸期，而管理層對本集團交易對手進行持續信貸評估。授予客戶的信貸期一般為六個月，而該等客戶的信貸質素乃經考慮其財務狀況、過往經歷及其他因素而評估。本集團亦設有其他監控程序，以確保採取跟進行動收回逾期應收款項。此外，本集團定期檢討貿易應收款項的可收回金額，以確保就不可收回金額作出充足的減值虧損。本集團並無重大信貸風險集中情況，有關風險分散至大量交易對手及客戶。

管理層根據歷史結算記錄及過往經驗定期就計入預付款項、其他應收款項的金融資產及其他資產以及應收關聯方款項作出共同評估，並對其他應收款項及應收關聯方款項的可收回性作出個別評估。本集團在第一階段對計入預付款項、其他應收款項的金融資產及其他資產以及應收關聯方款項進行分類，並持續監控其信貸風險。本公司董事相信，本集團尚未收回的計入預付款項、其他應收款項的金融資產及其他資產以及應收關聯方款項的結餘並無固有的重大信貸風險存在。

最高風險及年末階段分類

下表顯示於2020年12月31日，基於本集團信貸政策的信貸質素及最大信貸風險敞口(主要基於過往的逾期資料，除非有其他資料可得而無需付出不必要成本或努力)以及年末階段分類。所呈列金額為金融資產的賬面總值及財務擔保合約的信貸風險敞口。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2020

43. 財務風險管理目標及政策(續)

(c) 信貸風險(續)

於2020年12月31日

| | | 12-month ECLs | Lifetime ECLs | | | Total |
|--|--------------------|-------------------|---------------|---------|---------------------|-------------------|
| | | 12個月預期信貸虧損 | 全期預期信貸虧損 | | | |
| | | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | | 第一階段 | 第二階段 | 第三階段 | 簡化方法 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Trade receivables | 貿易應收款項 | - | - | - | 1,294 | 1,294 |
| Financial assets included in prepayments and other receivables | 計入預付款項及其他應收款項的金融資產 | | | | | |
| — Normal | — 正常 | 2,562,763 | - | - | - | 2,562,763 |
| Due from related parties | 應收關聯方款項 | 971,286 | - | - | - | 971,286 |
| Financial assets at FVTPL | 按公平值計入損益的金融資產 | | | | | |
| Restricted cash | 受限制現金 | | | | | |
| — Not yet past due | — 尚未逾期 | 708,538 | - | - | - | 708,538 |
| Pledged deposits | 已抵押存款 | | | | | |
| — Not yet past due | — 尚未逾期 | 2,194,070 | - | - | - | 2,194,070 |
| Cash and cash equivalents | 現金及現金等價物 | | | | | |
| — Not yet past due | — 尚未逾期 | 3,518,324 | - | - | - | 3,518,324 |
| | | 11,889,273 | - | - | 1,294 | 11,890,567 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2019

| | | 12-month | Lifetime ECLs | | | Total | |
|--|--------------------|-----------|---------------|---------|---------|----------|-----------|
| | | ECLs | Simplified | | | | |
| | | 12個月預期 | 全期預期信貸虧損 | | | 總計 | |
| | | 信貸虧損 | Stage 1 | Stage 2 | Stage 3 | approach | |
| | | | 第一階段 | 第二階段 | 第三階段 | 簡化方法 | 總計 |
| | | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Trade receivables | 貿易應收款項 | – | – | – | – | 1,458 | 1,458 |
| Financial assets included in prepayments and other receivables | 計入預付款項及其他應收款項的金融資產 | | | | | | |
| — Normal | — 正常 | 1,858,487 | – | – | – | – | 1,858,487 |
| Due from related parties | 應收關聯方款項 | 895,762 | – | – | – | – | 895,762 |
| Restricted cash | 受限制現金 | | | | | | |
| — Not yet past due | — 尚未逾期 | 1,137,115 | – | – | – | – | 1,137,115 |
| Pledged deposits | 已抵押存款 | | | | | | |
| — Not yet past due | — 尚未逾期 | 29 | – | – | – | – | 29 |
| Cash and cash equivalents | 現金及現金等價物 | | | | | | |
| — Not yet past due | — 尚未逾期 | 2,894,255 | – | – | – | – | 2,894,255 |
| | | | | | | | |
| | | 6,785,648 | – | – | – | 1,458 | 6,787,106 |

(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 and senior notes. Cash flows are being closely monitored on an ongoing basis.

43. 財務風險管理目標及政策(續)

(c) 信貸風險(續)

於2019年12月31日

(d) 流動資金風險

本集團的目標為透過運用計息銀行及其他借款及優先票據維持融資持續性及靈活性之間的平衡。本集團現金流量情況受持續密切監控。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

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 按要求 RMB'000 人民幣千元 | Less than 3 months 3個月以內 RMB'000 人民幣千元 | 3 to 12 months 3至12個月 RMB'000 人民幣千元 | Over 1 year 1年以上 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|--------------------|--------------------------------------|---|--|---|---------------------------------|
| 31 December 2020 | 2020年12月31日 | | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | - | 466,841 | 3,571,715 | 9,772,449 | 13,811,005 |
| Senior notes | 優先票據 | - | - | 2,399,375 | - | 2,399,375 |
| Lease liabilities | 租賃負債 | - | 6,483 | 3,526 | 4,189 | 14,198 |
| Trade and bills payables | 貿易應付款項及應付票據 | 4,001,807 | - | - | - | 4,001,807 |
| Other payables | 其他應付款項 | 3,166,054 | - | - | - | 3,166,054 |
| Due to related companies | 應付關聯公司款項 | 4,950,820 | - | - | - | 4,950,820 |
| | | 12,118,681 | 473,324 | 5,974,616 | 9,776,638 | 28,343,259 |

| | | On demand 按要求 RMB'000 人民幣千元 | Less than 3 months 3個月以內 RMB'000 人民幣千元 | 3 to 12 months 3至12個月 RMB'000 人民幣千元 | Over 1 year 1年以上 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|--|--------------------------------------|---|--|---|---------------------------------|
|--|--|--------------------------------------|---|--|---|---------------------------------|

| | | | | | | |
|--|--------------------|------------------|----------------|------------------|------------------|-------------------|
| 31 December 2019 | 2019年12月31日 | | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | - | 465,728 | 5,163,561 | 6,366,125 | 11,995,414 |
| Lease liabilities | 租賃負債 | - | 5,405 | 8,777 | 3,181 | 17,363 |
| Trade and bills payables | 貿易應付款項及應付票據 | 2,742,799 | - | - | - | 2,742,799 |
| Other payables | 其他應付款項 | 3,637,344 | - | - | - | 3,637,344 |
| Due to related companies | 應付關聯公司款項 | 624,499 | - | - | - | 624,499 |
| | | 7,004,642 | 471,133 | 5,172,338 | 6,369,306 | 19,017,419 |

43. 財務風險管理目標及政策(續)

(d) 流動資金風險(續)

本集團於報告期末按合約未折現付款計算的金融負債的到期情況如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

43. 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 gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

43. 財務風險管理目標及政策(續)

(e) 資本管理

本集團資本管理的主要目標是為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況的變化管理及調整其資本架構。為維持或調整資本架構，本集團或會對派付予股東的股息，股東資本回報或發行新股作出調整。

本集團採用資本負債率(即債務淨額除以資本總額與債務淨額之和)來監控資本。本集團於債務淨額計入計息銀行及其他借款、貿易應付款項及應付票據、其他應付款項、已收按金及應計費用以及應付關聯公司款項減現金及現金等價物。資本指本公司擁有人應佔權益。於報告期末的資本負債率如下：

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|------------------|--|--|
| Trade and bills payables | 貿易應付款項及應付票據 | 4,001,807 | 2,742,799 |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | 3,166,054 | 3,969,718 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 12,148,180 | 10,499,959 |
| Senior notes | 優先票據 | 2,217,378 | - |
| Due to related companies | 應付關聯公司款項 | 4,950,820 | 624,499 |
| Less: Cash and cash equivalents | 減：現金及現金等價物 | (3,518,324) | (2,894,255) |
| Net debt | 債務淨額 | 22,965,915 | 14,942,720 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | 2,760,067 | 2,508,818 |
| Capital and net debt | 資本及債務淨額 | 25,725,982 | 17,451,538 |
| Gearing ratio | 資本負債率 | 89% | 86% |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

44. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2020

44. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

2020年12月31日

| | | Percentage of equity interest held by non-controlling interests | Profit for the year allocated to non-controlling interests | Accumulated balances of non-controlling interests |
|-------|-------|---|--|---|
| | | 透過非控股權益持有的股權百分比 % | 分配至非控股權益的年內溢利 RMB'000 人民幣千元 | 非控股權益累計結餘 RMB'000 人民幣千元 |
| 南京佳運城 | 南京佳運城 | 49 | 63,518 | 145,667 |
| 九城興 | 九城興 | 50 | 72,249 | 139,851 |
| 無錫億丰 | 無錫億丰 | 65 | 58,523 | 100,968 |
| 合肥銀澧 | 合肥銀澧 | 40 | 19,526 | 219,526 |

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

下表說明上述附屬公司的財務資料概要。所披露的金額未計及任何公司間對銷：

| | | 南京佳運城 南京佳運城 RMB'000 人民幣千元 | 九城興 九城興 RMB'000 人民幣千元 | 無錫億丰 無錫億丰 RMB'000 人民幣千元 | 合肥銀澧 合肥銀澧 RMB'000 人民幣千元 |
|--|------------------|------------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Revenue | 收益 | 2,382,306 | 1,734,197 | 963,749 | 67,695 |
| Total expenses | 總開支 | (2,203,203) | (1,554,126) | (836,923) | (2,609) |
| Income tax expense | 所得稅開支 | (49,475) | (35,573) | (36,791) | (16,271) |
| Profit and total comprehensive income for the year | 年內溢利及全面收益總額 | 129,628 | 144,498 | 90,035 | 48,815 |
| Current assets | 流動資產 | 806,949 | 675,550 | 1,839,842 | 1,575,058 |
| Non-current assets | 非流動資產 | 19,449 | 5,857 | 3,697 | 143,559 |
| Current liabilities | 流動負債 | (528,297) | (401,705) | (1,686,965) | (745,443) |
| Non-current liabilities | 非流動負債 | (822) | - | (1,239) | (424,360) |
| Net cash flows (used in)/from operating activities | 經營活動(所用)所得現金流量淨額 | 1,121,713 | 1,499,471 | 1,032,398 | (803,705) |
| Net cash flows (used in)/from financing activities | 融資活動(所用)所得現金流量淨額 | (1,753,510) | (1,488,320) | (1,287,901) | 1,019,782 |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加(減少)淨額 | (631,797) | 11,151 | (255,503) | 216,077 |

銀城國際控股有限公司 271
二零二零年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

44. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2019

| | | Percentage of equity interest held by non-controlling interests | (Loss)/profit for the year allocated to non-controlling interests | Accumulated balances of non-controlling interests |
|----------------|-------|---|---|---|
| | | 透過非控股權益持有的股權百分比 % | 分配至非控股權益的年內(虧損)溢利 RMB'000 人民幣千元 | 非控股權益累計結餘 RMB'000 人民幣千元 |
| 南京佳運城 | 南京佳運城 | 49 | 160,231 | 165,449 |
| 無錫新城 | 無錫新城 | 35 | 36,071 | 57,101 |
| 南京至君 | 南京至君 | 75 | (882) | 374,118 |
| Eastern Senior | 東方頤年 | 25 | 19,348 | 345,940 |

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

| | | 南京佳運城 南京佳運城 RMB'000 人民幣千元 | 南京至君 南京至君 RMB'000 人民幣千元 | Eastern Senior 東方頤年 RMB'000 人民幣千元 | 無錫新城 無錫新城 RMB'000 人民幣千元 |
|---|---------------------|------------------------------------|----------------------------------|--|----------------------------------|
| Revenue | 收益 | 3,809,855 | - | 175,413 | 1,480,221 |
| Total expenses | 總開支 | (3,372,872) | (1,568) | (77,372) | (1,062,132) |
| Income tax expense | 所得稅開支 | (109,980) | 392 | (20,650) | (315,029) |
| Profit/(loss) and total comprehensive income/(expense) for the year | 年內溢利(虧損)及全面收益(開支)總額 | 327,003 | (1,176) | 77,391 | 103,060 |
| Current assets | 流動資產 | 3,154,755 | 2,874,368 | 1,434,274 | 2,776,188 |
| Non-current assets | 非流動資產 | 35,764 | 392 | 1,286,054 | 67,346 |
| Current liabilities | 流動負債 | (2,852,101) | (2,375,936) | (665,140) | (2,680,328) |
| Non-current liabilities | 非流動負債 | (766) | - | (671,429) | (61) |
| Net cash flows from/(used in) operating activities | 經營活動所得(所用)現金流量淨額 | 2,750,437 | (2,774,003) | (264,358) | 493,304 |
| Net cash flows from/(used in) financing activities | 融資活動所得(所用)現金流量淨額 | (2,178,684) | 2,285,787 | (165,180) | (334,360) |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加(減少)淨額 | 571,753 | (488,216) | (429,538) | 158,944 |

44. 擁有重大非控股權益的非全資附屬公司(續)

本集團擁有重大非控股權益的附屬公司詳情載列如下：

2019年12月31日

下表說明上述附屬公司的財務資料概要。所披露的金額未計及任何公司間對銷：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

45. 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:

45. 本公司財務狀況表

本公司於報告期末之財務狀況表資料如下：

| | | 31 December 2020 2020年 12月31日 RMB'000 人民幣千元 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-------------------|--|--|
| CURRENT ASSETS | 流動資產 | | |
| Cash and cash equivalents | 現金及現金等價物 | 382,564 | 262,850 |
| Due from related companies | 應收關聯公司款項 | 2,343,752 | 1,182,833 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 22,696 | 34,926 |
| Total current assets | 流動資產總額 | 2,749,012 | 1,480,609 |
| NON-CURRENT ASSETS | 非流動資產 | | |
| Other long term assets | 其他長期資產 | 9,266 | - |
| Investments in subsidiaries | 於附屬公司的投資 | 82,600 | 82,600 |
| Total non-current assets | 非流動資產總額 | 91,866 | 82,600 |
| CURRENT LIABILITIES | 流動負債 | | |
| Senior notes | 優先票據 | 2,217,378 | 697,620 |
| Payroll and welfare payable | 應付工資及福利 | 505 | - |
| Other payables | 其他應付款項 | 29,689 | - |
| Due to related companies | 應付關聯公司款項 | 19,554 | 14,462 |
| Total current liabilities | 流動負債總額 | 2,267,126 | 712,082 |
| NET CURRENT LIABILITIES | 流動負債淨額 | 481,886 | 768,527 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 總資產減流動負債 | 573,752 | 851,127 |
| NET ASSETS | 資產淨額 | 573,752 | 851,127 |
| EQUITY | 權益 | | |
| Equity attributable to owners of the parent | 母公司擁有人應佔權益 | | |
| Share capital (note 33) | 股本(附註33) | 124,119 | 124,119 |
| Treasury shares (note 33) | 庫存股(附註33) | (7) | (7) |
| Other reserves | 其他儲備 | 449,640 | 727,015 |
| TOTAL EQUITY | 總權益 | 573,752 | 851,127 |

銀城國際控股有限公司 273
二零二零年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020 2020年12月31日

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's other reserves is as follows:

| | | Capital reserve | Accumulated losses | Share premium | Exchange reserve | Total |
|--|---------------------------|-----------------|--------------------|---------------|------------------|-----------|
| | | 資本儲備 | 累計虧損 | 股份溢價 | 匯兌儲備 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Balance at 31 December 2019 and 1 January 2020 | 於2019年12月31日及2020年1月1日的結餘 | 82,600 | (19,680) | 631,475 | 32,620 | 727,015 |
| Loss for the year | 年內虧損 | - | (204,657) | - | - | (204,657) |
| Dividend declared and distributions | 已宣派股息及分派 | - | - | (30,662) | - | (30,662) |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | (42,056) | (42,056) |
| Balance at 31 December 2020 | 於2020年12月31日的結餘 | 82,600 | (224,337) | 600,813 | (9,436) | 449,640 |

45. 本公司財務狀況表(續)

附註：

本公司之其他儲備概要如下：

46. EVENTS AFTER THE REPORTING PERIOD

On 4 February 2021, 南京銀城 and Jiangsu Winfast Investment Holding Group Co., Ltd. entered into an equity transfer agreement, pursuant to which 南京銀城 agreed to acquire from Jiangsu Winfast a 25% equity interest in Eastern Senior, at the consideration of RMB335,347,000.

On 17 March 2021, the Group issued a senior note of RMB1,072,137,000 (equivalent of US\$165,000,000), which bears interest at a coupon rate of 11.80% per annum and is repayable by 16 March 2022.

Except as disclosed above, there was no material subsequent event undertaken by the Group after 31 December 2020.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2021.

46. 報告期後事項

於2021年2月4日，南京銀城與江蘇瑞華投資控股集團有限公司訂立股權轉讓協議，據此，南京銀城同意向江蘇瑞華採購東方願年的25%股權，代價為人民幣335,347,000元。

於2021年3月17日，本集團發行優先票據人民幣1,072,137,000元(相當於165,000,000美元)，按年票面息率11.80%計息，並須於2022年3月16日前償還。

除上文所披露者外，本集團於2020年12月31日後並無開展任何重大其後事項。

47. 批准財務報表

財務報表由董事會於2021年3月29日批准及授權刊發。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of Yincheng International Holding Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yincheng International Holding Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 147 to 306, which comprise the consolidated statement of financial position as at 31 December 2019, 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 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("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 ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

140 Yincheng International Holding Co., Ltd.
Annual Report 2019

致銀城國際控股有限公司全體股東
(於開曼群島註冊成立的有限公司)

意見

吾等已審核第147至306頁所載銀城國際控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,包括於2019年12月31日的綜合財務狀況表以及截至2019年12月31日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括重大會計政策概要)。

吾等認為,綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)編製,足以真實及公平地顯示貴集團於2019年12月31日的綜合財務狀況及貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

意見基礎

吾等的審核工作按照香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)進行。吾等就該等準則承擔的責任在本報告核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會的職業會計師道德守則(「守則」),吾等獨立於貴集團,並已履行守則中的其他職業道德責任。吾等相信,吾等所取得的審核憑證就提出審核意見而言屬充分恰當。

關鍵審核事項

關鍵審核事項是根據吾等的職業判斷,對本期綜合財務報表的審核最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時處理,且吾等不會對該等事項提供單獨的意見。有關吾等在審核過程中如何處理下述事項的描述乃以此為背景。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所闡述的責任,包括與該等關鍵審核事項相關的責任。相應地,吾等的審核工作包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的審核程序。吾等執行審核程序的結果,包括應對下述事項所執行的程序,為就相關綜合財務報表發表審核意見提供了基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter

關鍵審核事項

How our audit addressed the key audit matter

吾等在審核過程中如何處理關鍵審核事項

Revenue recognition from property development projects ("PDP")

房地產開發項目(「房地產開發項目」)之收益確認

Most of the Group's revenue for the year ended 31 December 2019 was derived from PDP.

貴集團截至2019年12月31日止年度的大部分收益來自於房地產開發項目。

Revenue from PDP is recognised when all of the following criteria have been met:

貴集團在以下所有條件均已滿足時確認房地產開發項目的收益：

- (i) the sale and purchase agreement has been signed;
已簽署買賣協議；
- (ii) the related deposit has been received and the arrangements for the settlement of the remaining proceeds have been confirmed; and
已收到相關按金且已確認剩餘所得款項的結付安排；及
- (iii) the property has been handed over to the buyer, as stipulated in the sale and purchase agreement.
物業已根據買賣協議約定交付予買方。

We identified the recognition of revenue for PDP as a key audit matter because of its significance to the Group and because small errors in recognition of revenue, in aggregate, for each property development project could have a material impact on the Group's profit for the year ended 31 December 2019.

吾等把房地產開發項目的收益確認列為關鍵審核事項，因為房地產開發項目的收益對貴集團的重要性，以及單個房地產開發項目銷售收益確認上的細小錯誤匯總起來可能對貴集團截至2019年12月31日止年度的溢利產生重大影響。

The accounting policies and disclosures of the revenue recognition are included in notes 2.4 and 5 to the consolidated financial statements.

有關收益確認的會計政策及披露載於綜合財務報表附註2.4及5。

Our audit procedures to assess the recognition of revenue for PDP included the following:

吾等就房地產開發項目的收益確認的審計程序包括以下程序：

- (i) evaluating the design, implementation of operating effectiveness of key internal controls over the recording of revenue for PDP;
評估與房地產開發項目的收益確認相關的關鍵內部控制的設計和運行有效性；
- (ii) inspecting the terms of the standard sale and purchase agreements for the sale of PDP to assess the Group's revenue recognition policies for the sale of PDP, with reference to the requirements of the prevailing accounting standards;
檢查貴集團銷售房地產開發項目的標準買賣協議條款，以評價貴集團有關銷售房地產開發項目的收益確認政策是否符合現行會計準則的要求；
- (iii) inspecting, on a sample basis, the sales of PDP recognised during the year ended 31 December 2019, sale and purchase agreements and the documents which indicated that the properties were physically possessed or the legal titles of the properties were obtained by the buyers and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition accounting policies;
就截至2019年12月31日止年度確認的房地產開發項目銷售，抽樣檢查買賣協議及可以證明物業已實際歸買方所有或買方已獲得物業法定所有權的文件，以及評價相關收益是否已按照貴集團的收益確認會計政策確認；
- (iv) inspecting, on a sample basis, the documents which indicated that the properties were physically possessed or the legal titles of the properties were obtained by the buyers before and after 31 December 2019 to assess whether the related revenue had been recognised in the appropriate financial period.
抽樣檢查可以證明於2019年12月31日前後物業已實際歸買方所有或買方已獲得物業法定所有權的文件，以評價相關收益是否在恰當的財務期間確認。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter

How our audit addressed the key audit matter

關鍵審核事項

吾等在審核過程中如何處理關鍵審核事項

Provision for land appreciation tax

土地增值稅撥備

The Group is a property developer in Mainland China focusing on the development of residential properties. Land appreciation tax ("LAT") in Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the Group estimates the provision for land appreciation tax based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes prepaid land lease payments, property development costs and borrowing costs. When the LAT is subsequently determined by tax authorities, the final tax outcome may be different from the estimates. Significant judgement is required in the amount of land appreciation and its related income tax provisions. We identified the provision for LAT as a key audit matter due to the complexity of estimation of LAT.

貴集團為一家中國內地的房地產開發商，專注於開發住宅物業。中國內地的土地增值稅(「土地增值稅」)為貴集團稅項支出的主要組成部分之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於各報告期末，貴集團會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額(包括預付土地租賃款項、房地產開發成本及借款成本)作出估計。稅務機構其後釐定土地增值稅時，最終稅務結果可能有別於估計值。因而，於釐定土地增值金額及其相關所得稅撥備時須作出重大判斷。鑒於土地增值稅估計的複雜性，吾等將土地增值稅撥備確認為一項關鍵審核事項。

The accounting policies and disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

有關土地增值稅撥備的會計政策及披露載於綜合財務報表附註3及10。

We obtained an understanding of the key management controls related to the LAT provision. We involved our internal tax specialist to assist us to perform a review on the LAT provision, including the estimates and assumptions used by the Group. We also recalculated the LAT provision by testing the underlying data.

吾等已知悉有關土地增值稅的關鍵管控措施。吾等委聘內部稅務專家協助吾等檢討土地增值稅撥備，包括貴集團使用的估計及假設。吾等亦已通過測試相關數據重新計算土地增值稅撥備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。吾等僅向全體股東作出報告，除此以外本報告並無其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

核數師就審核綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通，該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 Lawrence K. W. Lau.

Certified Public Accountants
Hong Kong
15 April 2020

核數師就審核綜合財務報表須承擔的責任(續)

從與審核委員會溝通的事項中，吾等確定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為劉國華。

執業會計師
香港
2020年4月15日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|------------------|-------------|-----------------------------------|-----------------------------------|
| REVENUE | 收益 | 5 | 9,092,472 | 5,070,094 |
| Cost of sales | 銷售成本 | | (7,613,165) | (3,600,043) |
| GROSS PROFIT | 毛利 | | 1,479,307 | 1,470,051 |
| Other income and gains | 其他收入及收益 | 5 | 65,800 | 324,069 |
| Selling and distribution expenses | 銷售及分銷開支 | | (294,980) | (237,271) |
| Administrative expenses | 行政開支 | | (292,408) | (331,536) |
| Other expenses | 其他開支 | | (22,828) | (15,909) |
| Fair value gains on investment properties | 投資物業的公平值收益 | 15 | 106,300 | 14,803 |
| Finance costs | 財務成本 | 7 | (166,991) | (254,007) |
| Share of profits and losses of: | 應佔溢利及虧損： | | | |
| Joint ventures | 合營企業 | | (15,440) | (19,716) |
| Associates | 聯營公司 | | 81,369 | 111,373 |
| PROFIT BEFORE TAX | 除稅前溢利 | 6 | 940,129 | 1,061,857 |
| Income tax expense | 所得稅開支 | 10 | (579,769) | (566,535) |
| PROFIT FOR THE YEAR | 年內溢利 | | 360,360 | 495,322 |
| Attributable to: | 下列各項應佔： | | | |
| Owners of the parent | 母公司擁有人 | | 150,309 | 442,440 |
| Non-controlling interests | 非控股權益 | | 210,051 | 52,882 |
| | | | 360,360 | 495,322 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 本公司普通權益持有人應佔每股盈利 | | | |
| Basic and diluted (RMB) | 基本及攤薄(人民幣) | 12 | 0.11 | 0.47 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| OTHER COMPREHENSIVE INCOME | 其他全面收益 | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> | 於隨後期間可能重新分類至損益的其他全面收益： | | |
| Exchange differences on translation of foreign operations | 換算海外業務之匯兌差額 | 33,022 | - |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i> | 於隨後期間將不會重新分類至損益的其他全面收益： | | |
| Equity investments designated at fair value through other comprehensive income: | 指定按公平值計入其他全面收益之股權投資： | | |
| Change in fair value | 公平值變動 | 1,965 | - |
| Income tax effect | 所得稅影響 | (324) | - |
| | | 1,641 | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | 年內其他全面收益 | 34,663 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 年內全面收益總額 | 395,023 | 495,322 |
| Total comprehensive income attributable to: | 下列人士應佔全面收益總額： | | |
| Owners of the parent | 母公司擁有人 | 184,972 | 442,440 |
| Non-controlling interests | 非控股權益 | 210,051 | 52,882 |
| | | 395,023 | 495,322 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019 2019年12月31日

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------------------------------|-------------|-----------------------------------|-----------------------------------|
| NON-CURRENT ASSETS | | | | |
| | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 13 | 1,241,223 | 362,642 |
| Investment properties | 投資物業 | 15 | 918,200 | 811,900 |
| Right-of-use assets | 使用權資產 | 16 | 281,354 | – |
| Prepaid land lease payments | 預付土地租賃付款 | 16 | – | 258,430 |
| Intangible assets | 無形資產 | 14 | 5,707 | 6,364 |
| Investments in joint ventures | 於合營企業的投資 | 17 | 78,103 | 103,739 |
| Investments in associates | 於聯營公司的投資 | 18 | 910,513 | 281,185 |
| Deferred tax assets | 遞延稅項資產 | 19 | 309,682 | 199,194 |
| Equity investments designated at fair value through other comprehensive income ("FVOCI") | 指定按公平值計入其他全面收益（「按公平值計入其他全面收益」）的股權投資 | 21 | 326,723 | – |
| Total non-current assets | 非流動資產總值 | | 4,071,505 | 2,023,454 |
| CURRENT ASSETS | | | | |
| | 流動資產 | | | |
| Properties under development | 開發中物業 | 22 | 16,166,537 | 17,397,704 |
| Completed properties held for sale | 持作出售的已竣工物業 | 23 | 6,227,457 | 2,123,761 |
| Trade receivables | 貿易應收款項 | | 1,458 | 2 |
| Due from related companies | 應收關聯公司款項 | 42 | 895,762 | 1,184,581 |
| Prepaid land lease payments | 預付土地租賃付款 | 16 | – | 5,440 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 24 | 2,729,374 | 939,409 |
| Tax recoverable | 可回收稅項 | | 342,007 | 145,782 |
| Other current assets | 其他流動資產 | 20 | 56,245 | – |
| Inventories | 存貨 | | 890 | – |
| Restricted cash | 受限制現金 | 25 | 1,137,115 | 122,820 |
| Pledged deposits | 已抵押存款 | 25 | 29 | 7,441 |
| Cash and cash equivalents | 現金及現金等價物 | 25 | 2,894,255 | 1,589,181 |
| Total current assets | 流動資產總值 | | 30,451,129 | 23,516,121 |
| CURRENT LIABILITIES | | | | |
| | 流動負債 | | | |
| Trade and bills payables | 貿易應付款項及應付票據 | 26 | 2,742,799 | 2,250,325 |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | 27 | 3,969,718 | 2,908,338 |
| Due to related companies | 應付關聯公司款項 | 41 | 624,499 | 1,615,416 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 30 | 4,917,819 | 5,300,063 |
| Lease liabilities | 租賃負債 | 16 | 16,826 | – |
| Contract liabilities | 合約負債 | 29 | 10,503,434 | 5,274,810 |
| Financial guarantee contracts | 財務擔保合約 | 31 | – | 6,289 |
| Tax payable | 應付稅項 | 10 | 1,293,051 | 504,146 |
| Total current liabilities | 流動負債總額 | | 24,068,146 | 17,859,387 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019 2019年12月31日

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|------------|-------------|-----------------------------------|-----------------------------------|
| NET CURRENT ASSETS | 流動資產淨值 | | 6,382,983 | 5,656,734 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 資產總額減流動負債 | | 10,454,488 | 7,680,188 |
| NON-CURRENT LIABILITIES | 非流動負債 | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 30 | 5,582,140 | 4,891,341 |
| Lease liabilities | 租賃負債 | 16 | 3,072 | – |
| Financial guarantee contracts | 財務擔保合約 | 31 | – | 12,578 |
| Deferred tax liabilities | 遞延稅項負債 | 19 | 842,471 | 365,970 |
| Total non-current liabilities | 非流動負債總額 | | 6,427,683 | 5,269,889 |
| NET ASSETS | 資產淨值 | | 4,026,805 | 2,410,299 |
| EQUITY | 權益 | | | |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | | |
| Share capital | 股本 | 32 | 124,119 | 347 |
| Treasury shares | 庫存股份 | 32 | (7) | (7) |
| Other reserves | 其他儲備 | 33 | 2,384,706 | 1,568,259 |
| | | | 2,508,818 | 1,568,599 |
| Non-controlling interests | 非控股權益 | | 1,517,987 | 841,700 |
| TOTAL EQUITY | 總權益 | | 4,026,805 | 2,410,299 |

Mr. Ma Baohua
馬保華先生
Director
董事

Ms. Shao Lei
邵磊女士
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Attributable to owners of the parent 母公司擁有人應佔 | | | | | | | | | | | |
|---|------------------------------|--|-----------------|---------------------|----------------|------------------|-----------------------------|--------------------|-------------------|---------|---------------------------|--------------|-----------|
| | | Share capital | Treasury shares | Investment reserve* | Share premium* | Capital reserve* | Statutory surplus reserves* | Exchange reserves* | Retained profits* | Total | Non-controlling interests | Total equity | |
| | | 股本 | 庫存股份 | 合併儲備* | 儲備* | 股份溢價* | 資本儲備* | 儲備* | 匯兌儲備* | 保留溢利* | 總計 | 非控股權益 | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | |
| | | (Note 32) | (Note 32) | (note 33(c)) | | (note 33(a)) | (note 33(b)) | | | | | | |
| | | (附註 32) | (附註 32) | (附註 33(c)) | | (附註 33(a)) | (附註 33(b)) | | | | | | |
| As at 1 January 2019 | 於2019年1月1日 | 347 | (7) | 623,279 | - | - | 82,600 | 188,133 | - | 674,247 | 1,568,599 | 841,700 | 2,410,299 |
| Profit for the year | 年內溢利 | - | - | - | - | - | - | - | - | 150,309 | 150,309 | 210,051 | 360,360 |
| Other comprehensive income for the year: | 年內其他全面收益： | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | 換算海外業務之匯兌差額 | - | - | - | - | - | - | - | 33,022 | - | 33,022 | - | 33,022 |
| Change in fair value of equity investments at fair value through other comprehensive income, net of tax | 按公平值計入其他全面收益之股權投資之公平值變動，扣除稅項 | - | - | - | 1,641 | - | - | - | - | - | 1,641 | - | 1,641 |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | 1,641 | - | - | - | 33,022 | 150,309 | 184,972 | 210,051 | 395,023 |
| Capital contribution from non-controlling shareholders of subsidiaries | 附屬公司非控股股東注資 | - | - | - | - | - | - | - | - | - | - | 509,044 | 509,044 |
| Disposal of a subsidiary | 出售一間附屬公司 | - | - | - | - | - | - | - | - | - | - | (42,808) | (42,808) |
| Appropriations to statutory surplus reserve | 轉撥至法定盈餘儲備 | - | - | - | - | - | - | 7,553 | - | (7,553) | - | - | - |
| Issue of shares | 發行股份 | 123,772 | - | - | - | 631,475 | - | - | - | - | 755,247 | - | 755,247 |
| As at 31 December 2019 | 於2019年12月31日 | 124,119 | (7) | 623,279 | 1,641 | 631,475 | 82,600 | 195,686 | 33,022 | 817,003 | 2,508,818 | 1,517,987 | 4,026,805 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | | Non- | Total |
|--|-----------------|---|---|--|--|--|--------------------------|------------------------|---------------------------------------|-------------------------|
| | | Share capital | Treasury shares | Merger reserve* | Capital reserve* | Statutory surplus reserves* 法定盈餘 儲備* | Retained profits | Total | controlling interests 非控股 權益 | equity |
| | | 股本 RMB'000 人民幣千元 (note 32) (附註32) | 庫存股份 RMB'000 人民幣千元 (note 32) (附註32) | 合併儲備* RMB'000 人民幣千元 (note 33(c)) (附註33(c)) | 資本儲備* RMB'000 人民幣千元 (note 33(a)) (附註33(a)) | 儲備* RMB'000 人民幣千元 (note 33(b)) (附註33(b)) | 保留溢利 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 | 非控股 權益 RMB'000 人民幣千元 | 總權益 RMB'000 人民幣千元 |
| As at 1 January 2018 | 於2018年1月1日 | - | - | 910,919 | - | 188,133 | 231,807 | 1,330,859 | 655,586 | 1,986,445 |
| Issue of new shares | 新股份發行 | 347 | (7) | - | - | - | - | 340 | - | 340 |
| Capital contribution upon the Reorganisation | 重組時注資 | - | - | (100,137) | - | - | - | (100,137) | - | (100,137) |
| Capital contribution from non-controlling shareholders of subsidiaries | 附屬公司非控股股東 注資 | - | - | - | - | - | - | - | 352,350 | 352,350 |
| Acquisition of subsidiaries | 收購附屬公司 | - | - | - | - | - | - | - | 159,171 | 159,171 |
| Share-based payment | 以股份為基礎付款 | - | - | - | 82,600 | - | - | 82,600 | - | 82,600 |
| Acquisition of a non-controlling shareholders by the then shareholders | 當時股東收購非控股股東 | - | - | (187,503) | - | - | - | (187,503) | (334,025) | (521,528) |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | - | - | 442,440 | 442,440 | 52,882 | 495,322 |
| Distribution declared to non-controlling shareholders** | 向非控股股東宣派分派** | - | - | - | - | - | - | - | (44,264) | (44,264) |
| As at 31 December 2018 | 於2018年12月31日 | 347 | (7) | 623,279 | 82,600 | 188,133 | 674,247 | 1,568,599 | 841,700 | 2,410,299 |

* These reserve accounts represent the consolidated other reserves of RMB2,384,706,000 in the consolidated statement of financial position as at 31 December 2019 (at 31 December 2018: RMB1,568,259,000).

** In 2018, 南京弘佑房地產開發有限公司, and 南京東方頤年健康產業發展有限公司, subsidiaries of the Company, declared total dividends of RMB90,148,000, of which, RMB44,264,000 was attributable to the non-controlling shareholders.

* 於2019年12月31日，該等儲備賬指綜合財務狀況表內綜合其他儲備人民幣2,384,706,000元(於2018年12月31日：人民幣1,568,259,000元)。

** 於2018年，本公司附屬公司南京弘佑房地產開發有限公司與南京東方頤年健康產業發展有限公司合共宣派股息人民幣90,148,000元，其中非控股股東應佔人民幣44,264,000元。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | | | |
| Profit before tax | | 940,129 | 1,061,857 |
| Adjustments for: | | | |
| Depreciation of items of property, plant and equipment | 6,13 | 5,160 | 4,556 |
| Depreciation of right-of-use assets | 6,16 | 15,708 | – |
| Amortisation of prepaid land lease payments | 6,16 | – | 2,346 |
| Amortisation of other intangible assets | 6,14 | 681 | 558 |
| Gain on disposal of a joint venture | | – | (4) |
| Investment income of business combinations achieved in stages | | | |
| Loss on disposal of a subsidiary | 5 | (11,277) | (292,672) |
| Share of profits of joint ventures and associates | 5 | 14,739 | – |
| Fair value gains on investment properties | 15 | (106,300) | (14,803) |
| Changes in fair value of financial guarantee liabilities | 31 | (18,867) | (6,289) |
| Finance costs | 7 | 166,991 | 254,007 |
| Interest income | 5 | (23,323) | (22,561) |
| Share-based payment | 28 | – | 82,600 |
| Decrease/(increase) in properties under development and completed properties held for sale | | 985,427 | (5,854,913) |
| (Increase)/decrease in restricted cash | 25 | (1,014,294) | 98,887 |
| Decrease/(increase) in pledged deposits | 25 | 7,412 | (7,441) |
| Decrease in trade receivables | | 1,142 | 1,989 |
| Decrease in prepayments, deposits and other receivables | | 2,114,423 | 1,600,364 |
| Increase in other current assets | | (56,245) | – |
| Decrease/(Increase) in amounts due from related companies | | 1,005,488 | (8,729) |
| Increase in trade and bills payables | | 490,853 | 1,237,087 |
| (Decrease)/increase in other payables, deposits received and accruals | | (3,508,822) | 188,742 |
| Increase/(decrease) in contract liabilities | | 5,222,217 | (740,899) |
| (Decrease)/increase in amounts due to related companies | | (1,778,645) | 6,373 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|---------------------|-------------|-----------------------------------|-----------------------------------|
| Cash generated from/(used in) operations | 經營所得 (所用) 現金 | | 4,386,669 | (2,500,602) |
| Interest received | 已收利息 | 5 | 23,323 | 22,561 |
| Interest paid | 已付利息 | | (585,287) | (509,758) |
| Tax paid | 已付稅項 | | (328,672) | (263,274) |
| Net cash flows from/(used in) operating activities | 經營活動所得 (所用) 現金流量淨額 | | 3,496,033 | (3,251,073) |
| 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 | 13 | (723,024) | (285,061) |
| Purchases of prepaid land lease payments | 購買預付土地租賃付款 | 16 | - | (154,192) |
| Purchase of other intangible assets | 購買其他無形資產 | 14 | (20) | (6,922) |
| Additions in investment properties | 投資物業添置 | 15 | - | (378,997) |
| Decrease of available-for-sale investments | 可供出售投資減少 | | - | 321,008 |
| Acquisition of subsidiaries | 收購附屬公司 | 36 | 100,859 | (378,760) |
| Acquisition of subsidiaries not accounted for as a business combination | 未入賬列為業務合併之附屬公司收購 | 38 | (2,386,357) | - |
| Disposal of a subsidiary | 出售一間附屬公司 | 35 | (113,890) | - |
| Disposal of a joint venture | 出售合營企業 | | 18,108 | 1,000 |
| Purchase of inventories | 購買存貨 | | (49) | - |
| Purchase of equity investments designated at FVOCI | 購買按公平值計入其他全面收益之股權投資 | | (325,082) | - |
| Advances to third parties | 向第三方墊款 | | (5,063,367) | (2,085,039) |
| Settlement of advances to third parties | 結算向第三方墊款 | | 3,545,174 | 3,067,981 |
| Advances to joint ventures and associates | 合營企業及聯營公司墊款 | | (1,750,128) | (1,364,727) |
| Settlement of advances to joint ventures and associates | 結算向合營企業及聯營公司墊款 | | 2,410,794 | 2,773,872 |
| Advances to related companies | 關聯公司墊款 | | (3,071,289) | (66,552) |
| Settlement of advances to related companies | 結算向關聯公司墊款 | | 1,706,495 | 66,531 |
| Investments in joint ventures and associates | 合營企業及聯營公司投資 | | (547,959) | (120,060) |
| Disposal of items of property, plant and equipment | 出售物業、廠房及設備項目 | | 2,435 | 65 |
| Net cash flows (used in)/from investing activities | 投資活動(所用) 所得現金流量淨額 | | (6,197,300) | 1,390,147 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capital contribution from non-controlling shareholders of the subsidiaries | 附屬公司非控股股東注資 | 509,044 | 352,350 |
| Payment of lease liabilities | 租賃負債付款 | 3,785 | – |
| Capital contribution upon the Reorganisation | 重組後注資 | – | (100,137) |
| Acquisition of additional interests in subsidiaries | 收購附屬公司額外權益 | – | (521,528) |
| Distribution declared to non-controlling shareholders | 向非控股股東宣派分派 | – | (44,264) |
| Net proceeds from issue of new shares | 發行新股所得款項淨額 | 755,247 | – |
| Advance from third parties | 第三方墊款 | 4,054,478 | 3,760,838 |
| Repayment of advances from third parties | 償還第三方墊款 | (1,982,496) | (4,722,080) |
| Advances from related companies | 關聯公司墊款 | 989,923 | 6,150,024 |
| Repayment of advances from related companies | 償還關聯公司墊款 | (188,916) | (6,769,981) |
| Advances from joint ventures and associates | 合營企業及聯營公司墊款 | 382,121 | 1,517,413 |
| Repayment of advances from joint ventures and associates | 償還合營企業及聯營公司墊款 | (395,400) | (1,302,080) |
| Proceeds from interest-bearing bank and other borrowings | 計息銀行及其他借款所得款項 | 8,084,690 | 6,328,500 |
| Repayment of interest-bearing bank and other borrowings | 償還計息銀行及其他借款 | (8,206,135) | (2,370,250) |
| Net cash flows from financing activities | 融資活動所得現金流量淨額 | 4,006,341 | 2,278,804 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------------------|-------------|-----------------------------------|-----------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 現金及現金等價物增加淨額 | | 1,305,074 | 417,878 |
| Cash and cash equivalents at beginning of year | 年初現金及現金等價物 | | 1,589,181 | 1,171,303 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 年末現金及現金等價物 | | 2,894,255 | 1,589,181 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | 現金及現金等價物結餘分析 | | | |
| Cash and bank balances | 現金及銀行結餘 | 25 | 4,031,399 | 1,719,442 |
| Less: Restricted cash | 減：受限制現金 | 25 | (1,137,115) | (122,820) |
| Pledged deposits | 已抵押存款 | 25 | (29) | (7,441) |
| CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS | 綜合財務狀況表及現金流量表所述現金及現金等價物 | | 2,894,255 | 1,589,181 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2019, the subsidiaries now comprising the Group were involved in property development, hotel operations and property investment.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 March 2019.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

1. 公司及集團資料

本公司為一間於開曼群島註冊成立的獲豁免公司。本公司的註冊辦事處地址為 Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands。

本公司為一間投資控股公司。於截至 2019 年 12 月 31 日止年度，本集團現時旗下附屬公司從事房地產開發、酒店營運及房地產投資。

本公司股份於 2019 年 3 月 6 日在香港聯合交易所有限公司(「聯交所」)主板上市。

於本報告日期，本公司於其附屬公司擁有直接或間接權益，所有附屬公司均為私人有限責任公司(或倘於香港境外註冊成立，則基本上與於香港註冊成立的私人公司具有類似特徵)，其詳情載列如下：

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|---------------------------------------|--|---|---|------------------------------|
| Directly held: 直接持有： | | | | |
| Yin Cheng Holding Limited | British Virgin Islands/ 16 January 2018 英屬處女群島 2018年1月16日 | USD50,000 50,000 美元 | 100% | Investment holding 間接持股 |
| Indirectly held 間接持有 | | | | |
| Yinjiacheng Holding Ltd. 銀嘉城控股有限公司 | Hong Kong of China/ 6 February 2018 中國香港 2018年2月6日 | HKD1 1 港元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|---|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yingang Business Management Co., Ltd. (“Nanjing Yingang”)* | People’s Republic of China (“PRC”)/ Mainland China/ 21 March 2018 | USD1,000,000 | 100% | Investment holding |
| 南京銀港企業管理諮詢有限公司 (「南京銀港」)* | 中華人民共和國 (「中國」) 中國內地 2018年3月21日 | 1,000,000 美元 | 100% | 投資控股 |
| Nanjing Yincheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 24 September 2009 | RMB100,100,100 | 100% | Property development |
| 南京銀城房地產開發有限公司** | 中國 中國內地 2009年9月24日 | 人民幣 100,100,100 元 | 100% | 房地產開發 |
| Nanjing Xicheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 1 August 2002 | RMB20,000,000 | 100% | Property development |
| 南京西城房地產開發有限公司** | 中國 中國內地 2002年8月1日 | 人民幣 20,000,000 元 | 100% | 房地產開發 |
| Nanjing Hongquan Real Estate Co., Ltd. (“Nanjing Hongquan”)** | PRC/Mainland China/ 15 January 2013 | RMB98,567,555 | 100% | Property development |
| 南京弘全房地產開發有限公司 (「南京弘全」)** | 中國 中國內地 2013年1月15日 | 人民幣 98,567,555 元 | 100% | 房地產開發 |
| Nanjing Hongyou Real Estate Co., Ltd. (“Nanjing Hongyou”)** | PRC/Mainland China/ 15 January 2013 | RMB236,756,621 | 100% | Property development |
| 南京弘佑房地產開發有限公司 (「南京弘佑」)** | 中國 中國內地 2013年1月15日 | 人民幣 236,756,621 元 | 100% | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|-------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinguang Real Estate Co., Ltd. ** 南京銀廣房地產開發有限公司** | PRC/Mainland China/ 18 April 2014 中國 中國內地 2014年4月18日 | RMB200,000,000 人民幣 200,000,000 元 | 100% | Property development 房地產開發 |
| Nanjing Yinzhao Real Estate Co., Ltd. ** 南京銀卓房地產開發有限公司** | PRC/Mainland China/ 21 April 2014 中國 中國內地 2014年4月21日 | RMB210,000,000 人民幣 210,000,000 元 | 100% | Property development 房地產開發 |
| Nanjing Yicheng Real Estate Co., Ltd. ("Nanjing Yicheng") ** 南京易城房地產開發有限公司 (「南京易城」)** | PRC/Mainland China/ 25 November 2014 中國 中國內地 2014年11月25日 | RMB50,000,000 人民幣 50,000,000 元 | 100% | Property development 房地產開發 |
| Nanjing Eastern Senior Living Health Industry Co., Ltd. ("Eastern Senior Living") *** 南京東方頤年健康產業發展有限公司 (「東方頤年」)** | PRC/Mainland China/ 25 March 2015 中國 中國內地 2015年3月25日 | RMB964,000,000 人民幣 964,000,000 元 | 75% | Property development 房地產開發 |
| Nanjing Yinlan Management Co., Ltd. ** 南京銀瀾企業管理有限公司** | PRC/Mainland China/ 25 September 2014 中國 中國內地 2014年9月25日 | RMB2,000,000 人民幣 2,000,000 元 | 100% | Investment holding 投資控股 |
| Nanjing Mahui Real Estate Co., Ltd. ("Nanjing Mahui") ** 南京馬會置業有限公司 (「南京馬會」)** | PRC/Mainland China/ 19 June 2004 中國 中國內地 2004年6月19日 | RMB286,000,000 人民幣 286,000,000 元 | 88% | Property development 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--------------|--|---|---|------------------------------|
|--------------|--|---|---|------------------------------|

Indirectly held (Continued)

間接持有(續)

| | | | | |
|--|---|-------------------------------------|------|-------------------------------|
| Nanjing Jiayun City Real Estate Co., Ltd. (“Nanjing Jiayun City”)** 南京佳運城房地產開發有限公司 (「南京佳運城」)** | PRC/Mainland China/ 29 September 2016 中國 中國內地 2016年9月29日 | RMB100,000,000 人民幣 100,000,000 元 | 51% | Property development 房地產開發 |
| Nanjing Jiuchengxing Real Estate Co., Ltd. (“Nanjing Jiuchengxing”)** (Note (a)) 南京九城興房地產開發有限公司 (「南京九城興」)**(附註(a)) | PRC/Mainland China/ 29 September 2016 中國 中國內地 2016年9月29日 | RMB100,000,000 人民幣 100,000,000 元 | 50% | Property development 房地產開發 |
| Nanjing Yinjiafeng Enterprise Management Co., Ltd.** 南京銀嘉豐企業管理有限公司** | PRC/Mainland China/ 14 October 2016 中國 中國內地 2016年10月14日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiabin Enterprise Management Co., Ltd.** 南京銀嘉錦企業管理有限公司** | PRC/Mainland China/ 14 October 2016 中國 中國內地 2016年10月14日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiaze Enterprise Management Co., Ltd.** 南京銀嘉澤企業管理有限公司** | PRC/Mainland China/ 14 October 2016 中國 中國內地 2016年10月14日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiazhan Enterprise Management Co., Ltd. (“Nanjing Yinjiazhan”)** 南京銀嘉湛企業管理有限公司 (「南京銀嘉湛」)** | PRC/Mainland China/ 14 October 2016 中國 中國內地 2016年10月14日 | RMB51,000,000 人民幣 51,000,000 元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--------------|--|---|---|------------------------------|
|--------------|--|---|---|------------------------------|

Indirectly held (Continued)

間接持有(續)

| | | | | |
|--|---|---------------------------------|------|----------------------------|
| Nanjing Yinjiahan Enterprise Management Co., Ltd. ** 南京銀嘉涵企業管理有限公司** | PRC/Mainland China/ 17 November 2016 中國 中國內地 2016年11月17日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiahan Enterprise Management Co., Ltd. ** 南京銀嘉瀚企業管理有限公司** | PRC/Mainland China/ 17 November 2016 中國 中國內地 2016年11月17日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiarun Enterprise Management Co., Ltd. *** 南京銀嘉潤企業管理有限公司*** | PRC/Mainland China/ 22 November 2016 中國 中國內地 2016年11月22日 | RMB1,010,000 人民幣1,010,000元 | 99% | Investment holding 投資控股 |
| Nanjing Yinjialan Enterprise Management Co., Ltd. (* Nanjing Yinjialan *) ** (Note (b)) 南京銀嘉瀾企業管理有限公司 (「南京銀嘉瀾」)** (附註(b)) | PRC/Mainland China/ 22 November 2016 中國 中國內地 2016年11月22日 | RMB20,000,000 人民幣20,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinze Enterprise Management Co., Ltd. ** 南京銀澤企業管理有限公司** | PRC/Mainland China/ 27 December 2016 中國 中國內地 2016年12月27日 | RMB100,000 人民幣100,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiayuan Enterprise Management Co., Ltd. (* Nanjing Yinjiayuan *) ** 南京銀嘉源企業管理有限公司 (「南京銀嘉源」)** | PRC/Mainland China/ 15 May 2017 中國 中國內地 2017年5月15日 | RMB1,010,000 人民幣1,010,000元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|-------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjiaying Enterprise Management Co., Ltd. *** 南京銀嘉瀛企業管理有限公司 *** | PRC/Mainland China/ 15 September 2017 中國 中國內地 2017年9月15日 | RMB1,010,000 人民幣 1,010,000 元 | 99% | Investment holding 投資控股 |
| Nanjing Yinjiachun Enterprise Management Co., Ltd. *** 南京銀嘉淳企業管理有限公司 *** | PRC/Mainland China/ 12 September 2017 中國 中國內地 2017年9月12日 | RMB1,010,000 人民幣 1,010,000 元 | 99% | Investment holding 投資控股 |
| Wuxi Century Garden Real Estate Co., Ltd. ** 無錫世紀花園房地產開發有限公司 ** | PRC/Mainland China/ 14 March 2007 中國 中國內地 2007年3月14日 | RMB420,000,000 人民幣 420,000,000 元 | 100% | Property development 房地產開發 |
| Suzhou Yinze Real Estate Co., Ltd. ("Suzhou Yinze")*** 蘇州銀澤房地產開發有限公司 (「蘇州銀澤」)*** | PRC/Mainland China/ 4 July 2017 中國 中國內地 2017年7月4日 | RMB200,000,000 人民幣 200,000,000 元 | 70% | Property development 房地產開發 |
| Wuxi Yinzerun Enterprise Management Co., Ltd. ** 無錫銀澤潤企業管理有限公司 ** | PRC/Mainland China/ 31 July 2017 中國 中國內地 2017年7月31日 | RMB1,000,000 人民幣 1,000,000 元 | 100% | Investment holding 投資控股 |
| SUNAC (Jiangsu) Real Estate Co., Ltd. ("SUNAC (Jiangsu)") *** (Note (a)) 融創(江蘇)置業有限公司 (「融創(江蘇)」)*** (附註(a)) | PRC/Mainland China/ 24 May 2017 中國 中國內地 2017年5月24日 | RMB300,000,000 人民幣 300,000,000 元 | 50% | Property development 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|-------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjiayu Enterprise Management Co., Ltd. ** 南京銀嘉聚企業管理有限公司** | PRC/Mainland China/ 2 December 2016 中國 中國內地 2016年12月2日 | RMB10,000,000 人民幣10,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjihui Enterprise Management Co., Ltd. ** 南京銀嘉匯企業管理有限公司** | PRC/Mainland China/ 22 November 2016 中國 中國內地 2016年11月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Changtuo Real Estate Co., Ltd. (* Nanjing Changtuo *)*** (Note (a)) 南京昌拓房地產有限公司 (「南京昌拓」)*** (附註(a)) | PRC/Mainland China/ 5 January 2018 中國 中國內地 2018年1月5日 | RMB20,000,000 人民幣20,000,000元 | 50% | Property development 房地產開發 |
| Wuxi Yifeng Real Estate Co., Ltd. (* Wuxi Yifeng *)*** (Note (a)) 無錫億豐置業有限公司 (「無錫億豐」)*** (附註(a)) | PRC/Mainland China/ 12 October 2011 中國 中國內地 2011年10月12日 | RMB160,000,000 人民幣160,000,000元 | 35% | Property development 房地產開發 |
| Hefei Yincheng Real Estate Co., Ltd. ** 合肥銀城房地產開發有限公司** | PRC/Mainland China/ 11 April 2018 中國 中國內地 2018年4月11日 | RMB100,000,000 人民幣100,000,000元 | 100% | Property development 房地產開發 |
| Hefei Yinzan hong Enterprise Management Co., Ltd. ** 合肥銀贊泓企業管理有限公司** | PRC/Mainland China/ 29 May 2018 中國 中國內地 2018年5月29日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Hefei Yinzhilu Enterprise Management Co., Ltd.** 合肥銀智瀟企業管理有限公司** | PRC/Mainland China/ 29 May 2018 中國 中國內地 2018年5月29日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiabin Enterprise Management Co., Ltd.** 南京銀嘉瀨企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiabo Enterprise Management Co., Ltd.** 南京銀嘉渤企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiace Enterprise Management Co., Ltd.** 南京銀嘉測企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiain Enterprise Management Co., Ltd.** 南京銀嘉津企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiali Enterprise Management Co., Ltd.** 南京銀嘉瀝企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|-------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjiapu Enterprise Management Co., Ltd. ** 南京銀嘉浦企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiayi Enterprise Management Co., Ltd. ** 南京銀嘉淇企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiasong Enterprise Management Co., Ltd. ** 南京銀嘉淞企業管理有限公司** | PRC/Mainland China/ 21 May 2018 中國 中國內地 2018年5月21日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiaxian Enterprise Management Co., Ltd. ** 南京銀嘉涎企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiayu Enterprise Management Co., Ltd. ** 南京銀嘉馮企業管理有限公司** | PRC/Mainland China/ 22 January 2018 中國 中國內地 2018年1月22日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yincheng Real Estate Co., Ltd. ** 無錫銀城房地產開發有限公司** | PRC/Mainland China/ 1 August 2005 中國 中國內地 2005年8月1日 | RMB600,000,000 人民幣600,000,000元 | 100% | Property development 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjiayuan Enterprise Management Co., Ltd. ** 南京銀嘉淵企業管理有限公司** | PRC/Mainland China/ 1 February 2018 中國 中國內地 2018年2月1日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiazhen Enterprise Management Co., Ltd. ** 南京銀嘉滇企業管理有限公司** | PRC/Mainland China/ 21 May 2018 中國 中國內地 2018年5月21日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinke Enterprise Management Co., Ltd. ** 南京銀科企業管理有限公司** | PRC/Mainland China/ 15 May 2018 中國 中國內地 2018年5月15日 | RMB500,000,000 人民幣50,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yinzechen Enterprise Management Co., Ltd. ** 無錫銀澤辰企業管理有限公司** | PRC/Mainland China/ 14 March 2018 中國 中國內地 2018年3月14日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yinzehan Enterprise Management Co., Ltd. ** 無錫銀澤瀚企業管理有限公司** | PRC/Mainland China/ 28 March 2018 中國 中國內地 2018年3月28日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yinzelan Enterprise Management Co., Ltd. ** 無錫銀澤瀾企業管理有限公司** | PRC/Mainland China/ 14 March 2018 中國 中國內地 2018年3月14日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--------------|--|---|---|------------------------------|
|--------------|--|---|---|------------------------------|

Indirectly held (Continued)

間接持有(續)

| | | | | |
|--|--|-----------------------------------|------|-------------------------------|
| Wuxi Yinzexin Enterprise Management Co., Ltd. ** 無錫銀澤鑫企業管理有限公司** | PRC/Mainland China/ 29 March 2018 中國 中國內地 2018年3月29日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Xuzhou Changshun Real Estate Co., Ltd. (“Xuzhou Changshun”)** 徐州長順置業有限公司 (「徐州長順」)** | PRC/Mainland China/ 24 February 2014 中國 中國內地 2014年2月24日 | RMB20,000,000 人民幣20,000,000元 | 100% | Property development 房地產開發 |
| Zhejiang Yinze Real Estate Co., Ltd. ** 浙江銀澤房地產有限責任公司** | PRC/Mainland China/ 14 May 2018 中國 中國內地 2018年5月14日 | RMB100,000,000 人民幣100,000,000元 | 100% | Property development 房地產開發 |
| Zhenjiang Hengrun Real Estate Co., Ltd. (“Zhenjiang Hengrun”)** (Note (a)) 鎮江恒潤房地產開發有限公司 (「鎮江恒潤」)**(附註(a)) | PRC/Mainland China/ 9 April 2018 中國 中國內地 2018年4月9日 | RMB105,000,000 人民幣105,000,000元 | 33% | Property development 房地產開發 |
| Hangzhou Yinhong Industrial Co., Ltd. ** 杭州銀弘實業有限責任公司** | PRC/Mainland China/ 11 February 2018 中國 中國內地 2018年2月11日 | RMB300,000,000 人民幣300,000,000元 | 100% | Property development 房地產開發 |
| Nanjing Airport Exhibition Investment Management Co., Ltd. (“Nanjing Airport”)**(Note (a)) 南京空港會展投資管理有限公司 (「南京空港」)**(附註(a)) | PRC/Mainland China/ 18 August 2017 中國 中國內地 2017年8月18日 | RMB200,000,000 人民幣200,000,000元 | 49% | Property development 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|---|--|---|---|-------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjiang Engineering Consulting Co., Ltd. ** 南京銀匠工程諮詢有限公司** | PRC/Mainland China/ 21 August 2018 中國 中國內地 2018年8月21日 | RMB1,000,000 人民幣1,000,000元 | 100% | Consulting 諮詢 |
| Jiang Yin Yinze Real Estate Co., Ltd. ** 江陰銀澤房地產開發有限公司** | PRC/Mainland China/ 24 October 2018 中國 中國內地 2018年10月24日 | RMB100,000,000 人民幣100,000,000元 | 100% | Property development 房地產開發 |
| Xuzhou Yincheng Real Estate Co., Ltd. ** 徐州銀城房地產開發有限公司** | PRC/Mainland China/ 3 August 2018 中國 中國內地 2018年8月3日 | RMB100,000,000 人民幣100,000,000元 | 100% | Property development 房地產開發 |
| Wuxi Tianhonglixin Real Estate Consulting Co., Ltd. (“Wuxi Tihanonglixin”) ** 無錫天弘利信房地產諮詢有限公司 (「無錫天弘利信」)** | PRC/Mainland China/ 29 March 2016 中國 中國內地 2016年3月29日 | RMB100,000,000 人民幣100,000,000元 | 65% | Property development 房地產開發 |
| Wuxi Xincheng Real Estate Co., Ltd. (“Wuxi Xincheng”) ** 新城房地產開發(無錫)有限公司 (「無錫新城」)** | PRC/Mainland China/ 16 March 2016 中國 中國內地 2016年3月16日 | RMB100,000,000 人民幣100,000,000元 | 65% | Property development 房地產開發 |
| Hangzhou Yinzheyi Enterprise Management Co., Ltd. *** 杭州銀浙屹企業管理有限責任公司*** | PRC/Mainland China/ 5 December 2018 中國 中國內地 2018年12月5日 | RMB1,010,000 人民幣1,010,000元 | 99% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--------------|--|---|---|------------------------------|
|--------------|--|---|---|------------------------------|

Indirectly held (Continued)

間接持有(續)

| | | | | |
|--|---|---------------------------------------|-------|-------------------------------|
| Nanjing Zhijun Real Estate Co., Ltd. (“Nanjing Zhijun”)***(Note (a)) 南京至君房地產開發有限公司 (「南京至君」)***(附註(a)) | PRC/Mainland China/ 18 April 2019 中國 中國內地 2019年4月18日 | RMB1,000,000,000 人民幣1,000,000,000元 | 25% | Property development 房地產開發 |
| Nanjing Jiuhong Real Estate Co., Ltd. ** | PRC/Mainland China/ 22 April 2019 中國 中國內地 2019年4月22日 | RMB50,000,000 人民幣50,000,000元 | 100% | Property development 房地產開發 |
| Nanjing Yinjialu Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 19 April 2019 中國 中國內地 2019年4月19日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjialuo Enterprise Management Co., Ltd. *** | PRC/Mainland China/ 19 April 2019 中國 中國內地 2019年4月19日 | RMB9,900,990 人民幣9,900,990元 | 69.7% | Investment holding 投資控股 |
| Wuxi Yinze hao Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 25 April 2019 中國 中國內地 2019年4月25日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Jiangsu Shantui Construction Machinery Co., Ltd. (“Jiangsu Shantui”)** 江蘇山推工程機械有限公司 (「江蘇山推」)** | PRC/Mainland China/ 15 May 2003 中國 中國內地 2003年5月15日 | RMB20,000,000 人民幣20,000,000元 | 80% | Property development 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|---|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Nanjing Yinjianing Enterprise Management Co., Ltd. ** 南京銀嘉濤企業管理有限公司** | PRC/Mainland China/ 6 May 2019 中國 中國內地 2019年5月6日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Hangzhou Yinjiarun Enterprise Management Co., Ltd. ** 杭州銀嘉潤企業管理有限責任公司** | PRC/Mainland China/ 10 May 2019 中國 中國內地 2019年5月10日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiahong Enterprise Management Co., Ltd. (* Nanjing Yinjiahong)** 南京銀嘉泓企業管理有限公司 (「南京銀嘉泓」)** | PRC/Mainland China/ 28 August 2019 中國 中國內地 2019年8月28日 | RMB10,000,000 人民幣10,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiamu Enterprise Management Co., Ltd. *** 南京銀嘉沐企業管理有限公司*** | PRC/Mainland China/ 6 December 2019 中國 中國內地 2019年12月6日 | RMB193,000,000 人民幣193,000,000元 | 51% | Investment holding 投資控股 |
| Wuxi Yinzechong Enterprise Management Co., Ltd. ** 無錫銀澤鴻企業管理有限公司** | PRC/Mainland China/ 24 April 2019 中國 中國內地 2019年4月24日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yinzemin Enterprise Management Co., Ltd. ** 無錫銀澤泯企業管理有限公司** | PRC/Mainland China/ 24 April 2019 中國 中國內地 2019年4月24日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|---|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Wuxi Yinzezan Enterprise Management Co., Ltd. ** 無錫銀澤湛企業管理有限公司** | PRC/Mainland China/ 24 April 2018 中國 中國內地 2018年4月24日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Wuxi Yinzeferg Enterprise Management Co., Ltd. ** 無錫銀澤澧企業管理有限公司** | PRC/Mainland China/ 24 April 2018 中國 中國內地 2018年4月24日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd. (* Nanjing Yinjiaan)** 南京銀嘉安企業管理有限公司 (「南京銀嘉安」)** | PRC/Mainland China/ 20 September 2019 中國 中國內地 2019年9月20日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Hangzhou Yinjiayuan Enterprise Management Co., Ltd. *** 杭州銀家源企業管理有限公司*** | PRC/Mainland China/ 9 September 2019 中國 中國內地 2019年9月9日 | RMB10,000,000 人民幣10,000,000元 | 51% | Investment holding 投資控股 |
| Hangzhou Huixingyu Enterprise Management Partnership (Limited Partnership) (* Hangzhou Huixingyu)*** (Note (a)) 杭州薈興裕企業管理合夥企業 (有限合夥) (「杭州薈興裕」)*** (附註(a)) | PRC/Mainland China/ 5 September 2019 中國 中國內地 2019年9月5日 | RMB2,530,200,000 人民幣2,530,200,000元 | 36.76% | Investment holding 投資控股 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations 註冊成立 成立地點 及日期以及營業地點 | Nominal value of registered share capital 註冊股本面值 | Percentage of equity interest attributable to the Company 本公司應佔 股權百分比 | Principal activities 主要業務 |
|--|--|---|---|------------------------------|
| Indirectly held (Continued) 間接持有(續) | | | | |
| Xuzhou Yinjihao Enterprise Management Co., Ltd. ** 徐州銀嘉灝企業管理有限公司** | PRC/Mainland China/ 4 July 2019 中國 中國內地 2019年7月4日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Xuzhou Yinjihong Enterprise Management Co., Ltd. ** 徐州銀嘉泓企業管理有限公司** | PRC/Mainland China/ 4 July 2019 中國 中國內地 2019年7月4日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Yixing Yinze Real Estate Co., Ltd. ** 宜興銀澤房地產開發有限公司** | PRC/Mainland China/ 18 October 2019 中國 中國內地 2019年10月18日 | RMB20,000,000 人民幣20,000,000元 | 100% | Property development 物業開發 |
| Nanjing Yincheng Medical Management Co., Ltd. ** 南京銀城醫療管理有限公司** | PRC/Mainland China/ 4 November 2019 中國 中國內地 2019年11月4日 | RMB100,000,000 人民幣100,000,000元 | 100% | Medical management 醫療管理 |
| Nanjing Yinjiawo Enterprise Management Co., Ltd. ** 南京銀嘉沃企業管理有限公司** | PRC/Mainland China/ 20 September 2019 中國 中國內地 2019年9月20日 | RMB1,000,000 人民幣1,000,000元 | 100% | Investment holding 投資控股 |
| Zhejiang Lin'an Zhongdu Properties Limited. (Lin'an Zhongdu) ** 浙江臨安中都置業有限公司 (「臨安中都」)** | PRC/Mainland China/ 29 April 2003 中國 中國內地 2003年4月29日 | RMB50,000,000 人民幣50,000,000元 | 100% | Property development 物業開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

1. 公司及集團資料(續)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--------------|--|---|---|----------------------|
| 附屬公司 | 註冊成立 成立地點 及日期以及營業地點 | 註冊股本面值 | 本公司應佔 股權百分比 | 主要業務 |

Indirectly held (Continued)

間接持有(續)

| | | | | |
|---|--|-----------------|--------|----------------------|
| Hangzhou Zhongdu Wonderland Hotel Co., Ltd. (Hangzhou Zhongdu Wonderland)** | PRC/Mainland China/ 13 January 2006 | RMB50,000,000 | 100% | Hotel Operation |
| 杭州中都青山湖畔大酒店有限公司 (「杭州中都青山湖畔」)** | 中國 中國內地 2006年1月13日 | 人民幣50,000,000元 | 100% | 酒店營運 |
| Nanjing Yinjiaqin Enterprise Management Co., Ltd.*** | PRC/Mainland China/ 3 December 2019 | RMB278,430,000 | 69.32% | Investment holding |
| 南京銀嘉沁企業管理有限公司*** | 中國 中國內地 2019年12月3日 | 人民幣278,430,000元 | 69.32% | 投資控股 |
| Xuzhou Tongshun Real Estate Co., Ltd.*** | PRC/Mainland China/ 6 November 2019 | RMB360,806,000 | 90% | Property development |
| 徐州銅順房地產開發有限公司*** | 中國 中國內地 2019年11月6日 | 人民幣360,806,000元 | 90% | 房地產開發 |
| Hangzhou Yinjiahong Enterprise Management Co., Ltd.** | PRC/Mainland China/ 10 May 2019 | RMB1,000,000 | 100% | Investment holding |
| 杭州銀嘉泓企業管理有限公司** | 中國 中國內地 2019年5月10日 | 人民幣1,000,000元 | 100% | 投資控股 |

* 南京銀港 is registered as a wholly-foreign-owned enterprise under PRC law.

* 南京銀港為根據中國法律註冊的外商獨資企業。

** These companies are wholly-owned subsidiaries of the Company.

** 該等公司為本公司的全資附屬公司。

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

*** 該等公司為本公司的非全資附屬公司的附屬公司，因此本公司於該等公司擁有控制權而入賬列為附屬公司。

The statutory financial statements of the above subsidiaries established in the PRC prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

根據適用於中國成立企業的相關會計原則及財務法規編製的上述中國成立附屬公司的法定財務報表並未經香港安永會計師事務所或安永會計師事務所全球網絡的其他成員公司審核。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Note (a): 南京昌拓, 無錫億豐, 南京九城興, 鎮江恒潤, 南京至君 and 杭州善興裕 are accounted for as subsidiaries of the Group mainly because the Group owns 51% of the voting rights according to the articles of association and the supplemental agreement regarding voting arrangement entered into between the shareholders, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

融創(江蘇) and 南京空港 are accounted for as subsidiaries of the Group mainly because the Group owns 100% of the voting rights according to the supplemental agreement regarding voting arrangement entered into between the shareholders of 融創(江蘇) and 南京空港, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

Note (b): The percentage of attributable equity interests presented is the percentage of beneficiary interests held by the Group. The equity interests in this entity legally held by the Group are lower than the beneficiary interests because of the existence of the trust financing arrangement.

The Group legally transferred the equity interests in the following subsidiary as collateral to a trust financing company as at 31 December 2019.

Nanjing Yinjialan

南京銀嘉瀾

67%

Under the aforementioned arrangement, the Group was obliged to repurchase the equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing company.

根據上述安排, 本集團有責任於借款償還後在未來某個日期按固定金額向信託融資公司進行購買股權。

1. 公司及集團資料(續)

附註(a): 南京昌拓、無錫億豐、南京九城興、鎮江恒潤、南京至君及杭州善興裕入賬列為本集團的附屬公司, 主要原因是本集團根據組織章程細則及股東之間訂立有關投票安排的補充協議擁有51%的投票權, 據此, 本集團對參與該等實體業務的浮動回報享有權利, 並能通過其對該等實體的權力影響該等回報。

融創(江蘇)及南京空港入賬列為本集團的附屬公司, 主要原因是本集團根據融創(江蘇)與南京空港股東之間訂立有關投票安排的補充協議擁有100%的投票權, 據此, 本集團對參與該等實體業務的浮動回報享有權利, 並能通過其對該等實體的權力影響該等回報。

附註(b): 所呈列應佔股權百分比為本集團持有的實益權益百分比。本集團於該實體合法持有的股權因信託融資安排存續而低於實益權益。

於2019年12月31日, 本集團將於以下附屬公司的股權合法轉讓予信託融資公司作為抵押品。

**Percentage of
equity pledged
as at 31 December
2019**
於2019年
12月31日抵押
的權益百分比

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, (which include all standards and interpretations approved by the IASB, and International Accounting Standards ("IASs"), Standing Interpretations Committee interpretations) approved by the IASB that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments designated at FVOCI 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.

Adoption of merger accounting

As disclosed in note 37 to the consolidated financial statements, a business combination under common control was effected during the year ended 31 December 2019, where the subsidiary acquired under the business combination and the Company are under common control of the ultimate shareholders. The business combination has been accounted for using the principles of merger accounting. The consolidated financial statements include the financial statements items of the combining entity or business in which the common control combination occur as if the combination had occurred from the date when the combining entity first came under the control of the controlling party.

The net assets of the combining entity are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of the combining entity from the earliest date presented or since the date when the combining entity first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The impact on the Group arising from the common control combination is disclosed in note 37 to the consolidated financial statements.

2.1 編製基準

該等財務報表乃根據仍然有效的國際會計準則理事會批准的國際財務報告準則(包括國際會計準則理事會批准的所有標準及詮釋、國際會計準則(「國際會計準則」)及常設詮釋委員會詮釋)及香港公司條例的披露要求編製。該等財務報表乃根據歷史成本法編製，惟已按公平值計量的投資物業及指定按公平值計入其他全面收益之股權投資除外。該等財務報表以人民幣(「人民幣」)呈列，除另有說明外，所有金額約整至最接近千位數。

採納合併會計法

誠如綜合財務報表附註37所披露，於截至2019年12月31日止年度曾進行一項共同控制下的業務合併，業務合併中收購的附屬公司與本公司受最終股東共同控制。該項業務合併已使用合併會計法入賬。綜合財務報表包含共同控制下合併的被合併實體或業務的財務報表項目，猶如被合併實體首次在控制方的控制下的當日已合併。

被合併實體的資產淨值從控制方的角度以現有賬面值合併。倘控制方的權益繼續存在，則有關商譽的金額或收購方於被收購方的可識別資產、負債及或有負債公允價值淨值的權益高於共同控制合併時的成本的金額均不會確認。綜合損益及其他全面收益表包括由最早列示日期或被合併實體首次受共同控制的日期(倘為較短期間，而不論共同控制合併的日期)起的被合併實體的業績。

共同控制合併對本集團的影響於綜合財務報表附註37披露。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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.

2.1 編製基準(續)

合併基準

該等綜合財務報表包括本集團截至2019年12月31日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體(包括結構性實體)。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能力以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他投票持有人的合約安排;
- (b) 其他合約安排所產生的權利;及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就本公司的相同報告期使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作合併計算,並繼續綜合入賬直至有關控制權終止之日為止。

即使導致非控股權益出現赤字餘額,損益及其他全面收益表各部分仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間之交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

| | |
|--|---|
| Amendments to IFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| IFRS 16 | <i>Leases</i> |
| Amendments to IAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to IAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| IFRIC-Int 23 | <i>Uncertainty over Income Tax Treatments</i> |
| <i>Annual Improvements 2015–2017 Cycle</i> | Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 |

2.1 編製基準(續)

合併基準(續)

倘有事實及情況顯示上文所述三個控制因素中有一個或以上出現變動，則本集團將重新評估是否仍控制投資對象。附屬公司的擁有權權益變動(並無喪失控制權)被視為股本交易入賬。

倘本集團失去附屬公司之控制權，則會終止確認(i)該附屬公司之資產(包括商譽)及負債；(ii)任何非控股權益之賬面值及(iii)計入權益之累計匯兌差額；並確認(i)已收取代價之公平值；(ii)任何保留投資之公平值；及(iii)所產生並於損益確認之任何盈餘或虧絀。先前已於其他全面收益確認之本集團應佔組成部分乃重新分類至損益或保留溢利(如適用)，基準與本集團直接出售相關資產或負債所需使用之基準相同。

2.2 會計政策及披露變動

本集團於本年度財務報表首次採納以下新訂及經修訂國際財務報告準則。

| | |
|--------------------|---|
| 國際財務報告準則第9號(修訂本) | 負債補償之預付特點 |
| 國際財務報告準則第16號 | 租賃 |
| 國際會計準則第19號(修訂本) | 計劃修訂、縮減或結算 |
| 國際會計準則第28號(修訂本) | 聯營公司及合營企業的長期權益 |
| 國際財務報告詮釋委員會詮釋第23號 | 所得稅處理之不確定性 |
| 2015年至2017年週期之年度改進 | 國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號之修訂 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases — Incentives* and SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

2.2 會計政策及披露變動(續)

除國際財務報告準則第9號及國際會計準則第19號的修訂本以及國際財務報告準則2015年至2017年週期的年度改進(與編製本集團財務報表無關)外,新訂及經修訂的國際財務報告準則的性質及影響闡述如下:

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會 - 詮釋第4號釐定安排是否包括租賃、常設詮釋委員會 - 詮釋第15號經營租賃 - 優惠及常設詮釋委員會 - 詮釋第27號評估牽涉租賃的法律形式的交易的內容。該準則載有租賃確認、計量、呈列及披露原則,並規定承租人將所有租賃按單資產負債表模式入賬以確認及計量使用權資產及租賃負債,惟若干確認豁免除外。國際財務報告準則第16號項下的出租人會計與國際會計準則第17號相比並無大幅改變。出租人繼續使用國際會計準則第17號類似原則將租賃分類為經營租賃或融資租賃。

國際財務報告準則第16號並未對本集團作為出租人的租賃產生任何重大影響。

本集團通過採用經修訂追溯法採納國際財務報告準則第16號,並於2019年1月1日首次應用。根據該方法,本集團已追溯應用該準則,並將首次採納的累計影響確認為對於2019年1月1日之保留溢利期初結餘的調整,且概不會重列2018年的比較資料,而繼續根據國際會計準則第17號及相關詮釋作出報告。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

2.2 會計政策及披露變動(續)

(a) (續)

租賃之新定義

根據國際財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。當客戶有權從使用可識別資產獲得絕大部分經濟利益以及擁有指示使用可識別資產的權利時，即有控制權。本集團選擇應用過渡性實際權宜辦法以允許該準則僅適用於先前於首次應用日期已根據國際會計準則第17號及國際財務報告詮釋委員會 - 詮釋第4號確定為租賃之合約。根據國際會計準則第17號及國際財務報告詮釋委員會 - 詮釋第4號未確定為租賃的合約不會重新評估。因此，國際財務報告準則第16號項下的租賃定義僅適用於在2019年1月1日或之後訂立或變更的合約。

作為承租人 — 先前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響性質

本集團擁有多個物業、機器及汽車項目的租賃合約。作為承租人，本集團先前根據對租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及租期為或少於十二個月的租賃(「短期租賃」)(按相關資產類別選擇)的兩項選擇性豁免除外。本集團確認使用權資產折舊(及減值，如有)及尚未償還租賃負債之應計利息(為融資成本)，而非於自2019年1月1日開始之租期內按直線法於經營租賃項下確認租金開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

2.2 會計政策及披露變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響

於2019年1月1日之租賃負債按剩餘租賃付款的現值，使用2019年1月1日的遞增借款利率貼現後予以確認，並計入計息銀行及其他借款。使用權資產根據租賃負債金額計量，並就與緊接2019年1月1日前於財務狀況表確認的租賃相關的任何預付或應計租賃付款金額作出調整。

所有該等資產於該日均根據國際會計準則第36號就任何減值作出評估。本集團選擇於財務狀況表中單獨列示使用權資產。

就先前計入投資物業並按公平值計量的租賃土地及樓宇(持作以賺取租金收入或資本增值)而言，本集團於2019年1月1日繼續將其列為投資物業。彼等繼續應用國際會計準則第40號按公平值計量。

本集團於2019年1月1日應用國際財務報告準則第16號時已使用以下選擇性實際權宜辦法：

- 對於租期自初步應用之日起12個月內終止的租賃應用短期租賃豁免；
- 倘合約包含延期、終止租賃的選擇權，則於事後釐定租期。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impact on transition (Continued)

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

2.2 會計政策及披露變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響(續)

於2019年1月1日採納國際財務報告準則第16號產生的影響如下：

| | | Increase/ (decrease) 增加 (減少) RMB'000 人民幣千元 |
|---|---|--|
| Assets | | |
| Increase in right-of-use assets | 資產 使用權資產增加 | 20,889 |
| Decrease in prepayments and other receivables | 預付款項及其他應收款項減少 | (1,247) |
| Increase in total assets | 總資產增加 | 19,642 |
| Liabilities | | |
| Increase in lease liabilities | 負債 租賃負債增加 | 19,642 |
| Increase in total liabilities | 負債總額增加 | 19,642 |
| The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows: | 於2019年1月1日的租賃負債與於2018年12月31日的經營租賃承擔之對賬如下： | |
| | | RMB'000 人民幣千元 |
| Operating lease commitments as at 31 December 2018 | 於2018年12月31日的經營租賃承擔 | 11,088 |
| Weighted average incremental borrowing rate as at 1 January 2019 | 於2019年1月1日的加權平均增量借款利率 | 5.33% |
| Discounted operating lease commitments as at 1 January 2019 | 於2019年1月1日的折現經營租賃承擔 | 15,465 |
| Add: Payments for optional extension periods not recognised as at 31 December 2018 | 加：於2018年12月31日未獲確認的續租選擇權付款 | 4,177 |
| Lease liabilities as at 1 January 2019 | 於2019年1月1日的租賃負債 | 19,642 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.2 會計政策及披露變動(續)

- (b) 國際會計準則第28號(修訂本)澄清國際財務報告準則第9號的範圍豁免僅包括應用權益法的聯營公司或合營企業之權益，且不包括實質上構成聯營公司或合營企業投資淨額一部分的長期權益(其中尚未應用權益法)。因此，計算該長期權益時，實體應用國際財務報告準則第9號(包括國際財務報告準則第9號下的減值要求)而非國際會計準則第28號。僅在確認聯營公司或合營企業的虧損及聯營公司或合營企業投資淨額減值的情況下，國際會計準則第28號其後應用投資淨額(包括長期權益)。本集團於2019年1月1日採納該等修訂時評估其於聯營公司及合營企業之長期權益業務模式且認為於聯營公司及合營企業之長期權益繼續根據國際財務報告準則第9號按攤銷成本計量。因此，該修訂不會對本集團的財務狀況或表現產生任何影響。
- (c) 國際財務報告詮釋委員會 - 詮釋第23號於稅項處理涉及影響國際會計準則第12號的應用的不確定性(通常指「不確定稅務狀況」)時處理所得稅(即期及遞延)之會計方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅，及尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。詮釋具體處理(i)實體是否考慮不確定稅項進行單獨處理；(ii)實體對稅務機關的稅項處理檢查所作的假設；(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv)實體如何考慮事實及情況變動。於採納該詮釋時，本集團考慮於其集團內銷售的轉移定價是否會產生任何不確定稅務情況。根據本集團的稅務合規及轉移定價研究，本集團認為稅務機關將很可能接受其轉移定價政策。因此，該詮釋不會對本集團的財務狀況或表現產生任何影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|---|---|
| Amendments to IFRS 3 | <i>Definition of a Business</i> ¹ |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | <i>Interest Rate Benchmark Reform</i> ¹ |
| Amendments to IFRS 10 and IAS 28 (2011) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³ |
| IFRS 17 | <i>Insurance Contracts</i> ² |
| Amendments to IAS 1 and IAS 8 | <i>Definition of Material</i> ¹ |

- ¹ Effective for annual periods beginning on or after 1 January 2020
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ No mandatory effective date yet determined but available for adoption

Other than further information about those IFRSs that are expected to be applicable to the Group as described below, the Group expected that the adoption of the above new and revised standards will not have any significant financial effect on the Group's financial statements.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

| | |
|---|---------------------------------------|
| 國際財務報告準則第3號(修訂本) | 業務的定義 ¹ |
| 國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號(修訂本) | 利率基準改革 ¹ |
| 國際財務報告準則第10號及國際會計準則第28號(2011年)(修訂本) | 投資者與其聯營公司或合營企業之間的資產出售或注資 ³ |
| 國際財務報告準則第17號 | 保險合約 ² |
| 國際會計準則第1號及國際會計準則第8號(修訂本) | 重大的定義 ¹ |

- ¹ 於2020年1月1日或之後開始的年度期間生效
- ² 於2021年1月1日或之後開始的年度期間生效
- ³ 未釐定強制生效日期，惟仍可供採納

除下文所述有關預期將適用於本集團的該等國際財務報告準則的進一步資料外，本集團預期採納上述新訂及經修訂準則將不會對本集團的財務報表產生任何重大財務影響。

國際財務報告準則第3號(修訂本)對業務定義進行了澄清並提供額外指引。該項修訂明確了如果要構成業務，一組整合的活動和資產必須至少包括一項投入和一項實質性過程。業務可以不具備所有創造產出所需的投入和過程。該修訂刪除了對市場參與者是否有能力購買業務並能持續產生產出的評估，轉而重點關注所取得的投入和所取得的實質性過程是否共同顯著促進創造產出的能力。該修訂縮小了產出的定義範圍，重點關注於向顧客提供的商品或服務、投資收益或其他日常活動收入。此外，該修訂為主體評估所取得的過程是否為實質性過程提供了指引，並引入了可選的公平值集中度測試，允許對所取得的一組活動和資產是否不構成業務進行簡化評估。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) 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 (2011) was removed by the HKICPA in January 2016 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 and not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務 報告準則(續)

本集團預期將自2020年1月1日起按前瞻基準採納該等修訂。由於修訂按前瞻基準適用於在首次應用日期當日或之後發生的交易或其他事項，故本集團於過渡日期將不會受該等修訂所影響。

國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號(修訂本)旨在解決銀行同業拆息改革對財務申報之影響。該等修訂本提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規定本公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該等修訂本自2020年1月1日或之後開始的年度期間生效。允許提早應用。預期該等修訂本將不會對本集團財務報表造成任何重大影響。

國際財務報告準則第10號及國際會計準則第28號(2011年)(修訂本)處理國際財務報告準則第10號及國際會計準則第28號(2011年)於處理投資者與其聯營公司或合營企業之間的資產出售或注資方面的規定的不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須全面確認盈虧。對於涉及並無構成一項業務的資產的交易而言，該項交易產生的盈虧於投資者的損益中確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂將按前瞻基準應用。香港會計師公會已於2016年1月剔除國際財務報告準則第10號及國際會計準則第28號(2011年)(修訂本)的以往強制生效日期，而新的強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛的檢討後釐定。然而，該等修訂可於現時採納。且預期不會對本集團的財務報表產生任何重大影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 重大會計政策概要

國際會計準則第1號及國際會計準則第8號(修訂本)為重大一詞提供新定義。新定義列明,倘合理預期遺漏、誤述或隱瞞相關資料會影響通用財務報表的主要使用者根據該等財務報表作出的決策,則該等資料屬重大。該等修訂本指明,重大性將取決於資料之性質及牽涉範圍。倘合理預期資料的錯誤陳述會影響主要使用者作出的決策,則錯誤陳述資料屬重大。本集團預期自2020年1月1日起按前瞻基準採納該等修訂本。該等修訂本預期不會對本集團的財務報表產生任何重大影響。

業務合併及商譽

業務合併按收購法列賬。轉讓代價乃按收購日期的公平值計量,該公平值為本集團轉讓的資產於收購日期的公平值、本集團自被收購方的前度擁有人承擔的負債及本集團發行以換取被收購方控制權的股本權益的總和。於每個業務合併中,本集團選擇是否以公平值或被收購方可識別資產淨值的應佔比例,計算於被收購方屬現時擁有人權益並賦予擁有人權利於清盤時按比例分佔實體的資產淨值的非控股權益。非控股權益的所有其他部分乃按公平值計量。收購相關成本於產生時列為開支。

當本集團收購一項業務時,其會根據合約條款及於收購日期的經濟環境及相關條件,評估將承接的金融資產及負債,以作出適合的分類及指定。此包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘業務合併分階段實現,則先前持有的股權於收購日期按公平值進行重新計量,而由此產生的任何收益或虧損於損益中確認。

收購方將予轉讓的任何或然代價將於收購日期按公平值確認。分類為一項資產或負債的或然代價按公平值計量,公平值的任何變動於損益確認。倘將或然代價分類為權益,則毋須重新計量,其後結算於權益中入賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2.4 重大會計政策概要(續)

業務合併及商譽(續)

商譽初步按成本計量，即轉讓代價、確認為非控股權益的金額及本集團此前持有的被收購方股權的公平值之和超出本集團所收購可識別淨資產及所承擔負債的部分。倘該代價及其他項目之和低於所收購淨資產的公平值，有關差額在重估後於損益確認為廉價收購收益。

初始確認後，商譽按成本減任何累計減值虧損計量。如有任何事件或情況變動表明賬面值可能減值，每年或更頻繁地對商譽進行減值測試。本集團每年於12月31日進行減值測試。就減值測試而言，於業務合併時收購的商譽自收購日期起分配至預期將從合併協同效應受益之本集團各現金產生單位或現金產生單位組別，而不論本集團之其他資產或負債是否已被分配至該等單位或單位組別。

減值乃通過評估商譽所屬的現金產生單位(現金產生單位組別)的可收回金額而釐定。倘現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽所確認的減值虧損不會於其後期間撥回。

倘商譽被分配至某現金產生單位(或現金產生單位組別)，而該單位內的部分業務被出售，與被出售業務有關的商譽將於釐定該出售的收益或虧損時計入該業務的賬面值。在此情況下被出售的商譽按被出售業務的相對價值及保留的現金產生單位部分計量。

於聯營公司及合營企業的投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指的是參與投資對象的財務和經營決策的權力，但不是控制或共同控制該等決策的權力。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業的資產淨值擁有權利。共同控制指按照合約協議對一項安排所共有的控制，共同控制僅在有關活動要求享有控制權的訂約方作出一致同意的決定時存在。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

(Continued)

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated 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 statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 重大會計政策概要(續)

於聯營公司及合營企業的投資(續)

本集團於聯營公司的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。倘出現任何不相符的會計政策，即會作出調整加以修正。本集團應佔聯營公司及合營企業收購後業績及其他全面收益計入綜合損益及其他全面收益表。此外，倘於聯營公司或合營企業的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動(倘適用)。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司或合營企業的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司或合營企業所產生的商譽計入作本集團於聯營公司或合營企業投資的一部分。

倘於聯營公司的投資變成於合營企業的投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。在所有其他情況下，失去對聯營公司的重大影響力或對合營企業的共同控制權後，本集團按其公平值計量及確認任何剩餘投資。聯營公司或合營企業於失去重大影響力或共同控制權時的賬面值與剩餘投資及出售所得款項的公平值之間的任何差額乃於損益賬內確認。

當聯營公司或合營企業的投資歸類為持作出售時，則按國際財務報告準則第5號持作出售及已終止經營業務的非流動資產入賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties and equity instruments designated at FVOCI at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

2.4 重大會計政策概要(續)

公平值計量

本集團於各報告期間未按公平值計量其投資物業及指定按公平值計入其他全面收益之股權投資。公平值乃在市場參與者於計量日期進行的有序交易中出售資產所收取或轉移負債所支付的價格。公平值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須位於本集團能到達的地方。資產或負債的公平值乃基於市場參與者為資產或負債定價所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產公平值的計量則參考市場參與者可從使用該資產得到的最高及最佳效用，或把該資產售予另一可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

本集團使用適用於不同情況的估值技術，而其有足夠數據計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

於財務報表中計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低級別輸入數據在下列公平值層級內進行分類：

- 第一級 — 基於相同資產或負債於活躍市場的所報價格(未經調整)
- 第二級 — 基於對公平值計量而言屬重大的可觀察(直接或間接)最低級別輸入數據的估值技術
- 第三級 — 基於對公平值計量而言屬重大的不可觀察最低級別輸入數據的估值技術

就按經常性基準於財務報表確認的資產及負債而言，本集團通過於各報告期間結束重新評估分類(根據對計量公平值整體而言屬重大的最低級別輸入數據)，釐定層級內級別之間是否出現轉移。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

2.4 重大會計政策概要(續)

非金融資產減值

倘存在任何減值跡象，或當須每年就資產進行減值檢測(金融資產、開發中物業、持作出售的已竣工物業及投資物業除外)，則會估計資產的可收回數額。資產的可收回數額乃按資產或現金產生單位的使用價值或公平值減出售成本兩者的較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別的現金流入，於此情況下，則可收回數額按資產所屬現金產生單位的可收回數額計算。

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估的稅前貼現率貼現至現值。減值虧損按與該減值資產功能相符的開支類別於產生期間自損益中扣除。

本集團會在各報告期間末評估是否有任何跡象顯示以前所確認的減值虧損已不在或可能減少。倘出現此等跡象，則會估計可收回金額。僅當用以確定資產(商譽除外)可收回金額的估計有變時，方會撥回先前確認的減值虧損，但撥回後的數額不得超逾假設於過往年度並無就該項資產確認減值虧損而應釐定的賬面值(扣除任何折舊攤銷)。減值虧損撥回會計入產生期間的損益，除非資產以重估金額入賬，在此情況下，減值虧損撥回根據重估資產的有關會計政策列賬。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (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.

2.4 重大會計政策概要(續)

關聯方

以下人士被視為本集團的關聯方，倘：

- (a) 有關方為一名人士或該人士的關係密切家庭成員，而該人士：
 - (i) 擁有本集團的控制權或共同控制權；
 - (ii) 對本集團產生重大的影響力；或
 - (iii) 為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 該人士為實體且符合下列任何一項條件：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一實體為一第三方的合營企業，而另一實體為同一第三方的聯營公司；
 - (v) 該方提供一個僱用後福利計劃予本集團僱員或與本集團相關的實體作為福利；
 - (vi) 該實體為(a)所述人士控制或共同控制；
 - (vii) 於(a)(i)所識別人士對實體有重大影響或屬該實體(或該實體母公司)主要管理人員的其中一名成員；及
 - (viii) 向本集團或本集團的母公司提供主要管理人員的服務的實體或為其一部分的任何集團成員。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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 statement 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 capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

| | |
|---|---|
| Buildings | 2% to 5% |
| Motor vehicles | 24% |
| Office equipment and electronic devices | 19% to 32% |
| Leasehold improvements | Over the shorter of the lease terms and 20% |

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.

2.4 重大會計政策概要(續)

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備類項目的成本包括其購買價及任何令資產投入運作及將資產運往擬定用途地點的直接應計費用。

於物業、廠房及設備類項目投入運作後所引致的支出,如維修及保養費等,通常於該等支出產生期間計入損益及其他全面收益表。倘確認條件達標,主要檢查費用可按撥充資本計入作為重置的資產賬面值。倘大部分物業、廠房及設備須不時重置,本集團確認該部分物業、廠房及設備為個別具有特定使用年期的資產及相應地對其作出折舊。

折舊乃以直線法按其估計可使用年期撇銷各項物業、廠房及設備的成本至其剩餘價值。主要估計可使用年期及年度折舊率如下:

| | |
|------------|---------------------|
| 樓宇 | 2%至5% |
| 汽車 | 24% |
| 辦公室設備及電子設備 | 19%至32% |
| 租賃物業裝修 | 按租期及20% (以較短者為準) |

當一項物業、廠房及設備的各部分有不同可使用年期時,該項目的成本乃按合理基準在各部分之間分配,而各部分乃個別地折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末檢討,並作出調整(如適用)。

物業、廠房及設備的項目(包括最初經確認的任何重大部分)於出售或預期其使用或出售不會帶來任何未來經濟利益時終止確認。因出售或報廢而於該資產終止確認年度的損益內確認的任何盈虧乃有關資產出售淨收入與賬面值的差額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

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

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income 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 the statement of profit or loss.

2.4 重大會計政策概要(續)

投資物業

投資物業指以獲得租金收入及或達致資本升值為目的而持有之樓宇權益(包括持作使用權資產持有的租賃物業(2018年:經營租賃項下的租賃物業),否則將符合投資物業定義之租賃權益),其非用作生產或提供貨品或服務,或用作行政用途,或用作在日常業務中出售之用途。該等物業初始按成本(包括交易成本)計量。於初始確認後,投資物業按反映報告期末市況的公平值入賬。

投資物業公平值變動產生的損益於其產生年度的損益及其他全面收益表內確認。

棄用或出售投資物業之收益或虧損在棄用或出售當年之損益及其他全面收益表內確認。

就轉往自用物業或存貨的投資物業而言,用作日後入賬的推定物業成本,為改變用途之日的公平價值。倘本集團擁有的自用物業轉變為投資物業,本集團將根據「物業、廠房及設備及折舊」項下所列政策將有關物業入賬為自用物業及或根據「使用權資產」項下所列政策將有關物業入賬為持作使用權資產之物業,直至改變用途之日,並根據上述「物業、廠房及設備及折舊」項下所列政策,按物業在該日的賬面值及公平值的差額記入重估賬。就轉往投資物業的存貨而言,物業在該日的公平值及其之前賬面值的差額會於損益確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to its occupied gross floor area ("GFA") to the total occupied 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.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

2.4 重大會計政策概要(續)

開發中物業

開發中物業擬於完工後持作出售。

開發中物業按成本與可變現淨值的較低者列賬，成本包括土地成本、建築成本、借款成本、專業費用及於開發期內與有關物業直接相關的其他成本。

除非開發中物業不能於正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於完工時轉至持作出售的已竣工物業。

持作出售的已竣工物業

持作出售的已竣工物業按成本與可變現淨值兩者的較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定，可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

分配房地產開發成本

土地成本根據各單位的已佔用建築面積(「建築面積」)佔已佔用總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

無形資產(商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期分為有限期或無限期。有限期的無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於每個財政年度末檢討一次。

軟件按成本減任何減值虧損列賬，並於5年的估計可使用年期內按直線法攤銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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:

| | |
|---------------------|----------------|
| Leasehold land | 35 to 50 years |
| Plant and machinery | 2 to 5 years |
| Motor vehicles | 2 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 重大會計政策概要(續)

租約(2019年1月1日起適用)

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約為或包含租賃。

本集團作為承租人

本集團對所有租賃(惟短期租賃及低價值資產租賃除外)採取單一確認及計量方法。本集團確認租賃負債以作出租賃款項，而使用權資產指使用相關資產的權利。

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用當日)確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債款項、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃獎勵。使用權資產按租賃期及資產的估計可使用年期之較短者按直線法折舊：

| | |
|-------|--------|
| 租賃土地 | 35至50年 |
| 廠房及機器 | 2至5年 |
| 汽車 | 2年 |

倘租賃資產的所有權於租賃期結束時轉移至本集團或成本反映行使購買期權，則使用資產的估計可使用年期計算折舊。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(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 vehicles that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 重大會計政策概要(續)

租約(2019年1月1日起適用)(續)

本集團作為承租人(續)

(b) 租賃負債

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括固定付款(包括實質固定付款)減任何租賃獎勵應收款項、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及支付終止租賃的罰款(倘租賃條款反映本集團行使選擇權終止租賃)。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

於計算租賃付款的現值時，由於租賃中所隱含的利率不易確定，則本集團於租賃開始日期使用其增量借款利率。於開始日期後，租賃負債金額的增加反映了利息的增長並減少租賃付款。此外，倘有任何修改(即租期變更、租賃款項變更(例如指數或比率的變更導致對未來租賃付款發生變動)或購買相關資產的選擇權評估的變更)則，則重新計量租賃負債的賬面值。

(c) 短期租賃及低價值資產租賃

本集團對其機器及設備的短期租賃(即該等於開始日期的租期為12個月或以下且不包含購買權的租賃)應用短期租賃確認豁免。其亦對被認為具有低價值的辦公設備及汽車的租賃應用低價值資產租賃的確認豁免。短期租賃及低價值資產租賃的租賃付款在租賃期內按直線法確認為開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income 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.

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit and other comprehensive income or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 重大會計政策概要(續)

租約(2019年1月1日起適用)(續)

本集團作為出租人

當本集團作為出租人時，在租賃開始時(或發生租賃變更時)將其租賃分類為經營租賃或融資租賃。

本集團並無轉移資產所有權附帶的絕大部分風險及回報的租賃乃分類為經營租賃。倘合約包含租賃及非租賃部分，本集團按相對獨立售價基準將合約的代價分配至各部分。由於租金收入的性質，其於租期內按直線基準列賬，並計入損益及其他全面收益表內的收益。磋商及安排經營租賃過程中產生的初始直接成本乃計入租賃資產的賬面值，並於租賃期內按與租金收入相若的基準確認。或然租金乃於賺取期間確認為收益。

將相關資產所有權附帶的絕大部分風險及回報轉移至承租人的租賃，均列為融資租賃。

租賃(適用於2019年1月1日之前)

融資租賃乃指資產所有權回報與風險(法定業權除外)幾乎全部轉移至本集團的租賃。於融資租賃開始時，租賃資產的成本乃按最低租約付款的現值撥充資本，並連同債務(不包括利息部分)一併入賬，藉以反映購買與融資情況。資本化融資租賃下的資產(包括融資租賃下的預付土地租賃付款)乃計入物業、廠房及設備，就租賃期及資產估計可使用年期兩者的較短者折舊。該等租賃的財務成本乃就租期長短自損益及其他全面收益表內扣除，以得出不變的週期收費率。

透過具融資性質的租購合約收購的資產列作融資租賃，按其估計可使用年期予以折舊。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable before 1 January 2019) (Continued)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis 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, at fair value through profit or loss, and at fair value through other comprehensive income.

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, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 重大會計政策概要(續)

租賃(適用於2019年1月1日之前) (續)

經營租賃乃指資產所有權回報與風險幾乎全部歸由出租人承擔的租約。如本集團為出租人，本集團根據經營租賃出租的資產包括在非流動資產中，而經營租賃項下的應收租金於租賃期內以直線法計入損益及其他全面收益表。如本集團為承租人，經營租賃項下的應付租金經扣除從出租人收取的優惠後乃於租賃期內以直線法自損益及其他全面收益表內扣除。

根據經營租賃的預付土地租賃付款乃首次按成本列賬，而隨後則按租期以直線法確認。

投資及其他金融資產

初始確認及計量

金融資產於初步確認時分類為按公平值計入損益及按公平值計入其他全面收入，其後按攤銷成本計量。

於初始確認時，金融資產的分類取決於該項金融資產的現金流量特點及本集團管理該項資產時業務模式。除並無重大融資成分或本集團已應用實際權益方法的貿易應收款項外，本集團初始按公平值加(倘屬並非按公平值計入損益的金融資產)交易成本計量金融資產。並不包含重大融資部分或本集團已對其使用實際權益辦法的貿易應收款項，根據下文「收益確認」所載政策按根據國際財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公平值計入其他全面收入分類及計量，需產生純粹為支付本金及未償還本金利息(「純粹為支付本金及利息」)的現金流量。並無產生純粹為支付本金及利息的現金流量的金融資產乃按公平值計入損益分類及計量(不論業務模式為何)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量的方式。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。按攤銷成本分類及計量的金融資產，乃於旨在持有以收取合約現金流量為目的之業務模式內持有，而按公平值計入其他全面收入分類及計量的金融資產，乃於旨在同時持有以收取合約現金流量並出售的業務模式內持有。並無於上市業務模式內持有的金融資產乃按公平值計入損益分類及計量。

所有常規購買及出售金融資產於交易日(即本集團承諾購買或出售該資產之日)確認。常規購買或出售指需要在一般由法規或市場慣例確定的期間內移交資產的金融資產買賣。

後續計量

不同類別金融資產的後續計量方法如下：

按攤銷成本計量的金融資產(債務工具)

按攤銷成本計量的金融資產其後使用實際利率法計量，並可能受減值影響。當資產終止確認、修訂或減值時，收益及虧損於損益及其他全面收益表中確認。

指定按公平值計入其他全面收入的金融資產(股權投資)

於初步確認時，本集團可選擇於股權投資符合國際會計準則第32號金融工具：呈報項下的股權定義且並非持作買賣時，將其股權投資不可撤回地分類為指定按公平值計入其他全面收入的股權投資。分類乃按個別工具基準釐定。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments) (Continued)

Gains and losses on these financial assets are never recycled to the statement of profit or loss and other comprehensive income. Dividends are recognised as other income in the statement 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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 passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

指定按公平值計入其他全面收入的金融資產(股權投資)(續)

該等金融資產的收益及虧損概不會被重新計入損益及其他全面收益表。當確立支付權時，股息於損益及其他全面收益表中確認為其他收入，與股息相關的經濟利益很可能會流入本集團，而股息金額能夠可靠地計量，惟當本集團於作為收回金融資產一部分成本的所得款項中獲益時則除外，於此等情況下，該等收益於其他全面收入入賬。指定按公平值計入其他全面收入的股權投資不受減值評估影響。

終止確認金融資產

金融資產(或(如適用)一項金融資產的一部分或一組同類金融資產的一部分)在下列情況將被終止確認(即自本集團的綜合財務狀況表移除):

- 收取該項資產所得現金流量的權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量的權利,或已根據一項「轉付」安排承擔責任,在無重大延誤情況下,將所得現金流量全數付予第三方;及(a)本集團已轉讓該項資產的絕大部分風險及回報;或(b)本集團並無轉讓亦無保留該項資產絕大部分風險及回報,但已轉讓該項資產的控制權。

倘本集團已轉讓其收取資產現金流量的權利或已訂立轉付安排,需評估是否及何種程度上保留該資產的風險及回報。當並無轉讓或保留資產大部分風險及回報,亦無轉讓資產的控制權,則按本集團持續涉及資產的程度確認資產。在此情況下,本集團亦確認相應的負債。轉移資產及相關負債乃以本集團所保留之反映權利與義務的基礎計量。

持續參與之形式乃就已轉讓資產作出保證,並以該項資產之原賬面值及本集團或須償還之代價數額上限(以較低者為準)計量。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 重大會計政策概要(續)

金融資產減值

本集團確認對並非按公平值計入損益的所有債務工具預期信貸虧損(「預期信貸虧損」)的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就自初始確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來12個月內可能發生違約事件而導致的信貸虧損(12個月預期信貸虧損)。就自初始確認起經已顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備(存續期的預期信貸虧損)。

於各報告日期，本集團評估金融工具之信貸風險自初始確認以來是否已顯著增加。在進行有關評估時，本集團會就金融工具於報告日期發生違約的風險與金融工具於初始確認當日發生違約的風險進行比較並會考慮毋須付出不必要的成本或努力即可獲得的合理且可靠的資料，包括歷史及前瞻性資料。

倘合約已逾期還款超過90日，則本集團認為金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在計及本集團持有的任何信貸提升措施前，本集團不大可能悉數收到未償還合約款項，則本集團亦可認為金融資產違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and 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, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the reporting period. 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.

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.

2.4 重大會計政策概要(續)

金融資產減值(續)

一般方法(續)

按公平值計入其他綜合收入的債務投資及按攤銷成本計量的金融資產於一般方法下或會發生減值，且除應用下文所述簡化法的貿易應收款項外，債務投資及融資產乃就計量預期信貸虧損分為以下步驟。

- 步驟1 — 信貸風險自初始確認後並無顯著增加的金融工具，虧損撥備按等同12個月預期信貸虧損的金額計量。
- 步驟2 — 金融工具的信貸風險自初始確認後顯著增加但無發生信貸減值的金融資產，其虧損撥備按等同於存續期的預期信貸虧損的金額計量。
- 步驟3 — 於報告日期為信貸減值的金融資產(但於購買或發起時並無信貸減值)，其虧損撥備按等同於存續期的預期信貸虧損的金額計量。

簡化方法

就貿易應收款項而言，本集團於計算預期信貸虧損時應用簡化方法。故此，本集團並無追溯信貸風險變動，而是根據各報告期末的存續期的預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算之撥備矩陣，並按債務人之特定前瞻性因素及經濟環境作出調整。

金融負債

初始確認及計量

金融負債乃於初始確認時分類為按公平值計入損益的金融負債、貸款及借款、應付款項，或指定為一種有效對沖的對沖工具的衍生工具(如適用)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables, deposits received and accruals, amounts due to related companies, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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.

2.4 重大會計政策概要(續)

金融負債(續)

初始確認及計量(續)

所有金融負債初步按公平值確認及倘屬並非按公平值計入損益的金融負債，則應減去直接應佔交易成本。

本集團的金融負債包括貿易應付款項、計入其他應付款項、已收按金及應計費用的金融負債、應付關聯公司款項、租賃負債以及計息銀行及其他借款。

後續計量

不同類別金融負債的後續計量方法如下：

按攤銷成本計量的金融負債(貸款及借款)

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，惟貼現影響為微不足道則除外，在該情況下則按成本列賬。當負債終止確認以及按實際利率法進行攤銷程序時，其收益及虧損在損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益的財務成本內。

金融負債終止確認

當金融負債的責任已履行、取消或屆滿時，金融負債會被終止確認。

當現時金融負債被另一項由同一貸款人借出，而條款有重大不同的金融負債所取代，或當現時負債的條款被重大修訂，該取代或修訂被視為對原有負債的終止確認及對新負債的確認，而各自賬面值的差額於損益確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Treasury shares

Own equity instruments which are held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's and the Group's own equity instruments.

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 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 each 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 profit or loss.

2.4 重大會計政策概要(續)

抵銷金融工具

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債及於財務狀況表內呈報淨值。

庫存股份

本公司或本集團持有的自身權益工具(庫存股份)直接於權益中按成本確認。收購、出售、發行或註銷本公司及本集團自身權益工具時概不會於損益中確認收益或虧損。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可實時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要償還的銀行透支，並構成本集團現金管理主要部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行存款。

撥備

倘因過往事件導致現時承擔責任(法定或推定責任)，且日後可能須流失資源以履行責任，並能可靠估計責任的數額，則確認撥備。

當貼現影響屬重大時，確認撥備的金額為預期未來履行責任所作出的開支於各報告期間末的現值。因時間流逝而增加的貼現現值金額會記入損益表財務成本項下。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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 each reporting period, taking into consideration interpretations and practises 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 each 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 and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- 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

2.4 重大會計政策概要(續)

所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外確認的其他全面收益或直接於權益確認。

當期及過往期間的即期稅項資產及負債，乃按預期自稅務當局退回或付予稅務當局的金額，根據於各報告期間末已頒佈或實質上已頒佈的稅率(及稅法)，以及考慮本集團經營所在國家當時的詮釋及慣例計量。

遞延稅項採用負債法就於各報告期間末資產及負債的稅基與兩者用作財務報告的賬面值之間的所有暫時性差異計提撥備。

遞延稅項負債乃就所有應課稅暫時性差異而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初次確認商譽、資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及
- 就與於附屬公司及聯營公司的投資有關的應課稅暫時性差異而言，暫時性差異的撥回時間為可控制，且該等暫時性差異於可見將來可能不會撥回。

遞延稅項資產乃就所有可抵扣暫時性差異以及未動用稅項抵免及任何未動用稅項虧損的結轉而確認。遞延稅項資產的確認以將有應課稅溢利可用以抵銷可抵扣暫時性差異以及未動用稅項抵免和未動用稅項虧損的結轉為限，惟下列情況除外：

- 與可抵扣暫時性差異有關的遞延稅項資產乃因在一項並非業務合併的交易中初次確認資產或負債而產生，且於交易時對會計溢利及應課稅溢利或虧損均無影響；及

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

- in respect of deductible temporary differences associated with investments in subsidiaries 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 each reporting period.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 重大會計政策概要(續)

所得稅(續)

- 就與於附屬公司及聯營公司的投資有關的可抵扣暫時性差異而言，遞延稅項資產僅於暫時性差異於可見將來有可能撥回以及將有應課稅溢利可用以抵銷暫時性差異的情況下，方予確認。

於各報告期間末審閱遞延稅項資產的賬面值，並在不再可能有足夠應課稅溢利以動用全部或部分遞延稅項資產時，相應扣減該賬面值。未被確認的遞延稅項資產會於各報告期間末重新評估，並在可能有足夠應課稅溢利以收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於各報告期間末已頒佈或實質上已頒佈的稅率(及稅法)計算。

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助

倘能合理確定將會收取有關補助且符合補助附帶的所有條件，則政府補助將按公平值予以確認。倘補助與開支項目有關，即於所擬補償的成本的支銷期間內系統地確認為收入。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of properties and services provided in the ordinary course of the Group's activities. Revenue is shown net of taxes.

Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

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

2.4 重大會計政策概要(續)

收益確認

收益乃按本集團日常業務過程中就物業銷售及服務而已收或應收的代價的公平值計量。收益經扣除稅項呈列。

物業銷售

當或於資產的控制權轉移至買方時確認收益。資產的控制權是在一段時間內或於某一時點轉移，取決於合約的條款與適用於合約的法律規定。資產的控制權是在一段時間內轉移，倘本集團履約過程中：

- 提供買方同時收到且消耗的利益；或
- 產生及增強由買方控制的資產(如本集團執行)；或
- 本集團不會產生具有可替代用途的資產，且本集團有權就累計至今已完成的履約部分收取款項。

倘資產的控制權在一段時間內轉移，參照在整個合約期間已完成履約責任的進度確認收益。否則，收益於買方獲得資產控制權的時點確認。

完成履約責任的進度的計量是基於本集團為完成履約責任而產生的最能描述本集團完成履約責任表現的支出或投入。

於釐定交易價格時，本集團就融資組成部分的影響(如重大)調整約定代價金額。

就物業控制權於某一時點轉移的房地產開發及銷售合約而言，收益於買方取得已竣工物業的實質擁有權或合法所有權，且本集團現時有權收取付款及有可能收取代價時確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

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.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

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.

2.4 重大會計政策概要(續)

收益確認(續)

提供管理服務

提供管理服務的收益在預定期間內以直線法確認，因為客戶同時取得及耗用本集團提供的利益。

租金收入

租金收入於租賃期間按時間比例基準確認。

利息收入

利息收入按應計基準以實際利率法通過採用將金融工具的估計未來所收現金在預計可使用年內貼現至金融資產賬面值淨值的利率予以確認。

股息收入

股息收入於股東收取該付款的權利獲確定時確認。

合約負債

當本集團於轉讓相關商品或服務前收到客戶的付款或付款到期(以較早者為準)時，則確認合約負債。合約負債於本集團履行合約時確認為收益。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss and other comprehensive income on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 28.

That cost is recognised in employee benefit expense, together with a corresponding increase in equity (capital reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2.4 重大會計政策概要(續)

合約成本

除資本化為存貨、物業、廠房及設備以及無形資產的成本外，倘符合所有下列條件，則將履行客戶合約產生的成本資本化為資產：

- (a) 有關成本與實體可明確識別的合約或預期合約有直接關係。
- (b) 有關成本令實體將用於履行(或持續履行)日後履約責任的資源得以產生或有所增加。
- (c) 有關成本預期可收回。

資本化合約成本乃按符合確認相關資產的收益模式的系統基準攤銷並自損益及其他全面收益表扣除。其他合約成本於產生時支銷。

以股份為基礎付款

本集團僱員(包括高級行政人員)按以股份為基礎付款的形式收取薪酬，其中僱員提供服務作為股本工具的代價(股本結算交易)。

股本結算交易

股本結算交易的成本乃使用適當估值模型按授出日期的公平值釐定，詳情載於附註28。

該成本連同股本(資本儲備)的相應增加在服務及(如適用)履約條件獲達成的期間(歸屬期間)於僱員福利開支中確認。直至歸屬日期前於各報告日期就股本結算交易確認的累計開支反映歸屬期到期的程度以及本集團對最終歸屬的股本工具數目的最佳估計。某期間損益及其他全面收益表的開支或進賬指於該期初及期末確認的累計開支變動。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Equity-settled transactions (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 重大會計政策概要(續)

以股份為基礎付款(續)

股本結算交易(續)

釐定獎勵獲授當日之公平值時，並不計及服務及非市場績效條件，惟在有可能符合條件的情況下，則評估為本集團對最終將會歸屬的股本工具數目的最佳估計之一部分。市場績效條件反映於獎勵獲授當日之公平值。獎勵之任何其他附帶條件(但不帶有服務要求)視作非歸屬條件。非歸屬條件反映於獎勵之公平值，除非同時具服務及或績效條件，否則獎勵即時支銷。

因非市場績效及或服務條件未能達成而最終無歸屬之獎勵並不確認為開支。凡獎勵包含市場或非歸屬條件，無論市場條件或非歸屬條件獲達成與否，而所有其他績效及或服務條件均獲達成，則交易仍被視為已歸屬。

倘以權益結算之獎勵條款經修訂，所確認之開支最少須達到猶如條款並無經修訂之水準(倘符合獎勵之原歸屬條款)。倘任何修訂會增加以股份為基礎付款之總公平值或以其他方式令僱員受惠，則應就該等修訂確認按修訂日期計量的額外開支。倘獎勵被實體或對手方取消，獎勵公平值的任何餘下部分即時通過損益支銷。

其他僱員福利

本集團於中國內地營運的附屬公司的僱員須參加當地市政府實施的中央養老金計劃。該等附屬公司須就僱員的薪金成本按若干百分比向中央養老金計劃供款。該等供款於根據中央養老金計劃的規則成為應付款項時自損益扣除。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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

The financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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).

2.4 重大會計政策概要(續)

借款成本

直接用於購買、興建或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)的借款成本一律撥充作為該等資產的部分成本。一旦資產大致可供擬定用途或出售,則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。所有其他借款成本均於產生期間支銷。借款成本包括實體就借用資金產生的利息及其他成本。

股息

末期股息於股東大會上獲股東批准時確認為負債。

由於本公司的組織章程大綱及細則授予董事權力以宣派中期股息,故中期股息同時提出及宣派。因此,中期股息於提出及宣派時隨即確認為負債。

外幣

財務報表以人民幣呈列,而本公司的功能貨幣為人民幣,乃因本集團主要業務在中國內地進行。本集團旗下實體錄得的外幣交易首次記錄時按其各自交易日的功能貨幣適用匯率換算後入賬。

以外幣計值的貨幣資產及負債按各報告期間末功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的匯兌差額在損益表確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理(即公平值收益或虧損於其他綜合收益或損益中確認的項目的匯兌差額亦分別於其他綜合收益或損益中確認)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

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, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. 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 the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. 重大會計判斷與估計

編製本集團的財務報表時，管理層須作出會影響所呈報收益、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

經營租賃承擔 — 本集團作為出租人

本集團就其投資物業組合訂有商業物業租約。本集團按該等條款及條件作出評估，決定其於以經營租約租出的物業保留擁有權的所有重大風險及回報。

投資物業及持作出售的已竣工物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。若干物業中有一部分持作賺取租金或資本增值，而另一部分持作生產或供應商品或服務或行政用途。若該等部分不能夠單獨出售，則僅當極小部分持作生產或供應商品或服務或行政用途時，該物業方為投資物業。要釐定附屬設施是否過於重大以致物業不符合資格列作投資物業，須逐項物業進行判斷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

3. 重大會計判斷與估計(續)

估計不明朗因素

下文披露可能引致資產及負債的賬面值於下個財政年度或須予以重大調整，且有關未来的主要假設，以及於各報告期間未存在的估計不明朗因素的其他主要來源：

開發中物業及持作出售的已竣工物業的撥備

本集團的開發中物業及持作出售的已竣工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計開發中物業的售價與完工成本，以及根據當前市況估計銷售物業將產生的費用。

倘完工成本增加或銷售淨值降低，則可變現淨值會減少，可能導致須就開發中物業及持作出售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

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 reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. 重大會計判斷與估計(續)

估計不明朗因素(續)

中國土地增值稅(「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待房地產開發項目完工後由稅務機關釐定。本集團尚未就其若干房地產開發項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

非金融資產(商譽除外)減值

本集團於各報告期間末評估所有非金融資產有否任何減值跡象。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產的賬面值或現金產生單位超逾其可收回金額(即公平值減出售成本與使用價值的較高者)，則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算，則管理層須估計資產或現金產生單位的預計未來現金流量，選取合適的貼現率以計算該等現金流量的現值。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimate of fair value of investment properties

Investment properties under construction carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amount of investment properties at 31 December 2019 was RMB918,200,000 (2018: RMB811,900,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Share-based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant.

3. 重大會計判斷與估計(續)

估計不明朗因素(續)

投資物業的公平值估計

以公平值列賬的在建投資物業於各報告日期根據獨立專業估值師給出的評估市值重新估值。該等估值乃根據若干假設作出，存在不確定性，可能與實際結果存在較大差異。本集團經考慮類似物業活躍市場現行價格信息並利用主要根據各報告期間末的市場條件作出的假設作出估計。

本集團對公平值估計的主要假設包括參考同一地點及狀況之類似物業現行市場租金、有關資本轉化比率及預期溢利率所得估計租值的有關假設。於2019年12月31日，投資物業的賬面值為人民幣918,200,000元(2018年：人民幣811,900,000元)。更多詳情(包括公平值計量所用的主要假設及敏感度分析)載於財務報表附註15。

遞延稅項資產

遞延稅項資產乃就所有可抵扣暫時性差異以及未動用稅項抵免及未動用稅項虧損的結轉而確認，惟以將有應課稅溢利可用以抵銷可抵扣暫時性差異以及未動用稅項抵免及未動用稅項虧損的結轉為限。可予確認的遞延稅項資產數額須由管理層根據未來可能出現應課稅溢利的時間及數額以及未來稅項計劃策略作出重大判斷後釐定。進一步詳情載於財務報表附註19。

以股份為基礎付款

估計以股份為基礎付款交易的公平值需要確定最合適的估值模型，此乃視乎授出的條款及條件。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, and thus all locations were aggregated as one reportable operating segment.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2019.

4. 經營分部資料

管理層按項目位置監控本集團業務(包括房地產開發及租賃)的經營業績,以對資源分配及表現評估作出決策。因所有位置具備類似經濟特徵,且房地產開發及租賃的性質、上述業務流程的性質、上述業務的客戶類型或級別以及分配財產或提供服務所用方法均類似,故將所有位置歸總為一個可報告經營分部。

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非流動資產位於中國內地以外地區,故並無呈列其他地區資料。

有關主要客戶的資料

截至2019年12月31日止年度,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。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, project management income, hotel operations and rental income during the reporting year.

An analysis of revenue, other income and gains is as follows:

5. 收益、其他收入及收益

收益指報告年度內物業銷售收入、項目管理收入、酒店經營及租金收入。

對收益、其他收入及收益的分析如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---------------------------|-----------|-----------------------------------|-----------------------------------|
| Revenue | 收益 | | |
| Sale of properties | 物業銷售 | 8,996,128 | 5,067,075 |
| Project management income | 項目管理收入 | 79,679 | - |
| Hotel operations | 酒店經營 | 13,460 | - |
| Rental income | 租金收入 | 3,205 | 3,019 |
| | | 9,092,472 | 5,070,094 |

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|------------------------------------|-----------|-----------------------------------|-----------------------------------|
| Represented by: | 指： | | |
| Recognised at a point in time: | 於某一時點確認： | | |
| Revenue from sale of properties | 來自物業銷售的收益 | 8,996,128 | 5,067,075 |
| Revenue from hotel operation | 來自酒店經營的收益 | 7,293 | - |
| Recognised over time: | 於一段時間確認： | | |
| Revenue from project management | 來自項目管理的收益 | 79,679 | - |
| Revenue from hotel operation | 來自酒店經營的收益 | 6,167 | - |
| Revenue from property lease income | 物業租金收入 | 3,205 | 3,019 |
| | | 9,092,472 | 5,070,094 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

5. REVENUE, OTHER INCOME AND GAINS

(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:

5. 收益、其他收入及收益(續)

下表顯示於本報告期間內確認且於報告期初被列入合約負債之收益金額，以及就過往期間完成之履約責任確認之收益金額：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | 於報告期初列入合約負債的已確認收益： | | |
| Sale of properties | 物業銷售 | 4,959,576 | 3,758,844 |

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Other income and gains | 其他收入及收益 | | |
| Government grants | 政府補助 | 2,799 | 124 |
| Interest income | 利息收入 | 23,323 | 22,561 |
| Forfeiture of deposits | 沒收按金 | 1,685 | 1,203 |
| Project management income | 項目管理收入 | - | 6,851 |
| Investment income on business combination achieved in steps | 按階段實現業務合併的投資收入 | 11,277 | 292,672 |
| Loss on disposal of a subsidiary | 出售一間附屬公司的收益 | (14,739) | - |
| Dividend income from equity investments at fair value through other comprehensive income | 按公平值計入其他全面收益之股本投資之股息收入 | 10,990 | - |
| Recovery of financial guarantees contracts | 收回財務擔保合約 | 13,102 | - |
| Recovery of security deposit for breaking contracts | 收回違約保證金 | 16,470 | - |
| Others | 其他 | 893 | 658 |
| | | 65,800 | 324,069 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

6. 除稅前溢利

本集團的除稅前溢利乃自以下各項扣除（計入）後達致：

| | | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------------------------------|----|-----------------------------------|-----------------------------------|
| Cost of inventories sold | 已售存貨成本 | 23 | 7,534,877 | 3,598,812 |
| Project management costs | 項目管理成本 | | 39,290 | - |
| Rental costs | 租賃成本 | | 1,231 | 1,231 |
| Hotel operation costs | 酒店經營成本 | | 10,885 | - |
| Write down of inventories to net realisable value | 撇減存貨至可變現淨值 | 23 | 26,882 | - |
| Depreciation of items of property, plant and equipment | 物業、廠房及設備項目 折舊 | 13 | 5,160 | 4,556 |
| Depreciation of right-of-use assets (2018: amortisation of land lease payments) | 使用權資產折舊(2018年： 土地租賃付款攤銷) | 16 | 15,708 | - |
| Amortisation of prepaid land lease payments | 預付土地租賃付款攤銷 | 16 | - | 2,346 |
| Amortisation of other intangible assets | 其他無形資產攤銷 | 14 | 681 | 558 |
| Loss on disposal of items of property plant and equipment | 出售物業、廠房及設備 項目的虧損 | | 43 | - |
| Rental expenses | 租金開支 | | 4,126 | 6,067 |
| Auditors' remuneration | 核數師薪酬 | | 2,800 | 2,000 |
| Employee benefit expense (including directors' and chief executive's remuneration (note 8)): | 僱員福利開支(包括董事及 主要行政人員薪酬 (附註8)): | | | |
| Wages and salaries | 薪金及工資 | | 195,493 | 126,927 |
| Pension scheme contributions and social welfare | 養老金計劃供款及 社會福利 | | 55,938 | 21,829 |
| Share-based payment | 以股份為基礎付款 | | - | 82,600 |
| Fair value gains on investment properties | 投資物業的公平值收益 | 15 | (106,300) | (14,803) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

7. FINANCE COSTS

An analysis of finance costs is as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---------------------------------------|-----------|-----------------------------------|-----------------------------------|
| Interest on bank and other borrowings | 計息銀行及其他借款 | 571,974 | 537,255 |
| Interest on pre-sales deposits | 預售按金利息 | 238,253 | 166,629 |
| Interest on lease liabilities | 租賃負債利息 | 1,268 | - |
| Less: Interest capitalised | 減：資本化利息 | (644,504) | (449,877) |
| | | 166,991 | 254,007 |

7. 財務成本

財務成本分析如下：

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. 董事及主要行政人員薪酬

根據上市規則所披露，香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露的本年度董事及主要行政人員薪酬如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| Fees | 袍金 | 629 | - |
| Other emoluments: | 其他酬金： | | |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物福利 | 5,114 | 5,985 |
| Performance-related bonuses* | 表現掛鉤花紅* | 2,161 | 2,233 |
| Pension scheme contributions and social welfare | 養老金計劃供款及社會福利 | 732 | 578 |
| Share-based payment | 以股份為基礎付款 | - | 65,005 |
| | | 8,636 | 73,801 |

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

* 本公司若干執行董事有權獲得花紅付款，花紅付款按本集團除稅後溢利的比例釐定。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--------------------|-------|-----------------------------------|-----------------------------------|
| Mr. Lam Ming Fai | 林名輝先生 | 202 | - |
| Mr. Chan Peng Kuan | 陳炳鈞先生 | 202 | - |
| Mr. Chen Shi Min | 陳世敏先生 | 225 | - |
| | | 629 | - |

There were no other emoluments payable to the independent non-executive directors during the years ended 31 December 2019 and 2018.

8. 董事及主要行政人員薪酬(續)

(a) 獨立非執行董事

於本年度支付予獨立非執行董事的袍金如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--------------------|-------|-----------------------------------|-----------------------------------|
| Mr. Lam Ming Fai | 林名輝先生 | 202 | - |
| Mr. Chan Peng Kuan | 陳炳鈞先生 | 202 | - |
| Mr. Chen Shi Min | 陳世敏先生 | 225 | - |
| | | 629 | - |

截至2019年及2018年12月31日止年度並無應付予獨立非執行董事的其他酬金。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

8. 董事及主要行政人員薪酬(續)

(b) Executive directors and non-executive directors

(b) 執行董事及非執行董事

| | | Fees | Salaries, allowances and benefits in kind | Performance-related bonuses | share-based payment | Pension scheme contributions and social welfare | Total remuneration |
|--------------------------|---------|---------|---|-----------------------------|---------------------|---|--------------------|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| 2019 | 2019年 | | | | | | |
| Executive directors: | 執行董事： | | | | | | |
| — Mr. Ma Bao Hua | — 馬保華先生 | — | 619 | 425 | — | 122 | 1,166 |
| — Mr. Zhu Li | — 朱力先生 | — | 629 | 425 | — | 122 | 1,176 |
| — Mr. Wang Zheng | — 王政先生 | — | 655 | 425 | — | 122 | 1,202 |
| — Ms. Shao Lei | — 邵磊女士 | — | 739 | 425 | — | 122 | 1,286 |
| Non-executive directors: | 非執行董事： | | | | | | |
| — Mr. Huang Qing Ping | — 黃清平先生 | — | 1,954 | 41 | — | 122 | 2,117 |
| — Mr. Xie Chen Guang | — 謝晨光先生 | — | 518 | 420 | — | 122 | 1,060 |
| | | — | 5,114 | 2,161 | — | 732 | 8,007 |
| 2018 | 2018年 | | | | | | |
| Executive directors: | 執行董事： | | | | | | |
| — Mr. Ma Bao Hua | — 馬保華先生 | — | 982 | 420 | 37,087 | 102 | 38,591 |
| — Mr. Zhu Li | — 朱力先生 | — | 1,052 | 420 | — | 102 | 1,574 |
| — Mr. Wang Zheng | — 王政先生 | — | 720 | 420 | 13,959 | 102 | 15,201 |
| — Ms. Shao Lei | — 邵磊女士 | — | 739 | 420 | 13,959 | 102 | 15,220 |
| | | — | 3,493 | 1,680 | 65,005 | 408 | 70,586 |
| Non-executive directors: | 非執行董事： | | | | | | |
| — Mr. Huang Qing Ping | — 黃清平先生 | — | 1,938 | 133 | — | 68 | 2,139 |
| — Mr. Xie Chen Guang | — 謝晨光先生 | — | 554 | 420 | — | 102 | 1,076 |
| | | — | 2,492 | 553 | — | 170 | 3,215 |
| | | — | 5,985 | 2,233 | 65,005 | 578 | 73,801 |

Mr. Ma Bao Hua is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

馬保華先生為本公司的行政總裁兼執行董事。於本年度，概無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2019 included five directors (2018: four directors). Details of those directors' remuneration are set out in note 8 above. Details of the remuneration for the year ended 31 December 2019, which is nil (2018: one), of the highest paid employee who is neither a director nor chief executive of the Company are as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| Salaries, allowances and benefits in kind | 薪金、津貼及實物福利 | - | 671 |
| Performance-related bonuses | 表現掛鈎花紅 | - | 420 |
| Share-based payment | 以股份為基礎付款 | - | 17,595 |
| Pension scheme contributions and social welfare | 養老金計劃供款及社會福利 | - | 102 |
| | | - | 18,788 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | | Number of employees 僱員人數 | |
|----------------------------------|------------------------------|-----------------------------|---------------|
| | | 2019 2019年 | 2018 2018年 |
| HK\$21,000,001 to HK\$21,500,000 | 21,000,001 港元至 21,500,000 港元 | - | 1 |

9. 五名最高薪酬僱員

截至2019年12月31日止年度，五名最高薪酬僱員包括五名董事(2018年：四名董事)。該等董事的薪酬詳情載於上文附註8。截至2019年12月31日止年度，最高薪酬僱員為零名(2018年：一名)，其並非本公司董事或主要行政人員的最高薪酬僱員的薪酬詳情如下：

薪酬屬於以下範圍的非董事及非主要行政人員的最高薪酬僱員人數如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the 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 2019.

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

10. 所得稅

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及源自其的溢利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法規，本集團於開曼群島及英屬處女群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該公司截至2019年12月31日止年度並無於香港當前產生的任何應課稅溢利。

本集團於中國內地經營的附屬公司年內須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照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、借款成本及其他房地產開發開支)。本集團根據有關中國內地稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|-------------------------------|------------|-----------------------------------|-----------------------------------|
| Current tax: | 即期稅項： | | |
| PRC corporate income tax | 中國企業所得稅 | 492,732 | 263,786 |
| PRC LAT | 中國土地增值稅 | 444,236 | 304,030 |
| Deferred tax (note 19) | 遞延稅項(附註19) | (357,199) | (1,281) |
| Total tax charge for the year | 年內稅項支出總額 | 579,769 | 566,535 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

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 for each reporting period is as follows:

10. 所得稅(續)

於各報告期間，本公司及其大部分附屬公司註冊所在司法權區按法定稅率計算的除稅前溢利適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Profit before tax | 除稅前溢利 | 940,129 | 1,061,857 |
| At the statutory income tax rate | 按法定所得稅率計算 | 235,032 | 265,464 |
| Profits attributable to joint ventures and associates | 合營企業及聯營公司應佔溢利 | (16,482) | (22,914) |
| Investment income recognised in acquisition of subsidiaries | 收購附屬公司的已確認投資收入 | (2,819) | (73,168) |
| Income not subject to tax | 毋須課稅收入 | (2,748) | - |
| Expenses not deductible for tax | 不可扣稅開支 | 3,335 | 24,853 |
| Deductible temporary differences not recognised | 未確認的可扣減暫時差異 | 2,902 | 6,156 |
| Withholding taxes on undistributed profits of the subsidiaries in the PRC | 中國附屬公司未分派溢利的預扣稅 | 3,101 | 27,984 |
| Tax losses utilised from previous periods | 動用自過往期間的稅項虧損 | (38,512) | - |
| Tax losses not recognised | 未確認的稅項虧損 | 62,783 | 110,138 |
| Provision for LAT | 土地增值稅撥備 | 444,236 | 304,030 |
| Tax effect on LAT | 土地增值稅的稅務影響 | (111,059) | (76,008) |
| Tax charge at the Group's effective rate | 按本集團實際稅率計算的稅項費用 | 579,769 | 566,535 |

Tax payable in the consolidated statement of financial position represents:

綜合財務狀況表內的應付稅項指：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|----------------------------------|-----------|--|--|
| PRC corporate income tax payable | 應付中國企業所得稅 | 524,194 | 118,338 |
| PRC LAT payable | 應付中國土地增值稅 | 768,857 | 385,808 |
| Total tax payable | 應付稅項總額 | 1,293,051 | 504,146 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

11. DIVIDENDS

11. 股息

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Proposed final — HK 2.32 cents (2018: Nil) per ordinary share | 建議末期股息 — 每股普通股 2.32港仙(2018年：無) | 30,062 | — |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

本年度擬派末期股息須待本公司股東於應屆股東週年大會上批准後方可作實。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

12. 本公司普通權益持有人應佔每股盈利

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,369,170,287 in issue during the year ended 31 December 2019 (2018: 947,280,356 shares, taking into account the effects of the issue of HKD denominated shares in lieu of the cancellation of USD denominated shares and the capitalisation issue (see Note 32)).

每股基本盈利之金額乃基於母公司普通權益持有人應佔年內溢利，及截至2019年12月31日止年度內已發行普通股加權平均數1,369,170,287股(2018年：947,280,356股股份，經計及發行以港元計值股份代替註銷美元計值股份以及資本化發行(見附註32)的影響)計算。

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2019 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year.

由於本年度本集團並無發行潛在攤薄普通股，故截至2019年12月31日止年度每股基本盈利金額毋須作出調整。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

| | | Buildings | Motor vehicles | Office equipment and electronic device 辦公室設備及電子設備 | Leasehold improvements 租賃物業裝修 | Construction in process 在建工程 | 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 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| 31 December 2019 | 2019年12月31日 | | | | | | |
| At 1 January 2019 | 於2019年1月1日： | | | | | | |
| Cost | 成本 | - | 6,610 | 10,903 | 12,046 | 352,721 | 382,280 |
| Accumulated depreciation | 累計折舊 | - | (5,060) | (6,171) | (8,407) | - | (19,638) |
| Net carrying amount | 賬面淨值 | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| At 1 January 2019, net of accumulated depreciation | 於2019年1月1日，扣除累計折舊 | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| Additions | 添置 | - | 783 | 2,653 | 447 | 719,138 | 723,021 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 113,580 | 279 | 43,006 | - | 6,365 | 163,230 |
| Disposals of subsidiaries | 出售附屬公司 | - | - | (32) | - | - | (32) |
| Disposals | 出售 | - | - | (362) | (1,636) | (480) | (2,478) |
| Depreciation provided during the year (note 6) | 年內折舊撥備(附註6) | (1,356) | (548) | (3,005) | (251) | - | (5,160) |
| At 31 December 2019, net of accumulated depreciation | 於2019年12月31日，扣除累計折舊 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |
| At 31 December 2019: | 於2019年12月31日： | | | | | | |
| Cost | 成本 | 113,580 | 7,672 | 56,168 | 10,857 | 1,077,744 | 1,266,021 |
| Accumulated depreciation | 累計折舊 | (1,356) | (5,608) | (9,176) | (8,658) | - | (24,798) |
| Net carrying amount | 賬面淨值 | 112,224 | 2,064 | 46,992 | 2,199 | 1,077,744 | 1,241,223 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

| | Buildings | Motor vehicles | Office equipment and electronic device 辦公室設備及電子設備 | Leasehold improvements 租賃物業裝修 | Construction in process | Total |
|--|---------------------|----------------|--|----------------------------------|-------------------------|----------|
| | 樓宇 | 汽車 | | | 在建工程 | 總計 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| 31 December 2018 | 2018年12月31日 | | | | | |
| At 1 January 2018 | 於2018年1月1日： | | | | | |
| Cost | - | 4,296 | 5,441 | 8,211 | 79,271 | 97,219 |
| Accumulated depreciation | - | (4,242) | (5,131) | (5,709) | - | (15,082) |
| Net carrying amount | - | 54 | 310 | 2,502 | 79,271 | 82,137 |
| At 1 January 2018, net of accumulated depreciation | 於2018年1月1日，扣除累計折舊 | | | | | |
| Additions | - | 2,334 | 5,507 | 3,770 | 273,450 | 285,061 |
| Acquisition of subsidiaries | - | - | - | 65 | - | 65 |
| Disposals of subsidiaries | - | - | - | - | - | - |
| Disposals | - | (20) | (45) | - | - | (65) |
| Depreciation provided during the year (note 6) | - | (818) | (1,040) | (2,698) | - | (4,556) |
| At 31 December 2018, net of accumulated depreciation | 於2018年12月31日，扣除累計折舊 | | | | | |
| | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| At 31 December 2018: | 於2018年12月31日： | | | | | |
| Cost | - | 6,610 | 10,903 | 12,046 | 352,721 | 382,280 |
| Accumulated depreciation | - | (5,060) | (6,171) | (8,407) | - | (19,638) |
| Net carrying amount | - | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |

At 31 December 2019, certain of the Group's buildings with a net carrying amount of approximately RMB112,224,000 (2018: Nil) were pledged to secure general banking facilities granted to the Group (note 30).

The amount of borrowing costs capitalised during the year ended 31 December 2019 was RMB12,186,000 (31 December 2018: RMB21,002,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 7%, which was the EIR of the specific borrowings.

於2019年12月31日，本集團賬面淨值約為人民幣112,224,000元(2018年：無)的若干樓宇已作抵押，以獲取授予本集團的一般銀行融資(附註30)。

於截至2019年12月31日止年度，資本化借款成本為人民幣12,186,000元(2018年12月31日：人民幣21,002,000元)。用於釐定可作資本化的借款成本金額的比率為7%，並作為指定借款的實際利率。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

14. INTANGIBLE ASSETS

14. 無形資產

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|--------------|--|--|
| Software | 軟件 | | |
| At the beginning of the year: | 於年初： | | |
| Cost | 成本 | 6,922 | – |
| Accumulated amortisation | 累計攤銷 | (558) | – |
| Net carrying amount | 賬面淨值 | 6,364 | – |
| Carrying amount at the beginning of the year | 於年初的賬面淨值 | 6,364 | – |
| Additions | 添置 | 21 | 6,922 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 3 | – |
| Amortisation provided during the year (note 6) | 年內已撥備攤銷(附註6) | (681) | (558) |
| Carrying amount at the end of the year | 於年末的賬面值 | 5,707 | 6,364 |
| At the end of the year: | 於年末： | | |
| Cost | 成本 | 6,946 | 6,922 |
| Accumulated amortisation | 累計攤銷 | (1,239) | (558) |
| Net carrying amount | 賬面淨值 | 5,707 | 6,364 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

15. INVESTMENT PROPERTIES

15. 投資物業

| | | Under construction 在建 RMB'000 人民幣千元 | Completed 已竣工 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|--------------------------------|---|--------------------------------------|---------------------------------|
| Carrying amount at 1 January 2018 | 於2018年1月1日的賬面值 | 380,900 | 37,200 | 418,100 |
| Additions | 添置 | 378,997 | – | 378,997 |
| Investment properties completed | 已竣工投資物業 | (774,400) | 774,400 | – |
| Net gain from a fair value adjustment (note 6) | 公平值調整所得收益淨額 (附註6) | 14,503 | 300 | 14,803 |
| Carrying amount at 31 December 2018 and 1 January 2019 | 於2018年12月31日及 2019年1月1日的賬面值 | – | 811,900 | 811,900 |
| Investment properties under construction transferred to investment properties completed | 轉撥至已竣工投資物業的 在建投資物業 | – | – | – |
| Net gain from a fair value adjustment (note 6) | 公平值調整所得收益淨額 (附註6) | – | 106,300 | 106,300 |
| Carrying amount at 31 December 2019 | 於2019年12月31日的賬面值 | – | 918,200 | 918,200 |

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB918,200,000 (2018: RMB811,900,000). The Group's senior finance manager and the chief financial officer 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 and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

本集團的投資物業位於中國內地。本集團的投資物業乃基於獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司(「仲量聯行」)的評估於2019年12月31日重估為人民幣918,200,000元(2018年：人民幣811,900,000元)。本集團的高級財務經理及財務總監經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

15. INVESTMENT PROPERTIES (Continued)

Certain of the Group's investment properties with an aggregate carrying amount of approximately RMB225,087,000 at 31 December 2019 (31 December 2018: RMB211,182,000) have been pledged to secure bank and other borrowings granted to the Group which are disclosed in note 30.

15. 投資物業(續)

於2019年12月31日，本集團總賬面值約人民幣225,087,000元(2018年12月31日：人民幣211,182,000元)的若干投資物業已質押，為本集團獲授的銀行及其他貸款作抵押(披露於附註30)。

| | | Fair value measurement as at 31 December 2019 using 於2019年12月31日使用以下級別的公平值計量 | | | |
|---|----------------------|---|--|---|---------------------------------|
| | | Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第一級) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第二級) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第三級) RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Recurring fair value measurement for | 就以下項目進行的 經常性公平值計量 | | | | |
| Investment properties Completed | 投資物業 已竣工 | - | - | 918,200 | 918,200 |
| | | - | - | 918,200 | 918,200 |

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 (2018: Nil).

於本年度，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(2018年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

15. INVESTMENT PROPERTIES (Continued)

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

| | Valuation techniques 估值技術 | Significant unobservable inputs 重大不可觀察輸入數據 | Range or weighted average 範圍或加權平均 | |
|--|--|---|---|---|
| | | | 2019 2019年 | 2018 2018年 |
| Completed commercial properties 已竣工商業物業 | Income capitalisation method 收入資本化法 | Estimated rental value (RMB per sq.m. and per month) 估計租金 (人民幣 平方米及 人民幣 月) Capitalisation rate 資本化比率 | RMB22-176 人民幣 22 元至 176 元 5.0%-6.0% | RMB64-81 人民幣 64 元至 81 元 5.0%-5.5% |
| Commercial properties under construction 在建商業物業 | Comparison method 比較法 | Expected profit margin 預期利潤率 | Nil 0 | 15% |

The fair value of completed commercial properties is determined by the income capitalisation method by taking into account the net 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 has also been made to the comparable sales transactions as available in the relevant market.

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 in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

15. 投資物業(續)

以下為投資物業估值所用的估值方法及主要輸入數據概要：

已竣工商業物業的公平值乃通過收入資本化法釐定，方法是通過計及有關物業因現有租約而產生及或在現行市況下可能取得的租金收入淨額(就租約的潛在續租收入作出充分撥備)，然後加以資本化，以按適當的資本化比率釐定公平值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

估計租金大幅增加(減少)將導致投資物業的公平值大幅增加(減少)。資本化比率單獨大幅增加(減少)將導致投資物業的公平值大幅減少(增加)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

15. INVESTMENT PROPERTIES (Continued)

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction costs and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction costs, in the lower the fair value of the investment properties under construction would result.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 35 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms of 2 years.

(a) Prepaid land lease payments (before 1 January 2019)

| | | RMB'000 人民幣千元 |
|--|------------------|------------------|
| Carrying amount at 1 January 2018 | 於2018年1月1日的賬面值 | 112,024 |
| Additions | 添置 | 154,192 |
| Recognised in profit or loss during the year | 於年內損益確認 | (2,346) |
| Carrying amount at 31 December 2018 | 於2018年12月31日的賬面值 | 263,870 |
| Less: Current portion | 減：即期部分 | (5,440) |
| Non-current portion | 非即期部分 | 258,430 |

Certain of the Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB109,678,000 as at 31 December 2018 were pledged to secure bank and other borrowings granted to the Group.

15. 投資物業(續)

在建商業物業的公平值使用比較法釐定，經參考相關市場上可獲得的可資比較交易個案並(如適用)經扣除以下項目後得出物業的公平值(假設其已竣工)：

- 市場參與者完成物業將產生的估計建築成本及專業費用；及
- 市場參與者將房地產開發至竣工所要求持有的估計利潤率。

估計建築成本越高，則在建投資物業公平值越低。

16. 租約

本集團作為承租人

本集團擁有其經營活動中所用的多項廠房及機器以及車輛的租賃合約。提早作出一次性付款向擁有人收購租賃期為35至50年的租賃土地，且將不會根據該等土地租賃的條款作出持續付款。廠房及機器租賃的租賃期通常為2至5年，而車輛的租賃期通常為2年。

(a) 預付土地租賃付款(於2019年1月1日前)

於2018年12月31日，本集團總賬面值約人民幣109,678,000元的若干預付土地租賃付款已質押，為本集團獲授的銀行及其他借款作抵押。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

16. LEASES (Continued)

The Group as a lessee (Continued)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | | Prepaid land lease payments 預付土地 租賃付款 RMB'000 人民幣千元 | Plant and machinery 廠房及 機器 RMB'000 人民幣千元 | Motor vehicles 車輛 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-----------------------------|---|---|---|---------------------------------|
| As at 1 January 2019 | 於2019年1月1日 | 263,870 | 20,123 | 766 | 284,759 |
| Additions | 添置 | - | 2,483 | - | 2,483 |
| Additions as a result of acquisition of a subsidiary (note 36) | 收購一間附屬公司 所致的添置 (附註36) | 9,328 | 312 | - | 9,640 |
| Depreciation charge | 折舊費用 | (5,439) | (9,890) | (379) | (15,708) |
| As at 31 December 2019 | 於2019年12月31日 | 267,759 | 13,208 | 387 | 281,354 |

Certain of the Group's right-of-use assets with an aggregate carrying amount of approximately RMB107,332,000 as at 31 December 2019 have been pledged to secure bank and other borrowings granted to the Group, which are disclosed in note 30.

於2019年12月31日，本集團總賬面值約為人民幣107,332,000元的若干使用權資產已質押，為本集團獲授的銀行及其他借款作出抵押(披露於附註30)。

16. 租約(續)

本集團作為承租人(續)

(b) 使用權資產

本集團的使用權資產的賬面值及年內變動如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

16. LEASES (Continued)

The Group as a lessee (Continued)

(c) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| Carrying amount at 1 January | 於1月1日的賬面值 | 19,642 | - |
| New leases | 新租賃 | 2,483 | - |
| Additions as a result of acquisition of a subsidiary (note 36) | 收購一間附屬公司所致的添置(附註36) | 290 | - |
| Accretion of interest recognised during the year (note 7) | 年內已確認的利息增幅(附註7) | 1,268 | - |
| Payments | 付款 | (3,785) | - |
| Carrying amount at 31 December | 於12月31日的賬面值 | 19,898 | - |
| Analysed into: | 分析為: | | |
| Current portion | 即期部分 | 16,826 | - |
| Non-current portion | 非即期部分 | 3,072 | - |

(d) The amounts recognised in profit or loss in relation to leases are as follows:

| | | 2019 2019年 RMB'000 人民幣千元 |
|--|-------------|-----------------------------------|
| Interest on lease liabilities (note 7) | 租賃負債利息(附註7) | 1,268 |
| Depreciation charge of right-of-use assets | 使用權資產的折舊費用 | 15,708 |
| Total amount recognised in profit or loss | 於損益中確認的款項總額 | 16,976 |

The total cash outflow for leases is disclosed in note 34 (c) to the financial statements.

租賃的現金流出總額披露於財務報表附註34(c)。

16. 租約(續)

本集團作為承租人(續)

(c) 租賃負債

租賃負債(計入計息銀行及其他借款)的賬面值及年內變動如下:

(d) 於損益中確認的租賃相關款項如下:

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

16. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in Nanjing 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 RMB3,205,000 (2018: RMB3,019,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

| | | 31 December 2019 | 31 December 2018 |
|---|---------|-----------------------------|---------------------|
| | | 2019年 12月31日 | 2018年 12月31日 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| Within one year | 一年內 | 19,097 | 3,380 |
| After one year but within two years | 一年後但兩年內 | 30,149 | 3,249 |
| After two years but within three years | 兩年後但三年內 | 52,520 | 831 |
| After three years but within four years | 三年後但四年內 | 55,104 | 831 |
| After four years but within five years | 四年後但五年內 | 57,089 | 831 |
| After five years | 五年後 | 487,186 | 241 |
| | | 701,145 | 9,363 |

17. INVESTMENTS IN JOINT VENTURES

Share of net assets

應佔資產淨值

78,103

103,739

The Group's trade receivable and payable balances with joint ventures are disclosed in note 41 to the financial statements. There was no recent history of default and past due amounts for loans to joint ventures. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

16. 租約(續)

本集團作為出租人

本集團根據經營租賃安排出租其位於南京的投資物業(附註15),其中包括兩處商業物業。租賃條款通常要求租戶支付按金,並根據現行市況定期調整租金。本集團於年內確認的租金收入為人民幣3,205,000元(2018年:人民幣3,019,000元),詳情載於財務報表附註5。

於2019年12月31日,本集團與租戶於不可撤銷的經營租賃下於未來期間應收的未折現租賃付款如下:

17. 於合營企業的投資

| | 31 December 2019 | 31 December 2018 |
|---------------------|-----------------------------|---------------------|
| | 2019年 12月31日 | 2018年 12月31日 |
| | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 |
| Share of net assets | 78,103 | 103,739 |

本集團與合營企業的貿易應收款項及應付款項結餘於財務報表附註41披露。近期並無違約記錄及拖欠合營企業貸款的逾期金額。於2019年及2018年12月31日,虧損撥備評估為最低。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows:

2019

| Name 名稱 | Paid-in capital RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|-----------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京佳佑城房地產開發有限公司 ("南京佳佑城") | 100,000 | PRC/ Nanjing China 2017 | 50% (note b) | 50% | 50% | Property development |
| 南京佳佑城房地產開發有限公司 ("南京佳佑城") | 100,000 | 中國 中國南京 2017年 | 50% (附註b) | 50% | 50% | 物業開發 |
| 蘇州恒萬置地有限公司 ("蘇州恒萬") | 180,000 | PRC/ Suzhou China 2017 | 16.7% (note d) | 16.7% | 16.7% | Property development |
| 蘇州恒萬置地有限公司 ("蘇州恒萬") | 180,000 | 中國 中國蘇州 2017年 | 16.7% (附註d) | 16.7% | 16.7% | 物業開發 |
| 蘇州立泰置業有限公司 ("蘇州立泰") | 100,000 | PRC/ Suzhou China 2018 | 20.01% (note e) | 20.01% | 20.01% | Property development |
| 蘇州立泰置業有限公司 ("蘇州立泰") | 100,000 | 中國 中國蘇州 2018年 | 20.01% (附註e) | 20.01% | 20.01% | 物業開發 |

17. 於合營企業的投資(續)

(a) 本集團合營企業的詳情如下：

2019年

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

17. 於合營企業的投資(續)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

(a) 本集團合營企業的詳情如下:(續)

2018

2018年

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|-----------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京九城興房地產開發有限公司 ("南京九城興") | 100,000 | PRC/ Nanjing China 2016 | 50% (note a) | 51% | 50% | Property development |
| 南京九城興房地產開發有限公司 ("南京九城興") | 100,000 | 中國 中國南京 2016年 | 50% (附註a) | 51% | 50% | 房地產開發 |
| 南京佳佑城房地產開發有限公司 ("南京佳佑城") | 100,000 | PRC/ Nanjing China 2017 | 50% (note b) | 50% | 50% | Property development |
| 南京佳佑城房地產開發有限公司 ("南京佳佑城") | 100,000 | 中國 中國南京 2017年 | 50% (附註b) | 50% | 50% | 房地產開發 |
| 無錫天弘信房地產諮詢有限公司 ("無錫天弘信") | 10,000 | PRC/ Wuxi China 2016 | 65% (note c) | 65% | 65% | Property development |
| 無錫天弘信房地產諮詢有限公司 ("無錫天弘信") | 10,000 | 中國 中國無錫 2016年 | 65% (附註c) | 65% | 65% | 房地產開發 |
| 新城房地產開發(無錫)有限公司 ("無錫新城") | 93,000 | PRC/ Wuxi China 2005 | 65% (note c) | 65% | 65% | Property development |
| 新城房地產開發(無錫)有限公司 ("無錫新城") | 93,000 | 中國 中國無錫 2005年 | 65% (附註c) | 65% | 65% | 房地產開發 |
| 蘇州恒萬置地有限公司 ("蘇州恒萬") | 180,000 | PRC/ Suzhou China 2017 | 16.7% (note d) | 16.7% | 16.7% | Property development |
| 蘇州恒萬置地有限公司 ("蘇州恒萬") | 180,000 | 中國 中國蘇州 2017年 | 16.7% (附註d) | 16.7% | 16.7% | 房地產開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

2018 (Continued)

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|----------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 蘇州立泰置業有限公司 ("蘇州立泰") | 100,000 | PRC/ Suzhou China 2018 | 20.01% (note e) | 20.01% | 20.01% | Property development |
| 蘇州立泰置業有限公司 ("蘇州立泰") | 100,000 | 中國 中國蘇州 2018年 | 20.01% (附註e) | 20.01% | 20.01% | 房地產開發 |
| 南京銀嘉泓企業管理有限公司 ("南京銀嘉泓") | 100,000 | PRC/ Nanjing China 2017 | 51% (note f) | 51% | 51% | Investment holding |
| 南京銀嘉泓企業管理有限公司 ("南京銀嘉泓") | 100,000 | 中國 中國南京 2017年 | 51% (附註f) | 51% | 51% | 投資控股 |

Note a: Pursuant to the revised articles of association of 南京九城興 dated 21 March 2018, the Group gained additional 1% voting rights in 南京九城興, and accordingly, 南京九城興 is accounted for as a subsidiary by virtue of the Group's control over it as at 31 December 2019.

Note b: Pursuant to the share transfer agreement dated 10 March 2018, the Group disposed of its 1% equity interest in 南京佳佑城 to the other joint venture partner for a consideration of RMB1,000,000.

17. 於合營企業的投資(續)

(a) 本集團合營企業的詳情如下:(續)

2018年(續)

附註a: 根據南京九城興日期為2018年3月21日的組織章程細則修訂本, 本集團得到額外1%於南京九城興的投票權及因此於2019年12月31日, 南京九城興依規定為本集團所控制的附屬公司。

附註b: 根據日期為2018年3月10日的股份轉讓協議, 本集團出售其於南京佳佑城的1%股權予另一名合營企業夥伴, 代價為人民幣1,000,000元。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

2018 (Continued)

Note c: 無錫新城 is a subsidiary of 無錫天弘利信. The Group had a 65% equity interest in 無錫天弘利信 as at 31 December 2018 which was accounted for as a joint venture of the Group because the resolutions of 無錫天弘利信 shall be resolved by two thirds of voting rights. Both of 無錫天弘利信 and 無錫新城 became the subsidiaries of the Group with the change of voting mechanism of the board of directors of 無錫天弘利信 from two thirds to one-half of votes pursuant to the shareholders' agreement on 24 June 2019.

Note d: As at 31 December 2019 and 2018, 蘇州恒萬 had six shareholders holding 16.70%, 16.66%, 16.66%, 16.66%, 16.66% and 16.66% equity interests, respectively. Pursuant to the articles of association of 蘇州恒萬, all shareholder resolutions of 蘇州恒萬 shall be resolved by the six shareholders on a unanimous basis. In light of this requirement, 蘇州恒萬 is accounted for as a joint venture of the Company notwithstanding that the Company held a 16.67% equity interest as at 31 December 2019.

Note e: As at 31 December 2019 and 2018, Suzhou Litai had five shareholders holding 20.01%, 20%, 20%, 20% and 19.99% equity interests, respectively. Pursuant to the articles of association of 蘇州立泰, all shareholder resolutions of 蘇州立泰 shall be resolved by the five shareholders on a unanimous basis. In light of this requirement, 蘇州立泰 is accounted for as a joint venture of the Company notwithstanding that the Company held a 20.01% equity interest as at 31 December 2019.

Note f: The Group had a 51% equity interest in 南京銀嘉泓 as at 31 December 2018, and 南京銀嘉泓 was accounted for as a joint venture of the Group. On 28 August 2019, the Group acquired another 49% equity interest in 南京銀嘉泓 from the other shareholder, after which the Group owned 100% equity interest in it.

17. 於合營企業的投資(續)

(a) 本集團合營企業的詳情如下:(續)

2018年(續)

附註c: 無錫新城為無錫天弘利信的附屬公司。於2018年12月31日,本集團於無錫天弘利信擁有65%股權,由於無錫天弘利信的決議案須經三分之二的投票權方能通過,故該公司入賬列作本集團的合營企業。由於根據於2019年6月24日訂立的股東協議,無錫天弘利信董事會的投票機制由三分之二改為二分之一的票數,故無錫天弘利信及無錫新城成為本集團附屬公司。

附註d: 於2019年及2018年12月31日,蘇州恒萬有六名股東,分別持有16.70%、16.66%、16.66%、16.66%、16.66%及16.66%股權。根據蘇州恒萬的組織章程細則,蘇州恒萬的所有股東決議案須由六名股東一致議決。鑒於該規定,蘇州恒萬入賬列為本公司的合營企業,儘管本公司於2019年12月31日持有其16.67%股權。

附註e: 於2019年及2018年12月31日,蘇州立泰有五名股東,分別持有20.01%、20%、20%、20%及19.99%股權。根據蘇州立泰的組織章程細則,蘇州立泰的所有股東決議案須由五名股東一致議決。鑒於該規定,蘇州立泰入賬列為本公司的合營企業,儘管本公司於2019年12月31日持有其20.01%股權。

附註f: 於2018年12月31日,本集團於南京銀嘉泓擁有51%股權,及南京銀嘉泓入賬列作本集團合營企業。於2019年8月28日,本集團自另一名股東收購南京銀嘉泓另外49%股權,收購完成後,本集團擁有南京銀嘉泓的全部股權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (b) 蘇州恒萬, which was considered a material joint venture of the Group for the years ended 31 December 2018 and 31 December 2019, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 蘇州恒萬 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

17. 於合營企業的投資(續)

- (b) 蘇州恒萬(截至2018年12月31日及2019年12月31日止年度被視為本集團的重大合營企業)與中國內地的另一名合營企業夥伴共同開發一個房地產開發項目,採用權益法入賬。

下表列示有關蘇州恒萬的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 261,564 | 281,156 |
| Other current assets | 其他流動資產 | 1,268,837 | 510,969 |
| Total current assets | 流動資產總額 | 1,530,401 | 792,125 |
| Non-current assets | 非流動資產 | 17,438 | 7,489 |
| Current liabilities | 流動負債 | (1,405,076) | (411,979) |
| Non-current liabilities | 非流動負債 | - | (230,000) |
| Net assets | 資產淨值 | 142,763 | 157,635 |
| Reconciliation to the Group's interest in the joint venture: | 與本集團於合營企業的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 16.7% | 16.7% |
| Group's share of net assets of the joint venture | 本集團應佔合營企業資產淨值 | 23,841 | 26,325 |
| | | 23,841 | 26,325 |
| Revenue | 收益 | 1,624 | - |
| Expenses | 開支 | (21,455) | (29,819) |
| Tax | 稅項 | 4,958 | 7,455 |
| Net loss and total comprehensive loss for the year | 年內淨虧損及全面虧損總額 | (14,873) | (22,364) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (c) 南京佳佑城, which was considered a material joint venture of the Group for the years ended 31 December 2019 and 2018, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京佳佑城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

17. 於合營企業的投資(續)

- (c) 南京佳佑城(截至2019年及2018年12月31日止年度被視為本集團的重大合營企業)與中國內地的另一名合營企業夥伴共同開發一個房地產開發項目,採用權益法入賬。

下表列示有關南京佳佑城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|----------------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 190,060 | 210,541 |
| Other current assets | 其他流動資產 | 3,075,890 | 3,548,607 |
| Total current assets | 流動資產總額 | 3,265,950 | 3,759,148 |
| Non-current assets | 非流動資產 | 99 | - |
| Current liabilities | 流動負債 | (1,926,202) | (1,968,769) |
| Non-current liabilities | 非流動負債 | (1,265,609) | (1,720,000) |
| Net assets | 資產淨值 | 74,238 | 70,379 |
| Reconciliation to the Group's interest in the joint venture: | 與本集團於合營企業的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 50% | 50% |
| Group's share of net assets of the joint venture | 本集團應佔合營企業資產淨值 | 37,119 | 35,190 |
| | | 37,119 | 35,190 |
| Revenue | 收益 | 35,353 | - |
| Expenses | 開支 | (30,209) | (29,047) |
| Tax | 稅項 | (1,286) | (149) |
| Net profit/(loss) and total comprehensive profit/(loss) for the year | 年內淨溢利(虧損)及全面溢利(虧損)總額 | 3,858 | (29,196) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

(d) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Share of the joint ventures' loss for the year | 年內應佔合營企業虧損 | (14,885) | (6,112) |
| Share of the joint ventures' total comprehensive expense | 應佔合營企業的全面開支總額 | (14,885) | (6,112) |
| Aggregate carrying amount of the Group's investments in the joint ventures | 本集團於合營企業投資的賬面總值 | 17,143 | 26,334 |

17. 於合營企業的投資(續)

(d) 下表列示個別並不重大的本集團合營企業的匯總財務資料：

18. INVESTMENTS IN ASSOCIATES

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---------------------|--------|--|--|
| Share of net assets | 應佔資產淨值 | 910,513 | 281,185 |

The Group's trade receivable and payable balances with associates are disclosed in note 41 to the financial statements.

本集團與聯營公司的貿易應收款項及應付款項結餘於財務報表附註41披露。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows:

2019

| Name 名稱 | Paid-in capital 實繳資本 RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|-----------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | PRC/ Nanjing China 2014 | 49% | 49% | 49% | Property development |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | 中國 中國南京 2014年 | 49% | 49% | 49% | 物業開發 |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | PRC/ Ma'anshan China 2018 | 50% | 30% | 50% | Property development |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | 中國 中國馬鞍山 2018年 | 50% | 30% | 50% | 物業開發 |
| 蘇州業方房地產開發有限公司 ("蘇州業方") | 100,000 | PRC/ Suzhou China 2017 | 19.99% | 19.99% | 19.99% | Property development |
| 蘇州業方房地產開發有限公司 ("蘇州業方") | 100,000 | 中國 中國蘇州 2017年 | 19.99% | 19.99% | 19.99% | 物業開發 |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | PRC/ Hefei China 2018 | 50% (note a) | 49% | 50% | Property development |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | 中國 中國合肥 2018年 | 50% (附註a) | 49% | 50% | 物業開發 |
| 無錫齊珂置業有限公司 ("無錫齊珂") | 20,000 | PRC/ Wuxi China 2019 | 49% (note b) | 49% | 49% | Property development |
| 無錫齊珂置業有限公司 ("無錫齊珂") | 20,000 | 中國 中國無錫 2019年 | 49% (附註b) | 49% | 49% | 物業開發 |

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下：

2019年

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2019 (Continued)

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2019年(續)

| Name 名稱 | Paid-in capital RMB'000 人民幣千元 | Place of registration and business 註冊地點及 業務所在地 | Percentage of 百分比 | | | Principal activities 主要業務 |
|------------------------------|--|--|------------------------------|------------------------|---------------------------|---------------------------------|
| | | | Ownership interest 擁有權 | Voting power 投票權 | Profit sharing 應佔溢利 | |
| 南京江雁元錦置業發展有限公司 ("南京江雁元錦") | 463,725 | PRC/ Nanjing China 2019 | 33% (note c) | 15% | 33% | Property development |
| 南京江雁元錦置業發展有限公司 ("南京江雁元錦") | 463,725 | 中國 中國南京 2019年 | 33% (附註c) | 33% | 33% | 物業開發 |
| 南京孔雀城房地產開發有限公司 ("南京孔雀城") | 147,059 | PRC/ Nanjing China 2019 | 33% (note c) | 15% | 33% | Property development |
| 南京孔雀城房地產開發有限公司 ("南京孔雀城") | 147,059 | 中國 中國南京 2019年 | 33% (附註c) | 33% | 33% | 物業開發 |
| 台州市美泰房地產開發有限公司 ("台州美泰") | 120,000 | PRC/ Taizhou China 2019 | 40% (note d) | 40% | 40% | Property development |
| 台州市美泰房地產開發有限公司 ("台州美泰") | 120,000 | 中國 中國台州 2019年 | 40% (附註d) | 40% | 40% | 物業開發 |
| 合肥盛恩房地產開發有限公司 ("合肥盛恩") | 20,000 | PRC/ Hefei China 2018 | 33% (note e) | 33% | 33% | Property development |
| 合肥盛恩房地產開發有限公司 ("合肥盛恩") | 20,000 | 中國 中國合肥 2018年 | 33% (附註e) | 33% | 33% | 物業開發 |
| 南京頤城房地產開發有限公司 ("南京頤城") | 20,000 | PRC/ Wuxi China 2019 | 35% (note f) | 35% | 35% | Property development |
| 南京頤城房地產開發有限公司 ("南京頤城") | 20,000 | 中國 中國無錫 2019年 | 35% (附註f) | 35% | 35% | 物業開發 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2018

| Name | Paid-in capital | Place of registration and business 註冊地點及業務所在地 | Percentage of | | | Principal activities |
|-----------------------------|--------------------------|--|--------------------|--------------|----------------|----------------------|
| | | | Ownership interest | Voting power | Profit sharing | |
| 名稱 | 實繳資本 RMB'000 人民幣千元 | | 擁有權 | 投票權 | 應佔溢利 | 主要業務 |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | PRC/ Nanjing China 2014 | 49% | 49% | 49% | Property development |
| 南京旭城房地產開發有限公司 ("南京旭城") | 50,000 | 中國 中國南京 2014年 | 49% | 49% | 49% | 物業開發 |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | PRC/ Ma'anshan China 2018 | 50% | 50% | 50% | Property development |
| 和縣孔雀湖房地產開發有限公司 ("和縣孔雀湖") | 50,000 | 中國 中國馬鞍山 2018年 | 50% | 50% | 50% | 物業開發 |
| 蘇州業芳房地產開發有限公司 ("蘇州業芳") | 100,000 | PRC/ Suzhou China 2017 | 19.99% | 19.99% | 19.99% | Property development |
| 蘇州業芳房地產開發有限公司 ("蘇州業芳") | 100,000 | 中國 中國蘇州 2017年 | 19.99% | 19.99% | 19.99% | 物業開發 |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | PRC/ Hefei China 2018 | 50% (note a) | 49% | 50% | Property development |
| 合肥銀弘房地產開發有限公司 ("合肥銀弘") | 20,000 | 中國 中國合肥 2018年 | 50% (附註a) | 49% | 50% | 物業開發 |

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

2018年

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

Note (a): Under a co-operation agreement entered into between the Group and 合肥旭輝企業管理有限公司 on 7 December 2018, 合肥銀弘 is a project company in which the Group and 合肥旭輝企業管理有限公司 each holds 50% interest, respectively. 合肥銀弘 is accounted as an associate of the Group as the Group only exercises significant influence on it according to the articles of association of 合肥銀弘.

Note (b): The Group established 無錫齊珂 in cooperation with 南京齊珂置業有限公司 on 5 March 2019. 無錫齊珂 is accounted as an associate of the Group as the Group owns 49% of the voting rights and only exercises significant influence on 無錫齊珂 according to the articles of association.

Note (c): On 31 August 2019 and 3 September 2019, the Group established 南京江雁元錦 and 南京孔雀城, with Nanjing Xiaguan Urban Cons. & Dev. (Group) Co., Ltd. and Langfang Jingyu Real Estate Development Co., Ltd., with 33% interests in both associates. The Group shared the profits and losses of the two associations from September to December in the year 2019.

Note (d): The Group established 台州美泰 in cooperation with 宁波市梅山美的房地產發展有限公司 on 16 April 2019. 台州美泰 is accounted as an associate of the Group as the Group owns 40% of the voting rights and only exercises significant influence on 台州美泰 according to the articles of association.

Note (e): 合肥盛恩 was originally a joint venture company of 南京銀嘉泓 on 28 August 2019, the Group acquired 49% equity from another shareholder of 南京銀嘉泓 and owned 100% equity of 南京銀嘉泓 accordingly, which made 合肥盛恩 a joint venture company of the Group. At 31 December 2019, the Group held 33% interest in 合肥盛恩 and shared the profits and losses of it from September to December 2019.

Note (f): On 30 October 2019, the Group established 南京頤城 with 南京國資投資置業有限公司 with 35% interest and voting right in 南京頤城. 南京頤城 is accounted as an associate because the Group only exercises significant influence on it.

18. 於聯營公司的投資(續)

(a) 本集團聯營公司的詳情如下:(續)

附註(a): 根據本集團與合肥旭輝企業管理有限公司於2018年12月7日訂立的合作協議, 合肥銀弘為本集團與合肥旭輝企業管理有限公司各自分別持有50%權益之項目公司。由於本集團僅根據合肥銀弘之組織章程細則對其施加重大影響, 故合肥銀弘入賬列作本集團之聯營公司。

附註(b): 本集團於2019年3月5日與南京齊珂置業有限公司合作成立無錫齊珂。由於本集團擁有49%投票權及僅根據組織章程細則對無錫齊珂施加重大影響, 故無錫齊珂入賬列作本集團之聯營公司。

附註(c): 於2019年8月31日及2019年9月3日, 本公司與南京下關城市建設開發(集團)有限公司及廊坊京禦房地產開發有限公司成立南京江雁元錦及南京孔雀城, 本集團分別持有該兩家聯營公司33%權益。本集團於2019年9月至12月期間分佔該兩家聯營公司之溢利及虧損。

附註(d): 本集團於2019年4月16日與宁波市梅山美的房地產發展有限公司合作成立台州美泰。由於本集團擁有40%投票權及僅根據組織章程細則對台州美泰施加重大影響, 故台州美泰入賬列作本集團之聯營公司。

附註(e): 合肥盛恩原為南京銀嘉泓之合營企業。於2019年8月28日, 本集團自南京銀嘉泓另一名股東收購49%股權, 因此擁有南京銀嘉泓全部股權, 因而使合肥盛恩成為本集團合營企業。於2019年12月31日, 本集團持有合肥盛恩33%權益, 並於2019年9月至12月期間分佔其溢利及虧損。

附註(f): 於2019年10月30日, 本集團與南京國資投資置業有限公司成立南京頤城, 並持有南京頤城35%權益及投票權。由於本集團僅對其實施重大影響, 故南京頤城入賬列作聯營公司。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (b) 南京旭城, which was considered a material associate of the Group for the years ended 31 December 2018 and 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京旭城 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (b) 南京旭城(截至2018年及2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關南京旭城的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 5,452 | 22,470 |
| Other current assets | 其他流動資產 | 680,617 | 1,044,765 |
| Total current assets | 流動資產總額 | 686,069 | 1,067,235 |
| Non-current assets | 非流動資產 | 1 | 3 |
| Current liabilities | 流動負債 | (142,647) | (604,408) |
| Non-current liabilities | 非流動負債 | - | - |
| Net assets | 資產淨值 | 543,423 | 462,830 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 49% | 49% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 266,277 | 226,787 |
| | | 266,277 | 226,787 |
| Revenue | 收益 | 16,966 | 1,052,606 |
| Expenses | 開支 | (1,368) | (530,202) |
| Tax | 稅項 | 64,997 | (258,957) |
| Net profit and total comprehensive income for the year | 年內純利及全面收益總額 | 80,595 | 263,447 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (c) 合肥銀弘, which was considered a material associate of the Group for the year ended 31 December 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 合肥銀弘 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (c) 合肥銀弘(截至2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關合肥銀弘的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 212,504 |
| Other current assets | 其他流動資本 | 682,080 |
| Total current assets | 流動資本總額 | 894,584 |
| Non-current assets | 非流動資本 | 429 |
| Current liabilities | 流動負債 | (478,260) |
| Non-current liabilities | 非流動負債 | (277,000) |
| Net assets | 資產淨值 | 139,753 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 50% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 69,876 |
| | | 69,876 |
| Revenue | 收益 | - |
| Expenses | 開支 | (13,474) |
| Tax | 稅項 | 3,227 |
| Net loss and total comprehensive loss for the year | 年內淨虧損及全面虧損總額 | (10,247) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (d) 台州美泰, which was considered a material associate of the Group for the year ended 31 December 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 台州美泰 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (d) 台州美泰(截至2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關台州美泰的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 68,811 |
| Other current assets | 其他流動資產 | 900,166 |
| Total current assets | 流動資產總額 | 968,977 |
| Non-current assets | 非流動資產 | 206 |
| Current liabilities | 流動負債 | (562,560) |
| Non-current liabilities | 非流動負債 | (300,000) |
| Net assets | 資產淨值 | 106,623 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 40% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 42,649 |
| | | 42,649 |
| Revenue | 收益 | - |
| Expenses | 開支 | (13,387) |
| Tax | 稅項 | 9 |
| Net loss and total comprehensive loss for the year | 年內淨虧損及全面虧損總額 | (13,378) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (e) 合肥盛恩, which was considered a material associate of the Group for the year ended 31 December 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 合肥盛恩 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (e) 合肥盛恩(截至2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關合肥盛恩的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 195 |
| Other current assets | 其他流動資產 | 168,300 |
| Total current assets | 流動資產總額 | 168,495 |
| Non-current assets | 非流動資產 | 237,846 |
| Current liabilities | 流動負債 | (208,496) |
| Non-current liabilities | 非流動負債 | - |
| Net assets | 資產淨值 | 197,845 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 33% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 65,289 |
| | | 65,289 |
| Share of profit of an associate | 應佔聯營公司溢利 | 177,846 |
| Expenses | 開支 | (1) |
| Tax | 稅項 | - |
| Net profit and total comprehensive income for the year | 年內純利及全面收益總額 | 177,845 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (f) 和縣孔雀湖, which was considered a material associate of the Group for the year ended 31 December 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 和縣孔雀湖 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (f) 和縣孔雀湖(截至2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關和縣孔雀湖的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|--|
| Cash and cash equivalents | 現金及現金等價物 | 173,603 | 133,379 |
| Other current assets | 其他流動資產 | 1,123,088 | 852,058 |
| Total current assets | 流動資產總額 | 1,296,691 | 985,438 |
| Non-current assets | 非流動資產 | 6,632 | - |
| Current liabilities | 流動負債 | (833,262) | (913,473) |
| Non-current liabilities | 非流動負債 | - | - |
| Net assets | 資產淨值 | 470,061 | 71,964 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 50% | 50% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 235,031 | 35,982 |
| | | 235,031 | 35,982 |
| Revenue | 收益 | 1,353 | 3 |
| Expenses | 開支 | (9,894) | (28,039) |
| Tax | 稅項 | 6,638 | - |
| Net loss and total comprehensive loss for the year | 年內淨虧損及全面虧損總額 | (1,903) | (28,036) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

- (g) 南京江雁元錦, which was considered a material associate of the Group for the year ended 31 December 2019, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 南京江雁元錦 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

- (g) 南京江雁元錦(截至2019年12月31日止年度被視為本集團的重大聯營公司)為本集團的戰略合作夥伴,從事房地產開發,採用權益法入賬。

下表列示有關南京江雁元錦的財務資料摘要,已就會計政策任何差異作出調整並與綜合財務報表內的賬面值對賬:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 |
|--|-----------------|--|
| Cash and cash equivalents | 現金及現金等價物 | 306,535 |
| Other current assets | 其他流動資產 | 521,130 |
| Total current assets | 流動資產總額 | 827,665 |
| Non-current assets | 非流動資產 | 339 |
| Current liabilities | 流動負債 | (125,240) |
| Non-current liabilities | 非流動負債 | (240,000) |
| Net assets | 資產淨值 | 462,764 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬: | |
| Proportion of the Group's ownership | 本集團所佔擁有權比例 | 33% |
| Group's share of net assets of the associate | 本集團應佔聯營公司資產淨值 | 152,712 |
| | | 152,712 |
| Revenue | 收益 | - |
| Expenses | 開支 | (1,283) |
| Tax | 稅項 | 321 |
| Net loss and total comprehensive loss for the year | 年內淨虧損及全面虧損總額 | (962) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES (Continued)

(h) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

18. 於聯營公司的投資(續)

(h) 下表列示個別並不重大的本集團聯營公司的匯總財務資料：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|---------------------|--|--|
| Share of the associates' losses for the year | 年內應佔聯營公司虧損 | (5,068) | (17,716) |
| Share of the associates' total comprehensive expense | 應佔聯營公司的全面 開支總額 | (5,068) | (17,716) |
| Aggregate carrying amount of the Group's investments in the associates | 本集團於聯營公司投資 的賬面總值 | 78,679 | 54,398 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

19. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

遞延稅項資產

| | | Losses available for offsetting against future taxable profits | Advertising fee for offsetting against future taxable profits | Accrued construction cost | Unrealised revenue received in advance | Financial guarantee contracts | Unpaid land value added tax | Total |
|---|-----------------------------|---|--|---------------------------------|---|-------------------------------------|-----------------------------------|------------------------|
| | | 可供抵銷 未來應課稅 溢利的虧損 RMB'000 人民幣千元 | 抵銷未來 應課稅溢利 的廣告費 RMB'000 人民幣千元 | 應計 建築成本 RMB'000 人民幣千元 | 未變現 預收收益 RMB'000 人民幣千元 | 財務 擔保合約 RMB'000 人民幣千元 | 未付土地 增值稅 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | 19,907 | 37 | 63 | 89,234 | 6,289 | 43,809 | 159,339 |
| Deferred tax credited/(charged) to profit or loss during the year | 年內計入 (扣除自) 損益的遞延稅項 | 7,378 | - | 2,814 | (4,840) | (3,145) | 52,643 | 54,850 |
| At 31 December 2018 and 1 January 2019 | 於2018年12月31日及 2019年1月1日 | 27,285 | 37 | 2,877 | 84,394 | 3,144 | 96,452 | 214,189 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | - | - | - | 17,302 | - | - | 17,302 |
| Deferred tax credited/(charged) to profit or loss during the year (note 10) | 年內計入 (扣除自)損益 的遞延稅項(附註10) | (13,099) | 68 | 1,721 | 146,337 | (3,144) | (6,399) | 125,484 |
| At 31 December 2019 | 於2019年12月31日 | 14,186 | 105 | 4,598 | 248,033 | - | 90,053 | 356,975 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

Deferred tax liabilities

| | | Fair value adjustment arising from acquisition of subsidiaries | Fair value adjustment arising from investment properties | Withholding taxes | Total |
|---|----------------------------|--|--|-------------------------|------------------------|
| | | 收購附屬公司 產生的 公平值調整 RMB'000 人民幣千元 | 投資物業 產生的 公平值調整 RMB'000 人民幣千元 | 預扣稅 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | - | 12,067 | - | 12,067 |
| Eliminated on disposal of subsidiaries | 出售附屬公司時對銷 | | | | |
| Deferred tax credited to profit or loss during the year | 年內計入損益的遞延稅項 | 337,213 | 3,701 | 27,984 | 368,898 |
| At 31 December 2018 and 1 January 2019 | 於2018年12月31日及 2019年1月1日 | 337,213 | 15,768 | 27,984 | 380,965 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 184,384 | - | - | 184,384 |
| Acquisition of subsidiaries not accounted for as a business combination | 未入賬列為業務合併之 附屬公司收購 | 553,720 | - | - | 553,720 |
| Deferred tax credited/(debited) to profit or loss during the year (note 10) | 年內計入(扣除自)損益的 遞延稅項(附註10) | (243,211) | 10,807 | 3,101 | (229,303) |
| At 31 December 2019 | 於2019年12月31日 | 832,106 | 26,575 | 31,085 | 889,766 |

19. 遞延稅項(續)

遞延稅項資產及負債於年內的變動如下：
(續)

遞延稅項負債

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|----------------------|--|--|
| Net deferred tax assets recognised in the consolidated statement of financial position | 於綜合財務狀況表內確認的遞延稅項資產淨值 | 309,682 | 199,194 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | 於綜合財務狀況表內確認的遞延稅項負債淨值 | (842,471) | (365,970) |
| | | (532,789) | (166,776) |

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 2019, deferred tax liabilities amounting to RMB31,085,000 (2018: RMB27,984,000) has been recognised for withholding taxes. It is probable that these subsidiaries will distribute such earnings in the foreseeable future.

19. 遞延稅項(續)

遞延稅項負債(續)

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的的遞延稅項結餘分析：

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後產生的盈利。倘中國內地與該外國投資者所處司法權區存在稅收安排，可採用較低預扣稅率。本集團的適用稅率為10%。因此，本集團須就該等在中國內地成立附屬公司就自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。

於2019年12月31日，已就預扣稅確認人民幣31,085,000元(2018年：人民幣27,984,000元)的遞延稅負債。該等附屬公司於可預見未來可能分派有關盈利。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

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 RMB565,706,000 as at 31 December 2019 (31 December 2018: RMB398,328,000).

The Group had unutilised tax losses arising in the PRC of approximately RMB628,173,000 as at 31 December 2019 (31 December 2018: RMB559,260,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

20. OTHER CURRENT ASSETS

Other current assets are initially recognised for commission to the sales agents when the agreement for sale and purchase is signed with a property buyer, if recoverable. The amounts recognised as other current assets are amortised on a systematic basis which is consistent with the transfer of the related property to the customer.

The expected timing of recovery or settlement for other current assets as at 31 December 2019 is as follows:

| | | RMB'000 人民幣千元 |
|----------------------------|----------|------------------|
| Within one year | 一年內 | 26,060 |
| After one year | 一年後 | 30,185 |
| Total other current assets | 其他流動資產總額 | 56,245 |

19. 遞延稅項(續)

遞延稅項負債(續)

於2019年12月31日，與於並無確認遞延稅項負債的中國內地附屬公司的投資相關的暫時差異總額合共約為人民幣565,706,000元(2018年12月31日：人民幣398,328,000元)。

於2019年12月31日，本集團產生自中國的未動用稅項虧損約為人民幣628,173,000元(2018年12月31日：人民幣559,260,000元)將在一至五年內到期，可供用於抵扣產生虧損的實體未來的應課稅溢利。並無確認遞延稅項資產，乃由於該等差額產生自己虧損一段時間的附屬公司，而本集團認為不大可能獲得可動用稅項虧損之應課稅溢利。

20. 其他流動資產

其他流動資產乃於與物業買方簽署買賣協議時就銷售代理之佣金而初步確認(如可收回)。確認為其他流動資產之款項按與向客戶轉讓相關物業一致之系統基準攤銷。

其他流動資產於2019年12月31日的收回或結算預期時間如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 指定按公平值計入其他全面收益之股權收益

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|----------------------------|-----------------------------------|-----------------------------------|
| Equity investments designated at fair value through other comprehensive income | 指定按公平值計入其他全面收益之股權收益 | | |
| Listed equity investments, at fair value: | 按公平值列賬之上市股權投資： | | |
| China Risun Group Limited | 中國旭陽集團有限公司 | 65,271 | - |
| Zhongliang Holdings Group Company Limited | 中梁控股集團有限公司 | 77,465 | - |
| Redsun Properties Group Limited | 弘陽地產集團有限公司 | 79,562 | - |
| Xinyuan Property Management Service (Cayman) Ltd. | 鑫苑物業服務集團有限公司 | 14,239 | - |
| Sinic Holdings (Group) Company Limited | 新力控股(集團)有限公司 | 21,223 | - |
| China Tianbao Group Development Company Limited | 中國天保集團發展有限公司 | 68,963 | - |
| | | 326,723 | - |

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2019, the Group received dividends in the amounts of RMB5,958,000 (2018: Nil), RMB1,854,000 (2018: Nil) and RMB3,178,000 (2018: Nil) from China Risun Group Limited, Zhongliang Holdings Group Company Limited and Redsun Properties Group Limited, respectively.

As at 31 December 2019, the Group's listed equity investments with a carrying value of RMB326,723,000 (2018: nil) were pledged as security for the Group's bank loans, as further detailed in note 30 to the financial statements.

由於本集團認為上述股權投資為戰略性投資，故該等投資不可撤銷地被指定為按公平值計入其他全面收益。

截至2019年12月31日止年度，本集團分別收到中國旭陽集團有限公司、中梁控股集團有限公司及弘陽地產集團有限公司派發的股息人民幣5,958,000元(2018年：零)、人民幣1,854,000元(2018年：零)及人民幣3,178,000元(2018年：零)。

於2019年12月31日，本集團有賬面值人民幣326,723,000元(2018年：零)的上市股權投資被抵押作為本集團銀行貸款的抵押品，進一步詳情載於財務報表附註30。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

22. PROPERTIES UNDER DEVELOPMENT

22. 開發中物業

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|---------------------|--|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 17,397,704 | 6,990,880 |
| Additions | 添置 | 10,170,460 | 9,854,422 |
| Disposal of subsidiaries (note 35) | 出售附屬公司(附註35) | (1,124,172) | - |
| Transferred to completed properties held for sale (note 23) | 轉撥至持作出售的已竣工物業(附註23) | (11,610,655) | (3,997,265) |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 1,333,200 | 4,549,667 |
| Carrying amount at 31 December | 於12月31日的賬面值 | 16,166,537 | 17,397,704 |

The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB8,214,416,000 as at 31 December 2019 (31 December 2018: RMB10,630,510,000) have been pledged to secure bank and other borrowings granted to the Group, which are disclosed in note 30.

本集團的開發中物業位於中國內地的租賃土地上。

於2019年12月31日，本集團賬面總值約為人民幣8,214,416,000元(2018年12月31日：人民幣10,630,510,000元)的若干開發中物業已質押，為本集團獲授的銀行及其他借款作抵押(如附註30所披露)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

23. COMPLETED PROPERTIES HELD FOR SALE

23. 持作出售的已竣工物業

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|----------------|--|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 2,123,761 | 1,280,040 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 54,800 | 445,268 |
| Transferred from properties under development (note 22) | 轉撥自開發中物業(附註22) | 11,610,655 | 3,997,265 |
| Impairment loss recognised (note 6) | 已確認減值虧損(附註6) | (26,882) | - |
| Transferred to cost of sales (note 6) | 轉撥至銷售成本(附註6) | (7,534,877) | (3,598,812) |
| Carrying amount at 31 December | 於12月31日的賬面值 | 6,227,457 | 2,123,761 |

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB3,630,080,000 as at 31 December 2019 (31 December 2018: RMB1,304,153,000) have been pledged to secure bank and other borrowings granted to the Group, which are disclosed in note 30.

於2019年12月31日，本集團賬面總值約為人民幣3,630,080,000元(2018年12月31日：人民幣1,304,153,000元)的若干持作出售的已竣工物業已質押，為本集團獲授的銀行及其他借款作抵押(如附註30所披露)。

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

24. 預付款項、按金及其他應收款項

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|-----------------------------------|----------|--|--|
| Deposits for land use right | 土地使用權按金 | 154,364 | 6,328 |
| Prepayments for construction cost | 建築成本預付款項 | 2 | 1,258 |
| Other deposits | 其他按金 | 197,481 | 43,000 |
| Other tax recoverable | 其他可收回稅項 | 519,042 | 332,543 |
| Due from third parties | 應收第三方款項 | 1,810,384 | 538,310 |
| Interest receivables | 應收利息 | 1,119 | 363 |
| Other receivables | 其他應收款項 | 46,982 | 17,607 |
| | | 2,729,374 | 939,409 |

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the reporting period.

其他應收款項為無抵押、不計息且無固定還款期限。於報告期間概無就其他應收款項減值計提撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

25. 現金及現金等價物、受限制 現金及已抵押存款

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---------------------------|----------|--|--|
| Cash and bank balances | 現金及銀行結餘 | 4,031,399 | 1,719,442 |
| Less: Restricted cash | 減：受限制現金 | 1,137,115 | 122,820 |
| Pledged deposits | 已抵押存款 | 29 | 7,441 |
| | | 2,894,255 | 1,589,181 |
| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
| Cash and cash equivalents | 現金及現金等價物 | | |
| Denominated in RMB | 以人民幣計值 | 2,326,586 | 1,589,181 |
| Denominated in HK\$ | 以港元計值 | 17,930 | - |
| Denominated in US\$ | 以美元計值 | 549,739 | - |
| | | 2,894,255 | 1,589,181 |

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2019, such restricted cash amounted to RMB1,137,115,000 (31 December 2018: RMB122,820,000).

Bank deposits of nil and RMB29,000 were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes as at 31 December 2019 (31 December 2018: nil and RMB7,441,000).

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2019年12月31日，該等受限制現金為人民幣1,137,115,000元(2018年12月31日：人民幣122,820,000元)。

於2019年12月31日，為數零及人民幣29,000元(2018年12月31日：零及人民幣7,441,000元)的銀行存款已質押，作為買方按揭貸款、項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

(Continued)

As at 31 December 2019 all the cash and bank balances of the Group were denominated in RMB, including HK\$20,016,000 (RMB17,930,000) and US\$78,802,000 (RMB549,739,000). 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.

26. 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:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---------------|------|--|--|
| Within 1 year | 1年內 | 1,866,927 | 1,880,153 |
| Over 1 year | 1年以上 | 875,872 | 370,172 |
| | | 2,742,799 | 2,250,325 |

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

25. 現金及現金等價物、受限制 現金及已抵押存款(續)

於2019年12月31日，本集團所有現金及銀行結餘均以人民幣計值，包括20,016,000港元(人民幣17,930,000元)及78,802,000美元(人民幣549,739,000元)。人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存於無近期違約歷史的信譽可靠的銀行。現金及現金等價物的賬面值與彼等公平值相若。

26. 貿易應付款項及應付票據

於報告期末，本集團基於發票日期的貿易應付款項及應付票據賬齡分析如下：

貿易應付款項為無抵押及免息，一般基於工程進度結算。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

27. OTHER PAYABLES AND ACCRUALS

27. 其他應付款項及應計費用

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|----------------------------------|---------|--|--|
| Deposits related to construction | 建築相關按金 | 129,218 | 90,384 |
| Interest payable | 應付利息 | 94,270 | 60,041 |
| Payroll and welfare payable | 應付工資及福利 | 56,634 | 59,728 |
| Tax and surcharges | 稅項及附加費用 | 72,782 | 11,433 |
| Advances from third parties | 第三方墊款 | 3,543,074 | 2,624,465 |
| Accrued liabilities | 應計負債 | 49,269 | 53,131 |
| Others | 其他 | 24,471 | 9,156 |
| | | 3,969,718 | 2,908,338 |

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

其他應付款項為無抵押並應按要求償還。其他應付款項於報告期末的公平值與其相應的賬面值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

28. SHARE-BASED PAYMENTS

On 29 May 2018, the Group determined to issue 34,118,149 shares at the subscription price of US0.0001 per share to four senior executives under an employee motivation scheme. All the shares were immediately settled upon granted.

The fair value of the shares granted is based on a comparable transaction price, which is the consideration of an equity transfer transaction between the Controlling Shareholder and an independent third party, who was then a shareholder of “銀城地產集團股份有限公司”, settled in early 2018, the transaction price of which was in turn based on the profit forecasts made by the Company's management.

At the date of the report, the Company had no shares outstanding under the employee motivation scheme.

The expense for employee services was recognised at the first day when the shares were granted, which is shown in the following table:

28. 以股份為基礎付款

於2018年5月29日，本集團決定根據僱員激勵計劃，向四名高級行政人員發行認購價為每股0.0001美元的34,118,149股股份。所有股份於授出時已隨即交收。

所授出股份的公平值乃根據可比較交易價格計算，為控股股東與獨立第三方（為當時銀城地產集團股份有限公司股東）之間的股權轉讓交易的代價（已於2018年初結算），其交易價格乃基於本公司管理層的盈利預測。

於報告日期，本公司並無僱員激勵計劃項下的發行在外股份。

下表為已於授出股票的首天確認就僱員服務的開支：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| Expense arising from equity-settled share-based payment transactions | 以股份為基礎付款之股權結清的交易所產生的開支 | - | 82,600 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

29. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|----------------------|------|--|--|
| Contract liabilities | 合約負債 | 10,503,434 | 5,274,810 |

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales. According to the business model of the Group, for revenue recognised from the sale of properties, all such revenue are carried forward from contract liabilities during the reporting period. The amounts of outstanding payments from customers which are not received but contracted were RMB3,326,460,150 as at 31 December 2019 (31 December 2018: RMB1,588,635,000).

The expected timing of recognition of revenue at the end of the reporting period is as follows:

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--------------------|------|--|--|
| Within one year | 一年內 | 9,331,139 | 5,512,023 |
| More than one year | 超過一年 | 4,498,755 | 1,351,422 |
| | | 13,829,894 | 6,863,445 |

29. 合約負債

本集團確認下列收益相關合約負債：

本集團按物業銷售合約內建立的結算時間表從客戶收取付款。付款通常根據合約(主要為房地產開發及銷售)表現預先收取。於報告期間，根據本集團的業務模式，就來自銷售物業所確認的收益而言，所有該等收益乃結轉自合約負債。於2019年12月31日，已訂立合約但仍未收到來自客戶的未償還金額為人民幣3,326,460,150元(2018年12月31日：人民幣1,588,635,000元)。

以下為於報告期末確認收益的預計時間：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

30. 計息銀行及其他借款

| | | 31 December 2019 2019年12月31日 | | | 31 December 2018 2018年12月31日 | | |
|--|-------------------|---|-----------------|-------------------|---|-----------------|-------------------|
| | | Effective interest rate (%) 實際利率 (%) | Maturity 到期日 | RMB'000 人民幣千元 | Effective interest rate (%) 實際利率 (%) | Maturity 到期日 | RMB'000 人民幣千元 |
| Current | 即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | 8.00 | 2020 | 200,000 | — | — | — |
| | | | 2020年 | | | | |
| Other loans — secured | 其他貸款 — 有抵押 | 11.50–12.40 | 2020 | 373,000 | 11.37–14.30 | 2019 | 906,000 |
| | | | 2020年 | | | 2019年 | |
| Other loans — unsecured | 其他貸款 — 無抵押 | 12.50 | 2020 | 697,620 | — | — | — |
| | | | 2020年 | | | | |
| Current portion of long term bank loans — secured | 長期銀行貸款的即期部分 — 有抵押 | 4.72–6.81 | 2020 | 2,863,036 | 5.23–6.27 | 2019 | 3,009,980 |
| | | | 2020年 | | | 2019年 | |
| Current portion of long term other loans — secured | 長期其他貸款的即期部分 — 有抵押 | 8.38–13.00 | 2020 | 634,163 | 8.50–10.00 | 2019 | 1,384,083 |
| | | | 2020年 | | | 2019年 | |
| Current portion of long term other loans — unsecured | 長期其他貸款的即期部分 — 無抵押 | 7.50–15.00 | 2020 | 150,000 | — | — | — |
| | | | 2020年 | | | | |
| | | | | 4,917,819 | | | 5,300,063 |
| Non-current | 非即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | 4.72–6.81 | 2021–2029 | 3,485,634 | 4.83–6.65 | 2020–2021 | 4,791,341 |
| | | | 2021年–2029年 | | | 2020年–2021年 | |
| Other loans — secured | 其他貸款 — 有抵押 | 7.00–13.00 | 2021–2024 | 2,093,506 | — | — | — |
| | | | 2021年–2024年 | | | | |
| Other loans — unsecured | 其他貸款 — 無抵押 | 15.00 | 2021 | 3,000 | 7.50 | 2020 | 100,000 |
| | | | 2021年 | | | 2020年 | |
| | | | | 5,582,140 | | | 4,891,341 |
| | | | | 10,499,959 | | | 10,191,404 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

30. 計息銀行及其他借款(續)

Bank and other borrowings

銀行及其他借款

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---------------------------------------|-----------|--|--|
| Analysed into: | 分析為： | | |
| Repayable within one year | 應於一年內償還 | 4,917,819 | 5,300,063 |
| Repayable in the second year | 應於第二年償還 | 2,316,179 | 2,573,458 |
| Repayable in the third to fifth years | 應於第三至五年償還 | 2,810,431 | 2,317,883 |
| Repayable after five years | 應於五年後償還 | 455,530 | — |
| Subtotal | 小計 | 5,582,140 | 4,891,341 |
| | | 10,499,959 | 10,191,404 |

The Group's borrowings are denominated in RMB.

本集團借款均以人民幣計值。

The Group's borrowings of up to RMB6,348,669,000 at 31 December 2019 (31 December 2018: RMB7,214,371,000) were borrowings with floating interest rates.

於2019年12月31日，本集團最高為人民幣6,348,669,000元(2018年12月31日：人民幣7,214,371,000元)的借款為浮息借款。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values as at 31 December 2019:

30. 計息銀行及其他借款(續)

本集團若干銀行及其他借款由質押以下於2019年12月31日賬面值如下的資產作抵押：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|--------------------------------|--|--|
| Investment properties (note 15) | 投資物業(附註15) | 225,087 | 211,182 |
| Right-of-use assets (note 16) | 使用權資產(附註16) | 107,332 | - |
| Prepaid land lease payments (note 16) | 預付土地租賃付款(附註16) | - | 109,678 |
| Properties under development (note 22) | 開發中物業(附註22) | 8,214,416 | 10,630,510 |
| Completed properties held for sale (note 23) | 持作出售的已竣工物業(附註23) | 3,630,080 | 1,304,153 |
| Property, plant and equipment (note 13) | 物業、廠房及設備(附註13) | 112,224 | - |
| Equity investments were irrevocably designated at FVOCI (note 21) | 不可撤銷地指定按公平值計入其他全面收益之股權投資(附註21) | 326,723 | - |

At 31 December 2019, the Group pledged its 51.00% equity interest in 南京銀嘉澤企業管理有限公司, its 50.00% equity interest in 南京九城興, its 59.94% equity interest in 合肥銀智瀉企業管理有限公司, its 100% equity interest in 杭州銀弘實業有限責任公司, its 100.00% equity interest in 宜興銀澤房地產開發有限公司, its 100.00% equity interest in 徐州銅順房地產開發有限公司 and its 51% equity interest in 杭州銀家源企業管理有限公司.

於2019年12月31日,本集團分別抵押其於南京銀嘉澤企業管理有限公司51.00%股權、南京九城興50.00%股權、合肥銀智瀉企業管理有限公司59.94%股權、杭州銀弘實業有限責任公司的全部股權、宜興銀澤房地產開發有限公司的全部股權、徐州銅順房地產開發有限公司的全部股權及杭州銀家源企業管理有限公司51%股權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

At 31 December 2019, the Group pledged its 34,426,000 shares of Redsun Properties Group Limited, 31,043,000 shares of China Tianbao Group Development Company Limited, 11,194,000 shares of Xinyuan Property Management Service (Cayman) Ltd., 13,970,500 shares of Zhongliang Holdings Group Company Limited, 28,025,000 shares of China Risun Group Limited, and 5,850,000 shares of Sinic Holdings (Group) Company Limited for certain banking facilities granted to the Group.

At 31 December 2018, the Group pledged its 100.00% equity interest in 徐州長順, its 33.00% equity interest in 南京銀嘉瀾, its 100.00% equity interest in 南京銀嘉湛, its 100% equity interest in 杭州銀弘實業有限責任公司 and its 100% equity interest in 南京銀嘉匯企業管理有限公司 for certain banking facilities granted to the Group.

The company controlled by a director of the Company has guaranteed certain of the Group's bank loans of up to RMB1,618,422,000 as at 31 December 2019 (31 December 2018: RMB5,433,275,000).

Management of the Company has assessed that the fair values of interest-bearing bank borrowings and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

30. 計息銀行及其他借款(續)

於2019年12月31日,本集團分別將弘陽地產集團有限公司34,426,000股股份、中國天保集團發展有限公司31,043,000股股份、鑫苑物業服務集團有限公司11,194,000股股份、中梁控股集團有限公司13,970,500股股份、中國旭陽集團有限公司28,025,000股股份及新力控股(集團)有限公司5,850,000股股份作為本集團獲授若干銀行融資的抵押品。

於2018年12月31日,本集團以其於徐州長順的100.00%股權、其於南京銀嘉瀾的33.00%股權、其於南京銀嘉湛的100.00%股權、其於杭州銀弘實業有限責任公司的100%股權及其於南京銀嘉匯企業管理有限公司的100%股權質押授予本集團的若干銀行融資。

於2019年12月31日,本公司董事控制之公司已為本集團最高為人民幣1,618,422,000元(2018年12月31日:人民幣5,433,275,000元)之若干銀行貸款作出擔保。

本公司管理層已評估,計息銀行借款及其他借款的公平值與其賬面值相若,在很大程度上是由於該等借款乃基於現行市場利率於本集團與獨立第三方金融機構間作出。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

31. FINANCIAL GUARANTEES CONTRACTS

Financial guarantee contracts provided for in the consolidated financial statements were as follows:

| | | Note 附註 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|----------------|------------|--|--|
| Guarantees liabilities for loans and borrowings of a related party | 一名關聯方貸款及借款擔保責任 | (1) | - | 18,867 |
| Less: Current | 減：即期 | | - | (6,289) |
| Non-current | 非即期 | | - | 12,578 |

(1) The guarantee made in favour of related parties by the Group was in an aggregate amount of nil as at 31 December 2019 (31 December 2018: RMB745,000,000). The related party's loan was repaid on 30 December 2019, and our financial guarantees contracts balance at the end of the year was nil. For further details, please refer to note 41.

These financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. After initial recognition, such a contract shall be subsequently measured at the higher of: (i) the amount of the loss allowance determined, and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. The fair values of financial guarantee contracts were estimated based on market values of guarantees provided with similar terms and risks under comparable business environment.

31. 財務擔保合約

綜合財務報表中計提撥備的財務擔保合約如下：

| | Note 附註 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|------------|--|--|
| Guarantees liabilities for loans and borrowings of a related party | (1) | - | 18,867 |
| Less: Current | | - | (6,289) |
| Non-current | | - | 12,578 |

(1) 於2019年12月31日，本集團以關聯方為受益人作出的擔保總額為零（2018年12月31日：人民幣745,000,000元）。關聯方之貸款已於2019年12月30日償還，而我們於年末的財務擔保合約結餘為零。有關進一步詳情，請參閱附註41。

該等財務擔保初步於綜合財務報表中按提供擔保當日的公平值確認。初始確認後，該類合約應隨後按下列較高者計量：(i) 已釐定的虧損撥備金額，及(ii) 初始確認的金額減(如適用)根據國際財務報告準則第15號的原則確認的累計收入金額。財務擔保合約的公平值乃根據在相若商業環境下按類似條款及風險所提供擔保的市值估計。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

32. SHARE CAPITAL AND TREASURY SHARES

32. 股本及庫存股份

| | | 31 December 2019 2019年 12月31日 | 31 December 2018 2018年 12月31日 |
|---|--|--|--|
| Authorised: 50,000,000,000 (2018: 3,900,000,000) ordinary shares of HK\$0.1 each | 法定： 50,000,000,000 股(2018年： 3,900,000,000 股)每股面值 0.1 港元的普通股 | 5,000,000,000 | 390,000,000 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Issued and fully paid: 1,446,962,138 (2018: 4,251,145) ordinary shares at HK\$0.1 each | 已發行及繳足： 1,446,962,138 股(2018年： 4,251,145 股)每股面值 0.1 港元的普通股 | 124,119 | 347 |

Upon incorporation on 8 January 2018, the authorised share capital of the Company was US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each. 1 ordinary share was allotted by the Company to a subscriber, and was transferred to Silver Huang Holding Limited, a company controlled by Mr. Huang Qing Ping. On the same date, the Company issued and allotted 422,606,020 shares for a total consideration of RMB274,000 to Silver Dai Holding Limited, Silver Zhu Holding Limited, Silver Xie Holding Limited, Silver Ma Holding Limited, Silver Li Holding Limited and Silver Cao Holding Limited.

於2018年1月8日註冊成立時，本公司法定股本為50,000美元，分為500,000,000股每股面值0.0001美元的股份。本公司將1股普通股配發予一名認購人，並轉讓予 Silver Huang Holding Limited(黃清平先生控制的公司)。同日，本公司向 Silver Dai Holding Limited、Silver Zhu Holding Limited、Silver Xie Holding Limited、Silver Ma Holding Limited、Silver Li Holding Limited 及 Silver Cao Holding Limited 發行及配發422,606,020股股份，總代價為人民幣274,000元。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

32. SHARE CAPITAL AND TREASURY SHARES

(Continued)

On 29 May 2018, the Company issued and allotted 77,393,980 shares with a par value of US\$0.0001 each for a total consideration of RMB50,000 to Silver Dai Holding Limited, Silver Zhu Holding Limited, Silver Xie Holding Limited, Silver Ma Holding Limited, Silver Li Holding Limited and Silver Cao Holding Limited. On the same date, 34,118,149 shares with a par value of US\$0.0001 each were issued for a total consideration of RMB23,000 to four members of senior management under an employee motivation scheme; and 10,900,371 shares were issued at a consideration of RMB7,000 to Silver Vally Holding Limited, a company controlled by Mr. Huang Qing Ping, as treasury shares.

On 29 May 2018, the authorised share capital of the Company increased to (i) US\$50,000,000 divided into 500,000,000,000 shares with a par value of US\$0.0001 each by the creation of an additional 499,500,000,000 shares with a par value of US\$0.0001 each in the share capital of the Company, with such new shares ranking pari passu in all respects with each other and with the existing shares of the Company in issue; and (ii) HK\$390,000,000 divided into 3,900,000,000 shares with a par value of HK\$0.1 each by the creation of 3,900,000,000 new shares with a par value of HK\$0.1 each.

On 28 May 2018, 34,118,149 ordinary shares with a par value of US\$0.0001 each and 10,900,317, treasury shares in issue were repurchased by the Company out of the proceeds from issues of these shares and were all cancelled immediately upon repurchase. Simultaneously, the 500,000,000,000 unissued ordinary shares with a par value of US\$0.0001 each of the Company were cancelled and the authorised share capital of the Company was reduced to HK\$390,000,000 divided into 3,900,000,000 shares with a par value of HK\$0.1 each, in accordance with section 13 of Companies Law (as revised) of the Cayman Islands. 4,251,145 ordinary shares of HK\$0.1 each were then issued to the then shareholders in proportion with their original shareholding for a total consideration of RMB347,000; and 85,023 shares of HK\$0.1 each were issued to Silver Vally Holding Limited for a total consideration of RMB7,000, as treasury shares.

On 6 March 2019, the authorised share capital of the Company increased to HK\$5,000,000,000 by creation of 4,610,000,000,000 shares with a par value of HK\$0.1 each, with such new shares ranking pari passu in all respects with each other and with the existing shares of the Company in issue. On the same date, 384,176,000 ordinary shares with a par value of HK\$0.1 each were issued at HK\$2.38 per share and 1,058,534,993 ordinary shares with a par value of HK\$0.1 each were issued by way of capitalisation. The net proceeds from the issue of new shares during the current year totalled RMB755,247,000, of which RMB123,772,000 was credited to share capital.

32. 股本及庫存股份(續)

於2018年5月29日，本公司向Silver Dai Holding Limited、Silver Zhu Holding Limited、Silver Xie Holding Limited、Silver Ma Holding Limited、Silver Li Holding Limited及Silver Cao Holding Limited發行及配發77,393,980股每股面值0.0001美元之股份，總代價為人民幣50,000元。於同日，根據僱員激勵計劃向四名高級管理層成員發行34,118,149股每股面值0.0001美元之股份，總代價為人民幣23,000元及向Silver Vally Holding Limited(一間由黃清平先生控制的公司)發行10,900,371股庫存股份。

於2018年5月29日，本公司(i)透過於本公司股本增設499,500,000,000股每股面值0.0001美元之股份，將法定股本增至50,000,000,000美元(分為500,000,000,000股每股面值0.0001美元之股份)，有關新股份在所有方面彼此之間及與本公司現有已發行股份享有同等權益；及(ii)透過增設3,900,000,000股每股面值0.1港元之新股份，將法定股本增至390,000,000港元(分為3,900,000,000股每股面值0.1港元之股份)。

於2018年5月28日，本公司以股份發行所得款項購回34,118,149股每股面值0.0001美元的已發行普通股及10,900,317股已發行庫存股，並於購回後立即註銷。同時，根據開曼群島公司法(經修訂)第13條，本公司500,000,000,000股每股面值0.0001美元的未發行普通股被註銷，致使本公司的法定股本降低至390,000,000港元(分為3,900,000,000股每股面值0.1港元之股份)。4,251,145股每股面值0.1港元之普通股其後按當時之股東各自之原有持股比例發行予該等股東，總代價為人民幣347,000元；及85,023股每股面值0.1港元之股份發行予Silver Vally Holding Limited作為庫存股份，總代價為人民幣7,000元。

於2019年3月6日，本公司法定股本藉增設4,610,000,000,000股每股面值0.1港元之股份增至5,000,000,000,000港元，有關新股份在所有方面彼此之間及與本公司現有已發行股份享有同等權益。同日，本公司按每股2.38港元之價格發行384,176,000股每股面值0.1港元之普通股，及本公司以資本化發行方式發行1,058,534,993股每股面值0.1港元之普通股。於本年度，發行新股所得款項淨額合共為人民幣755,247,000元，其中人民幣123,772,000元已計入股本。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

33. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2019 and 2018 are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The reserve represented share-based payment for 34,118,149 shares issued to four members of senior management at a subscription price of US\$0.0001 (equivalent of RMB23,000) per share on 29 May 2018.

(b) Statutory surplus reserves

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 the Chinese Accounting Standards, 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 reserves 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) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation for IPO purpose.

33. 儲備

截至2019年及2018年12月31日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

(a) 資本儲備

該儲備指用於2018年5月29日按認購價每股0.0001美元向四名高級管理層成員發行34,118,149股股份的以股份為基礎付款(相當於人民幣23,000元)。

(b) 法定盈餘儲備

根據中國公司法及於中國成立的附屬公司的組織章程細則，本集團須按除稅後純利的10%提取法定盈餘儲備，此乃根據中國會計準則釐定，直至儲備累計額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

(c) 合併儲備

本集團的合併儲備指就首次公開發售而進行公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下公司的若干附屬公司權益持有人的注資。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

34. 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 RMB2,483,000 and RMB2,483,000, respectively, in respect of lease arrangements for plant and equipment (2018: Nil).

(b) Changes in liabilities arising from financing activities

34. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團因廠房及設備之租賃安排對使用權資產及租賃負債分別作出人民幣2,483,000元及人民幣2,483,000元的非現金添置(2018年：無)。

(b) 融資活動產生的負債變動

| | | Lease liabilities 租賃負債 RMB'000 人民幣千元 | Interest-bearing bank and other borrowings 計息銀行及其他借款 RMB'000 人民幣千元 | Due to related companies 應付關聯公司款項 RMB'000 人民幣千元 | Total liabilities from financing activities 來自融資活動的負債總額 RMB'000 人民幣千元 |
|--|-------------------|---|---|--|--|
| At 1 January 2018 | 於2018年1月1日 | - | 5,660,097 | 2,013,667 | 7,673,764 |
| Cash flows from financing activities | 融資活動所得現金流量 | - | 3,965,307 | (404,624) | 3,560,683 |
| Acquisition of subsidiaries | 收購附屬公司 | - | 566,000 | - | 566,000 |
| Cash flows from non-financing activities | 非融資活動所得現金流量 | - | - | 6,373 | 6,373 |
| At 31 December 2018 | 於2018年12月31日 | - | 10,191,404 | 1,615,416 | 11,806,820 |
| Effect of adoption of IFRS 16 | 採納國際財務報告準則第16號的影響 | 19,642 | - | - | 19,642 |
| At 1 January 2019 (restated) | 於2019年1月1日(經重列) | 19,642 | 10,191,404 | 1,615,416 | 11,826,462 |
| Changes from financing cash flows | 融資現金流量變動 | (3,785) | (121,445) | 787,728 | 662,498 |
| New leases | 新租賃 | 2,483 | - | - | 2,483 |
| Acquisition of subsidiaries (note 36) | 收購附屬公司(附註36) | 290 | 430,000 | - | 430,290 |
| Interest expense | 利息開支 | 1,268 | - | - | 1,268 |
| Interest paid classified as operating cash flows | 分類為經營現金流量的已付利息 | (1,268) | - | - | (1,268) |
| Cash flows from non-financing activities | 非融資活動所得現金流量 | - | - | (1,778,645) | (1,778,645) |
| At 31 December 2019 | 於2019年12月31日 | 18,630 | 10,499,959 | 624,499 | 11,143,088 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

34. 綜合現金流量表附註(續)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

(c) 租賃的現金流出總額

計入現金流量表之租賃的現金流出總額如下：

| | | 2019 2019年 RMB'000 人民幣千元 |
|-----------------------------|-------|-----------------------------------|
| Within operating activities | 經營活動內 | - |
| Within financing activities | 融資活動內 | 3,785 |
| | | 3,785 |

35. DISPOSAL OF A SUBSIDIARY

31 December 2019

Pursuant to the share transfer agreement dated 25 September 2019, the Group disposed of its total equity interest in 馬鞍山順碧房地產開發有限公司 to a third company.

35. 出售附屬公司

2019年12月31日

根據日期為2019年9月25日的股份轉讓協議，本集團向一間第三方公司出售其於馬鞍山順碧房地產開發有限公司的全部股權。

| | | 2019 2019年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|
| Net assets disposed of: | 出售的資產淨值： | |
| Cash and cash equivalents | 現金及現金等價物 | 107,218 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 25,943 |
| Tax recoverable | 可收回稅項 | 4,680 |
| Properties under development (note 22) | 開發中物業(附註22) | 1,124,172 |
| Deferred tax assets | 遞延稅項資產 | 3,031 |
| Property, plant and equipment (note 13) | 物業、廠房及設備(附註13) | 32 |
| Trade and bills payables | 貿易應付款項及應付票據 | (2,654) |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | (1,198,203) |
| | | 64,219 |
| Non-controlling interests | 非控股權益 | (42,808) |
| Loss on disposal of a subsidiary | 出售一間附屬公司的虧損 | (14,739) |
| Satisfied by cash | 以現金償付 | 6,672 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

35. DISPOSAL OF A SUBSIDIARY (Continued)

31 December 2019 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

| | | RMB'000 人民幣千元 |
|---|------------------------|------------------|
| Cash consideration | 現金代價 | 6,672 |
| Cash and cash equivalents disposed of | 出售的現金及現金等價物 | (107,218) |
| Net outflow of cash and cash equivalents in respect of the disposal of Ma'anshan Shunbi | 有關出售馬鞍山順碧的現金及現金等價物流出淨額 | (113,890) |

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

31 December 2019

On 24 June 2019, 無錫天弘利信 amended its articles of association to empower the board of directors to pass any resolutions by one-half of votes instead of two-thirds. The Group has three members on the board of directors out of five and, therefore, gains the control at nil cash consideration. The acquisition was made as part of the Group's strategy to expand its property development business.

On 28 August 2019, the Group acquired another 49% equity interest in 南京銀嘉泓 from the other shareholder at a cash consideration of RMB8,009,000, after which the Group owned 100% equity interests of 南京銀嘉泓. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 9 October 2019, the Group acquired a 100% equity interest in Hangzhou Zhongdu Wonderland from a third party at a cash consideration of RMB158,745,000. The acquisition was made as part of the Group's strategy to expand its property development business.

The Group elected to measure the non-controlling interests in the acquirees at the proportionate share of its interests in the acquirees' identifiable net assets.

35. 出售附屬公司(續)

2019年12月31日(續)

有關出售附屬公司的現金及現金等價物流出淨額的分析如下：

| | | RMB'000 人民幣千元 |
|---|------------------------|------------------|
| Cash consideration | 現金代價 | 6,672 |
| Cash and cash equivalents disposed of | 出售的現金及現金等價物 | (107,218) |
| Net outflow of cash and cash equivalents in respect of the disposal of Ma'anshan Shunbi | 有關出售馬鞍山順碧的現金及現金等價物流出淨額 | (113,890) |

36. 非共同控制下業務合併

2019年12月31日

於2019年6月24日，無錫天弘利信修訂其組織章程細則，授權董事會可藉二分之一而非三分之二之投票通過任何決議案。本集團在董事會五名成員中佔據三名，故以零現金代價獲得控制權。是次收購為本集團擴大其房地產開發業務策略之一部分。

於2019年8月28日，本集團以現金代價人民幣8,009,000元自其他股東收購南京銀嘉泓另外49%的股權，其後本集團擁有南京銀嘉泓的100%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。購買代價已於收購日期支付。

於2019年10月9日，本集團以現金代價人民幣158,745,000元自一名第三方收購杭州中都青山湖畔100%的股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

本集團選擇按其於被收購方可識別資產淨值的權益比例份額計量於被收購方的非控股權益。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

36. 非共同控制下業務合併(續)

31 December 2019 (Continued)

2019年12月31日(續)

| | | 無錫 天弘利信 無錫 天弘利信 RMB'000 人民幣千元 | 南京 銀嘉泓 南京 銀嘉泓 RMB'000 人民幣千元 | Hangzhou Zhongdu Wonderland 杭州中都 青山湖畔 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|------------------------------|--|--|---|---------------------------------|
| Properties under development (note 22) | 開發中物業(附註22) | 1,333,200 | - | - | 1,333,200 |
| Completed properties held for sale (note 23) | 持作出售的已竣工物業(附註23) | 54,800 | - | - | 54,800 |
| Cash and cash equivalents | 現金及現金等價物 | 226,038 | 173 | 41,133 | 267,344 |
| Trade and bills receivables | 貿易應收款項及應收票據 | - | - | 2,598 | 2,598 |
| Long-term equity investment | 長期股本投資 | - | 12,542 | - | 12,542 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 2,584,639 | - | 752 | 2,585,391 |
| Tax recoverable | 可收回稅項 | 31,271 | - | - | 31,271 |
| Property, plant and equipment (note 13) | 物業、廠房及設備(附註13) | 191 | - | 163,039 | 163,230 |
| Intangible assets (note 14) | 無形資產(附註14) | 3 | - | - | 3 |
| Deferred tax assets (note 19) | 遞延稅項資產(附註19) | 17,302 | - | - | 17,302 |
| Right-of-use assets (note 16) | 使用權資產(附註16) | - | - | 9,640 | 9,640 |
| Inventories | 存貨 | - | - | 844 | 844 |
| Trade and bills payables | 貿易應付款項及應付票據 | - | - | (4,276) | (4,276) |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | (3,576,152) | (22,288) | (35,023) | (3,633,463) |
| Interest-bearing bank and other borrowings (note 30) | 計息銀行及其他借款(附註30) | (430,000) | - | - | (430,000) |
| Tax payable | 應付稅項 | (10,447) | - | - | (10,447) |
| Contract liabilities | 合約負債 | - | - | (6,407) | (6,407) |
| Lease liabilities (note 16) | 租賃負債(附註16) | - | - | (290) | (290) |
| Deferred tax liabilities (note 19) | 遞延稅項負債(附註19) | (170,760) | - | (13,534) | (184,294) |
| Total identifiable net assets at fair value | 按公平值計量的可識別資產淨值總額 | 60,085 | (9,573) | 158,476 | 208,988 |
| Non-controlling interests | 非控股權益 | (21,030) | 4,691 | - | (16,339) |
| The fair value interests held by the Company before the acquisition | 本公司於收購前持有的公平值權益 | 39,055 | (4,882) | - | 34,173 |
| Gain on bargain purchase recognised in acquisition of subsidiaries (included in other income and net gains) | 收購附屬公司確認的溢價購買收益(計入其他收入及收益淨額) | 20,947 | (9,670) | - | 11,277 |
| Purchase consideration transferred | 已轉讓購買代價 | - | 8,009 | 158,476 | 166,485 |
| Satisfied by | 以下列方式支付： | | | | |
| Cash | 現金 | - | 8,009 | 158,476 | 166,485 |
| Deferred cash consideration | 遞延現金代價 | - | - | - | - |
| | | - | 8,009 | 158,476 | 166,485 |
| Analysis of cash flows on acquisition | 對收購現金流量的分析 | | | | |
| Cash acquired with subsidiaries | 自附屬公司獲取現金 | 226,038 | 173 | 41,133 | 267,344 |
| Cash paid | 已付現金 | - | (8,009) | (158,476) | (166,485) |
| Net cash flows on acquisition included in cash flows from investing activities | 計入投資活動所得現金流量的收購現金流量淨額 | 226,038 | (7,836) | (117,343) | 100,859 |

銀城國際控股有限公司
二零一九年年報 277

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

31 December 2019 (Continued)

The fair value of the prepayments, deposits and other receivables amounts was RMB2,586,952,000. The gross amount of prepayments, deposits and other receivables was RMB2,586,952,000 and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

Since the acquisition, these entities acquired contributed a total of RMB1,493,722,000 to the Group's revenue and a profit of RMB421,765,000 to the consolidated profit for the year ended 31 December 2019.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB10,469,297,000 and RMB438,671,000.

36. 非共同控制下業務合併(續)

2019年12月31日(續)

預付款項、按金及其他應收款項的公平值為人民幣2,586,952,000元。預付款項、按金及其他應收款項的總金額為人民幣2,586,952,000元，並預期可收回全數合約金額。

本集團以餘下租賃付款於收購日期之現值計量所收購租賃負債。使用權資產以與租賃負債相等之金額計量，並予調整以反映與市場條款相關的有利租賃條款。

自收購以來，該等已收購實體於截至2019年12月31日止年度為本集團收益貢獻合共人民幣1,493,722,000元及為綜合溢利貢獻溢利人民幣421,765,000元。

倘合併入賬於年初進行，則截至2019年12月31日止年度本集團收益及本集團溢利將為人民幣10,469,297,000元及人民幣438,671,000元。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

31 December 2018

On 21 March 2018, the Group acquired another 1% voting rights in 南京九城興 from the other shareholder of 南京九城興 at a cash consideration of nil, after which the Group owned 51% voting rights and 50% equity interests of 南京九城興. The acquisition was made as part of the Group's strategy to expand its property development business.

On 31 March 2018, the Group acquired another 73.99% equity interest in 南京弘全 from the other two shareholders at a cash consideration of RMB72,930,000, after which the Group owned 100% equity interests of 南京弘全. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 2 May 2018, the Group acquired another 51.65% equity interest in 南京馬會 from the other two shareholders of 南京馬會 at a cash consideration of RMB300,743,000, after which the Group owned 100% equity interests of 南京馬會. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 2 May 2018, the Group acquired another 60% equity interest in 南京易城 from the other two shareholders of 南京易城 at a cash consideration of RMB316,843,000, after which the Group owned 100% equity interest of 南京易城. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 7 May 2018, the Group acquired a 35% equity interest in 無錫億豐 from a third party at a cash consideration of RMB56,000,000. The acquisition was made as part of the Group's strategy to expand its property development business.

On 21 May 2018, the Group acquired a 49% equity interest in 南京空港 from a third party at a cash consideration of nil. The acquisition was made as part of the Group's strategy to expand its property development business.

On 30 June 2018, the Group acquired a 100% equity interest in Xuzhou Changshun from a third party at a cash consideration of RMB159,350,000. The acquisition was made as part of the Group's strategy to expand its property development business.

The Group elected to measure the non-controlling interests in the acquirees at the proportionate share of its interests in the acquirees' identifiable net assets.

36. 非共同控制下業務合併(續)

2018年12月31日

於2018年3月21日，本集團以零現金代價向南京九城興另一名股東收購南京九城興的另外1%投票權，其後本集團擁有南京九城興的51%投票權及50%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

於2018年3月31日，本集團以現金代價人民幣72,930,000元向另外兩名股東收購南京弘全的另外73.99%股權，其後本集團擁有南京弘全的100%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。購買代價已於收購日期支付。

於2018年5月2日，本集團以現金代價人民幣300,743,000元向南京馬會另外兩名股東收購南京馬會的另外51.65%股權，其後本集團擁有南京馬會的100%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。購買代價已於收購日期支付。

於2018年5月2日，本集團以現金代價人民幣316,843,000元向南京易城另外兩名股東收購南京易城的另外60%股權，其後本集團擁有南京易城的100%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。購買代價已於收購日期支付。

於2018年5月7日，本集團以現金代價人民幣56,000,000元向一名第三方收購無錫億豐的35%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

於2018年5月21日，本集團以零現金代價向一名第三方收購南京空港的49%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

於2018年6月30日，本集團以現金代價人民幣159,350,000元向一名獨立第三方收購徐州長順的100%股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

本集團選擇按其於被收購方可識別資產淨值的權益比例份額計量於被收購方的非控股權益。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

36. 非共同控制下業務合併(續)

31 December 2018 (Continued)

2018年12月31日(續)

| | | 南京九城興 RMB'000 人民幣千元 | 南京弘佑 RMB'000 人民幣千元 | 南京馬會 RMB'000 人民幣千元 | 南京易城 RMB'000 人民幣千元 | 無錫德豐 RMB'000 人民幣千元 | 南京空港 RMB'000 人民幣千元 | 徐州長順 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|----------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
| Properties under development | 開發中物業 | 1,839,000 | - | 549,500 | 1,132,200 | 1,028,967 | - | - | 4,549,667 |
| Completed properties held for sale | 持作出售的已竣工物業 | - | - | 182,700 | 262,568 | - | - | - | 445,268 |
| Cash and cash equivalents | 現金及現金等價物 | 129,514 | 1,252 | 119,895 | 38,798 | 18,578 | 808 | 2,911 | 311,756 |
| Restricted cash | 受限制現金 | - | - | 48,943 | 34,140 | - | - | - | 83,083 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 32,924 | 146,768 | 687,053 | 309,438 | 60,345 | 5,923 | 289,755 | 1,532,206 |
| Tax recoverable | 可回收稅項 | - | 1,314 | 21,713 | 39,790 | 7,412 | - | - | 70,229 |
| Property, plant and equipment | 物業、廠房及設備 | - | - | - | 10 | 55 | - | - | 65 |
| Deferred tax assets | 遞延稅項資產 | - | - | 19,046 | 31,698 | - | 268 | - | 51,012 |
| Trade and bills payables | 貿易應付款項及應付票據 | (974) | (10,071) | (10,972) | (69,480) | (3,439) | (900) | - | (95,836) |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | (1,566,058) | (52,369) | (564) | (5,426) | (545,652) | (6,900) | (82,685) | (2,259,654) |
| Contract liabilities | 合約負債 | - | - | (691,992) | (1,137,964) | (346,021) | - | - | (2,175,977) |
| Interest-bearing bank and other borrowings (note 30) | 計息銀行及其他借款(附註30) | (320,000) | - | (246,000) | - | - | - | - | (566,000) |
| Tax payable | 應付稅項 | - | - | (82) | - | - | - | - | (82) |
| Deferred tax liabilities | 遞延稅項負債 | (3,628) | - | (97,138) | (151,919) | (60,463) | - | (50,631) | (363,779) |
| Total identifiable net assets at fair value | 按公平值計量的可識別資產淨值總額 | 110,778 | 86,894 | 582,102 | 483,853 | 159,782 | (801) | 159,350 | 1,581,958 |
| Non-controlling interests | 非控股權益 | (55,389) | - | - | - | (103,782) | - | - | (159,171) |
| The fair value interests held by the Company before the acquisition | 本公司於收購前持有的公平值權益 | (55,389) | (22,601) | (281,359) | (193,541) | - | - | - | (552,890) |
| Investment loss recognised in acquisition of subsidiaries (included in other income and net gains) | 收購附屬公司確認的投資虧損(計入其他收入及收益淨額) | - | 8,638 | - | 26,531 | - | 801 | - | 35,970 |
| Purchase consideration transferred | 已轉讓購買代價 | - | 72,930 | 300,743 | 316,843 | 56,000 | - | 159,350 | 905,866 |
| Satisfied by: | 以下列方式支付: | | | | | | | | |
| Cash | 現金 | - | 72,930 | 300,743 | 316,843 | - | - | - | 690,516 |
| Deferred cash consideration | 遞延現金代價 | - | - | - | - | 56,000 | - | 159,350 | 215,350 |
| | | - | 72,930 | 300,743 | 316,843 | 56,000 | - | 159,350 | 905,866 |
| Analysis of cash flows on acquisition | 對收購現金流量的分析 | | | | | | | | |
| Cash acquired with subsidiaries | 自附屬公司獲取現金 | 129,514 | 1,252 | 119,895 | 38,798 | 18,578 | 808 | 2,911 | 311,756 |
| Cash paid | 已付現金 | - | (72,930) | (300,743) | (316,843) | - | - | - | (690,516) |
| Net cash flows on acquisition included in cash flows from investing activities | 計入投資活動所得現金流量的收購現金流量淨額 | 129,514 | (71,678) | (180,848) | (278,045) | 18,578 | 808 | 2,911 | (378,760) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

36. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

31 December 2018 (Continued)

The fair value of the prepayments, deposits and other receivables amounts is RMB1,532,206,000. The gross amount of prepayments, deposits and other receivables is RMB1,532,206,000 and it is expected that the full contractual amounts can be collected.

Since the acquisition, these entities acquired contributed totally RMB299,072,000 to the Group's revenue and a loss of RMB81,607,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year ended 31 December 2018 would have been RMB5,071,593,000 and RMB438,191,000.

37. BUSINESS COMBINATION UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the following transactions which occurred during the year ended 31 December 2019.

On 20 September 2019, the Group acquired a 100% equity interest in 南京銀嘉安 from a related company which is under common control of the ultimate shareholder at nil cash consideration of nil. The acquisition was made as part of the Group's strategy to expand its property development business.

The effects of the application of merger accounting for business combinations under common control occurred during the year ended 31 December 2019 on the Group's financial position as at 31 December 2018 and 1 January 2018 and the results for the year ended 31 December 2018 are not material, and the comparative amounts in the consolidated financial statements were not restated.

36. 非共同控制下業務合併(續)

2018年12月31日(續)

預付款項、按金及其他應收款項的公平值為人民幣1,532,206,000元。預付款項、按金及其他應收款項的總金額為人民幣1,532,206,000元，並預期可收回全數合約金額。

自收購以來，該等已收購實體於截至2018年12月31日止年度為本集團收益貢獻合共人民幣299,072,000元及為綜合溢利貢獻虧損人民幣81,607,000元。

倘合併入賬於年初進行，則截至2018年12月31日止年度本集團收益及本集團虧損將為人民幣5,071,593,000元及人民幣438,191,000元。

37. 共同控制下之業務合併

本集團就截至2019年12月31日止年度進行的以下交易採用有關共同控制合併的合併會計法。

於2019年9月20日，本集團以零現金代價自一間受最終股東共同控制之關聯公司收購南京銀嘉安全部股權。是次收購為本集團擴大其房地產開發業務策略之一部分。

對截至2019年12月31日止年度進行的共同控制下之業務合併應用合併會計法對本集團於2018年12月31日及2018年1月1日止財務狀況以及截至2018年12月31日止年度之業績的影響並不重大，且綜合財務報表內的比較金額未予重列。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

38. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS A BUSINESS COMBINATION

On 29 April 2019, the Group acquired another 80% equity interest in 江蘇山推 from a third party. The acquisition was made as part of the Group's strategy to expand its property development business.

On 9 October 2019, the Group acquired 100% equity interest in 臨安中都 from a third party. The acquisition was made as part of the Group's strategy to expand its property development business.

The above acquisition has been accounted for an acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

38. 收購一間不作為業務合併入賬的附屬公司

於2019年4月29日，本集團自一名第三方收購江蘇山推的另外80%股權。是次收購為本集團擴大房地產開發業務戰略的一部分。

於2019年10月9日，本集團自一名第三方收購臨安中都全部股權。是次收購為本集團擴大其房地產開發業務策略的一部分。

上述收購已計入本集團綜合財務報表中的資產收購。本集團的購買成本分別根據購買日期的相對公平值分配至資產及負債。

根據購買日期所收購的資產及負債的相對公平值分配的購買成本如下：

| | | 臨安中都 RMB'000 人民幣千元 | 江蘇山推 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|----------------------|--------------------------|--------------------------|---------------------------------|
| Net assets acquired of: | 收購的資產淨值： | | | |
| Cash and cash equivalents | 現金及現金等價物 | - | 140 | 140 |
| Completed properties held for sale | 持作出售已竣工物業 | 497,200 | - | 497,200 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | - | 10,486 | 10,486 |
| Properties under development | 開發中物業 | 2,287,158 | 184,618 | 2,471,776 |
| Deferred tax liabilities | 遞延稅項負債 | (512,861) | (40,949) | (553,810) |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | - | (10,545) | (10,545) |
| | | 2,271,497 | 143,750 | 2,415,247 |
| Non-controlling interests | 非控股權益 | - | (28,750) | (28,750) |
| Net assets acquired | 所收購資產淨值 | 2,271,497 | 115,000 | 2,386,497 |
| An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows: | 有關收購一間附屬公司的現金流量分析如下： | | | |
| Cash consideration | 現金代價 | (2,271,497) | (115,000) | (2,386,497) |
| Cash and cash equivalents acquired | 收購的現金及現金等價物 | - | 140 | 140 |
| Net outflow of cash and cash equivalents in respect of the acquisition | 有關收購的現金及現金等價物流出淨額 | (2,271,497) | (114,860) | (2,386,357) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

39. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

39. 或然負債

於報告期末，未於財務報表內撥備的或然負債如下：

| | Notes 附註 | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|-------------|--|--|
| Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties | (1) | 5,258,668 | 2,887,081 |
| Guarantees given to banks and other institutions in connection with facilities granted to related parties | (2) | 1,569,000 | 871,651 |
| | | 6,827,668 | 3,758,732 |

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within 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 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 total guarantee amount RMB1,569,000,000 as at 31 December 2019 (31 December 2018: RMB871,651,000) was secured by the pledges, the directors of the Company considered no financial guarantee provision was needed in respect of the guarantees because the loans were also guaranteed by other assets.

(1) 本集團就若干銀行向本集團持作出售的已竣工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，則本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品，倘該等買家拖欠抵押還款，則該等銀行有權接管有關法定業權，並將透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關擔保期一般會於買家接管相關物業後為期一至兩年。

於年內，本集團並未因就向本集團持作出售的已竣工物業買家授出的抵押融資提供擔保產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值可足以償還未償還抵押貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

(2) 本集團就授予關聯公司的財務融資向銀行及其他機構提供擔保。於2019年12月31日的總擔保金額人民幣1,569,000,000元(2018年12月31日：人民幣871,651,000元)乃以質押品進行抵押，本公司董事認為由於相關貸款亦由其他資產作擔保，故毋須就擔保計提財務擔保撥備。

銀城國際控股有限公司 283
二零一九年年報

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

40. 承擔

本集團於報告期末擁有以下資本承擔：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|----------------|--|--|
| Contracted, but not provided for: | 已訂約但未撥備： | | |
| — Property, plant and equipment | — 物業、廠房及設備 | 320,768 | 52,806 |
| — Properties under development | — 開發中物業 | 6,527,318 | 5,587,460 |
| — Investment properties | — 投資物業 | - | 121,803 |
| — Capital contributions payable to Subsidiaries | — 應付注資 附屬公司 | - | 115,000 |
| Associates | 聯營公司 | - | 75,000 |
| | | 6,848,086 | 5,952,069 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS

(1) Name and relationship

41. 關聯方交易

(1) 名稱及關係

| Name of related party 關聯方姓名 名稱 | Relationship with the Group 與本集團的關係 |
|--|--|
| Mr. Huang Qing Ping 黃清平先生 | The director of the Company 本公司董事 |
| Nanjing Jiayou City Real Estate Co., Ltd. 南京佳佑城房地產開發有限公司 | Joint venture 合營企業 |
| Suzhou Hengwan Land Co., Ltd. 蘇州恒萬置地有限公司 | Joint venture 合營企業 |
| Suzhou Litai Real Estate Co., Ltd. 蘇州立泰置業有限公司 | Joint venture 合營企業 |
| Nanjing Mahui Real Estate Co., Ltd. 南京馬會置業有限公司 | Associate before 2 May 2018 於2018年5月2日前聯營公司 |
| Nanjing Yicheng Real Estate Co., Ltd. 南京易城房地產開發有限公司 | Associate before 2 May 2018 於2018年5月2日前聯營公司 |
| Nanjing Hongquan Real Estate Co., Ltd. 南京弘全房地產開發有限公司 | Associate before 31 March 2018 於2018年3月31日前聯營公司 |
| Nanjing Jiuchengxing Real Estate Co., Ltd. 南京九城興房地產開發有限公司 | Joint venture before 21 March 2018 於2018年3月21日前合營企業 |
| Xincheng Real Estate Wuxi Co., Ltd. 新城房地產開發(無錫)有限公司 | Joint venture before 24 June 2019 於2019年6月24日前合營企業 |
| Wuxi Tianhonglixin 無錫天弘利信 | Joint venture before 24 June 2019 於2019年6月24日前合營企業 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

Name of related party 關聯方姓名 名稱

41. 關聯方交易(續)

(1) 名稱及關係(續)

Relationship with the Group 與本集團的關係

| | |
|--|---|
| Nanjing Yinjiahong Enterprise Management Co., Ltd. 南京銀嘉泓企業管理有限公司 | Joint venture before 28 August 2019 於2019年8月28日前合營企業 |
| Hefei Yinhong Real Estate Co., Ltd. 合肥銀弘房地產開發有限公司 | Associate 聯營公司 |
| Nanjing Yi City Real Estate Co., Ltd. 南京頤城房地產開發有限公司 | Associate 聯營公司 |
| Hefei Sheng'en Real Estate Co., Ltd. 合肥盛恩房地產開發有限公司 | Associate 聯營公司 |
| Nanjing Jiangyanyuanjin Property development Co., Ltd. 南京江雁元錦置業發展有限公司 | Associate 聯營公司 |
| Taizhou Meitai Real Estate Co., Ltd. 台州市美泰房地產開發有限公司 | Associate 聯營公司 |
| Nanjing Peacock Real Estate Co., Ltd. 南京孔雀城房地產開發有限公司 | Associate 聯營公司 |
| Wuxi Qike Real Estate Co., Ltd. 無錫齊珂置業有限公司 | Associate 聯營公司 |
| He County Peacock Lake Real Estate Co., Ltd. 和縣孔雀湖房地產開發有限公司 | Associate 聯營公司 |
| Nanjing Xucheng Real Estate Co., Ltd. 南京旭城房地產開發有限公司 | Associate 聯營公司 |
| Suzhou Yuxi Real Estate Co., Ltd. 蘇州渝熙房地產開發有限公司 | Associate 聯營公司 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd. 南京銀嘉安企業管理有限公司 | Company controlled by Mr. Huang Qing Ping, a director of the Company before 20 September 2019 本公司董事黃清平先生於2019年9月20日前 控制的公司 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

| Name of related party 關聯方姓名 名稱 |
|---|
| Yincheng Real Estate Group Co., Ltd. 銀城地產集團股份有限公司 |
| Yincheng Life Service CO., Ltd. 銀城生活服務有限公司 |
| Nanjing Eastern Yinian Pension Service Co., Ltd. 南京東方頤年養老服務有限公司 |
| Nanjing Eastern Yihe Pension Service Co., Ltd. 南京東方頤和養老服務有限公司 |
| Nanjing Hongan Real Estate Co., Ltd. 南京弘安房地產開發有限公司 |
| Nanjing Huazhongyuan Hotel Co., Ltd. 南京華中苑酒店有限公司 |
| Chongqing Suyi Real Estate Co., Ltd. 重慶蘇逸房地產開發有限公司 |
| Nanjing Huifang Network Technology Co., Ltd. 南京薈房網絡科技有限公司 |
| Nanjing Jincheng Jiaye Marketing Planning Co., Ltd. 南京錦城佳業營銷策劃有限公司 |

41. 關聯方交易(續)

(1) 名稱及關係(續)

| Relationship with the Group 與本集團的關係 |
|--|
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |
| Company controlled by Mr. Huang Qing Ping, a director of the Company 本公司董事黃清平先生控制的公司 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

Name of related party 關聯方姓名 名稱

Nanjing Yinjiachen Enterprise Management Co., Ltd.

南京銀嘉宸企業管理有限公司

Nanjing Yuangu Ecological Agriculture Co., Ltd.

南京原谷生態農業有限公司

Nanjing Hui Shengxing Real Estate Agency Co., Ltd.

南京薈盛行房產經紀有限公司

Nanjing Wuse Network Technology Co., Ltd.

南京物色網絡科技有限公司

Nanjing Yinjiahuang Enterprise Management Co., Ltd.

南京銀嘉煌企業管理有限公司

Nanjing Yincheng Commercial Management Co., Ltd.

南京銀城商業管理有限公司

Nanjing Yunchu Commercial Management Co., Ltd.

南京耘初商業管理有限公司

Nanjing Yicheng Yipin Culture Media Co., Ltd.

南京壹城壹品文化傳媒有限公司

41. 關聯方交易(續)

(1) 名稱及關係(續)

Relationship with the Group 與本集團的關係

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

Company controlled by Mr. Huang Qing Ping,
a director of the Company
本公司董事黃清平先生控制的公司

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions

The following transactions were carried out with related parties during the year:

41. 關聯方交易(續)

(2) 關聯方交易

於年內與關聯方進行以下交易：

| | | 2019 二零一九年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 |
|---|----------------------|-----------------------------------|-----------------------------------|
| Advances from joint ventures and associates | 合營企業及聯營公司墊款 | 382,121 | 1,517,413 |
| Repayment of advances from joint ventures and associates | 償還合營企業及聯營公司墊款 | 395,400 | 1,302,080 |
| Advances to joint ventures and associates | 墊款予合營企業及聯營公司 | 1,750,128 | 1,364,727 |
| Repayment of advances to joint ventures and associates | 合營企業及聯營公司償還墊款 | 2,410,794 | 2,773,872 |
| Advances from other related parties | 其他關聯方墊款 | 989,923 | 6,150,024 |
| Repayment of advances from other related parties | 償還其他關聯方墊款 | 188,916 | 6,769,981 |
| Advances to other related parties | 墊款予其他關聯方 | 3,071,289 | 66,552 |
| Repayment of advances to other related parties | 其他關聯方償還墊款 | 1,706,495 | 66,531 |
| Associates: | 聯營公司： | | |
| Project management income | 項目管理收入 | 27,141 | 22,442 |
| Joint ventures: | 合營企業： | | |
| Project management income | 項目管理收入 | 52,106 | 32,234 |
| Other related parties: | 其他關聯方： | | |
| Project management income | 項目管理收入 | 432 | - |
| Rental income | 租金收入 | 2,213 | 2,324 |
| Rental fees | 租金費用 | 4,966 | 4,966 |
| Software transferred from a related party | 自一名關聯方轉讓的軟件 | - | 6,922 |
| Property management fees | 物業管理費 | 25,093 | 14,010 |
| Project management fees | 項目管理費 | - | 105 |
| Service fees | 服務費 | 16,461 | 10,845 |
| Guarantee provided for bank and other borrowings by related companies: | 關聯公司就銀行及其他借款提供的擔保： | | |
| 銀城地產集團股份有限公司 | 銀城地產集團股份有限公司 | - | 4,688,722 |
| Mr. Huang Qing Ping | 黃清平先生 | 1,690,161 | 198,683 |
| 銀城地產集團股份有限公司 and Mr. Huang Qing Ping jointly | 銀城地產集團股份有限公司與黃清平先生共同 | 1,618,422 | 2,525,649 |

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

附註：該等交易乃根據參與各方共同協定的條款及條件進行。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(3) Other transactions with related parties

- (i) Company controlled by Mr. Huang Qing Ping, a director of the Company has guaranteed certain of the Group's bank loans of up to RMB1,618,422,000 as at 31 December 2019 (31 December 2018: RMB7,214,371,000).
- (ii) The guarantee made in favour of related parties by the Group was RMB1,569,000,000 as at 31 December 2019 (31 December 2018: RMB871,651,000). For further details, please refer to note 39.

(4) Outstanding balances with related parties

41. 關聯方交易(續)

(3) 與關聯方的其他交易

- (i) 於2019年12月31日,本公司董事黃清平先生控制的公司已對本集團最高為人民幣1,618,422,000元(2018年12月31日:人民幣7,214,371,000元)的若干銀行貸款作出擔保。
- (ii) 於2019年12月31日,本集團以關聯方為受益人作出的擔保為人民幣1,569,000,000元(2018年12月31日:人民幣871,651,000元)。有關進一步詳情,請參閱附註39。

(4) 與關聯方的未付結餘

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|---|----------------|--|--|
| Due from joint ventures and associates: | 應收合營企業及聯營公司款項: | | |
| Non-trade related | 非貿易相關 | 858,908 | 1,170,383 |
| Trade related | 貿易相關 | 26,307 | 6,347 |
| | | 885,215 | 1,176,730 |
| Due from other related parties: | 應收其他關聯方款項: | | |
| Non-trade related | 非貿易相關 | 9,208 | 41 |
| Trade related | 貿易相關 | 1,339 | 7,810 |
| | | 10,547 | 7,851 |
| Due to joint ventures and associates: | 應付合營企業及聯營公司款項: | | |
| Non-trade related | 非貿易相關 | 533,029 | 981,449 |
| Due to other related parties: | 應付其他關聯方款項: | | |
| Non-trade related | 非貿易相關 | 42,508 | 597,127 |
| Trade related | 貿易相關 | 48,962 | 36,840 |
| | | 91,470 | 633,967 |

Balances with the above related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

與上述關聯方的結餘為無抵押、免息及無固定還款期。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

41. RELATED PARTY TRANSACTIONS (Continued)

(5) Compensation of key management personnel of the Group

| | | 2019 二零一九年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 |
|---|----------------|-----------------------------------|-----------------------------------|
| Short term employee benefits | 短期僱員福利 | 9,177 | 10,372 |
| Share-based payment | 以股份為基礎付款 | - | 82,600 |
| Pension scheme contributions and social welfare | 退休計劃供款及社會福利 | 978 | 782 |
| Total compensation paid to key management personnel | 支付予主要管理人員的薪酬總額 | 10,155 | 93,754 |

Further details of directors' emoluments are included in note 8 to the financial statements.

董事酬金的進一步詳情載於財務報表附註8。

41. 關聯方交易(續)

(5) 本集團主要管理人員薪酬

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2019

Financial assets

| | | Equity investments designated at FVOCI 指定按公平值計入其他全面收益之股權投資 RMB'000 人民幣千元 | Financial assets at amortised cost 按攤銷成本列賬之金融資產 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-----------------------|---|--|---------------------------------|
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 326,723 | - | 326,723 |
| Financial assets included in prepayments, deposits and other receivables | 計入預付款項、按金及其他應收款項的金融資產 | - | 1,858,484 | 1,858,484 |
| Trade receivables | 貿易應收款項 | - | 1,458 | 1,458 |
| Due from related companies | 應收關聯公司款項 | - | 895,762 | 895,762 |
| Restricted cash | 受限制現金 | - | 1,137,115 | 1,137,115 |
| Pledged deposits | 已抵押存款 | - | 29 | 29 |
| Cash and cash equivalents | 現金及現金等價物 | - | 2,894,255 | 2,894,255 |
| | | 326,723 | 6,787,103 | 7,113,826 |

42. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

2019年12月31日

金融資產

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

42. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2019 (Continued)

Financial liabilities

42. 按類別劃分的金融工具(續)

2019年12月31日(續)

金融負債

| | | Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元 |
|---|--------------------|---|
| Lease liabilities | 租賃負債 | 19,898 |
| Trade and bills payables | 貿易應付款項及應付票據 | 2,742,799 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及應計費用的金融負債 | 3,637,344 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 10,499,959 |
| Due to related companies | 應付關聯公司款項 | 624,499 |
| | | 17,524,499 |

31 December 2018

Financial assets

2018年12月31日

金融資產

| | | Financial assets at amortised cost 按攤銷成本列賬之金融資產 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|-----------------------|--|---------------------------------|
| Financial assets included in prepayments, deposits and other receivables | 計入預付款項、按金及其他應收款項的金融資產 | 556,280 | 556,280 |
| Trade receivables | 貿易應收款項 | 2 | 2 |
| Due from related companies | 應收關聯公司款項 | 1,184,581 | 1,184,581 |
| Restricted cash | 受限制現金 | 122,820 | 122,820 |
| Pledged deposits | 已抵押存款 | 7,441 | 7,441 |
| Cash and cash equivalents | 現金及現金等價物 | 1,589,181 | 1,589,181 |
| | | 3,460,305 | 3,460,305 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

42. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2018 (Continued)

Financial liabilities

42. 按類別劃分的金融工具(續)

2018年12月31日(續)

金融負債

| | | Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元 |
|---|--------------------|---|
| Trade and bills payables | 貿易應付款項及應付票據 | 2,250,325 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及應計費用的金融負債 | 2,684,506 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 10,191,404 |
| Due to related companies | 應付關聯公司款項 | 1,615,416 |
| | | 16,741,651 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

43. 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 賬面值 | | Fair values 公平值 | |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2019 二零一九年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2019 二零一九年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 |
| Financial assets | 金融資產 | | | | |
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 326,723 | - | 326,723 | - |
| Financial liabilities | 金融負債 | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 10,499,959 | 10,191,404 | 10,092,679 | 10,055,728 |

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, lease liabilities and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of financial guarantee contracts approximate to their carrying amounts based on management assessment.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the 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 chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

During the reporting year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

43. 金融工具的公平值及公平值層級

除賬面值與公平值合理相若的金融工具外，本集團金融工具的賬面值及公平值如下：

管理層已評估現金及現金等價物、已抵押存款、受限制現金、應收關聯公司款項、貿易應收款項、計入預付款項、按金及其他應收款項的金融資產、貿易應付款項及應付票據、計入其他應付款項、已收按金及應計費用的金融負債、租賃負債及應付關聯公司款項的公平值與其賬面值相若，主要是由於該等工具的到期期限較短，而財務擔保合約的公平值，根據管理層的評估，與其賬面值相若。

本集團的公司融資部門由財務總監帶領，負責釐定金融工具公平值計量的政策及程序。公司融資團隊直接向財務總監及董事會匯報。於報告日期，公司融資團隊分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由財務總監審核及批准。每年就年度財務報告與董事會對估值程序及結果進行兩次討論。

於報告年度，金融資產及負債第一層與第二層之間並無公平值計量轉移，亦無轉入或轉出第三層。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

| Recurring fair value measurement for | 就以下項目進行的經常性公平值計量 | Fair value measurement as at 31 December 2019 using 於2019年12月31日使用以下級別的公平值計量 | | | |
|--|---------------------|--|---|--|---------------------------------|
| | | Quoted prices in active markets (Level 1) 於活躍市場之報價 (第一層) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大可觀察輸入數據 (第二層) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大不可觀察輸入數據 (第三層) RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Equity investments designated at FVOCI | 指定按公平值計入其他全面收益之股權投資 | 326,723 | - | - | 326,723 |
| | | 326,723 | - | - | 326,723 |

43. 金融工具的公平值及公平值層級(續)

公平值層級

下表說明本集團金融工具之公平值計量層級：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and 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, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

44. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及銀行結餘、受限制現金、已抵押存款、貿易及其他應收款項、貿易應付款項及應付票據以及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借款、應付關聯公司款項以及應收關聯公司款項。該等金融工具的主要目的在於為本集團的運營提供資金。

本集團金融工具產生的主要風險為利率風險、信貸風險及流動資金風險。一般而言，本集團對其風險管理採取保守策略。為將本集團所面臨的該等風險保持最低，本集團並無使用任何衍生及其他工具作對沖目的。本集團未持有或發行可供交易的衍生金融工具。董事會檢討並同意各項風險管理政策，其概述如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 30. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB8,964,000 for the year ended 31 December 2019 (31 December 2018: RMB5,881,000).

(b) Credit risk

The carrying amounts of restricted cash, pledged deposits, cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2019 and 2018.

As at 31 December 2019 and 2018, all restricted cash, pledged deposits and cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

44. 財務風險管理目標及政策(續)

(a) 利率風險

本集團面臨的市場利率變動風險主要與附註30所載的本集團計息銀行及其他借款有關。本集團並無使用衍生金融工具對沖利率風險。本集團使用浮息銀行借款及其他借款管理其利息成本。

倘在所有其他變量維持不變情況下銀行及其他借款的利率上升/下降1%，則本集團截至2019年12月31日止年度的除稅前溢利(透過對浮息借款的影響)將減少/增加約人民幣8,964,000元(2018年12月31日：人民幣5,881,000元)。

(b) 信貸風險

財務狀況表所載受限制現金、已抵押按金、現金及現金等價物、貿易應收款項、計入預付款項、按金及其他應收款項的金融資產，以及應收關聯公司款項的賬面值指本集團於2019年及2018年12月31日就其金融資產面臨的最高信貸風險。

於2019年及2018年12月31日，所有受限制現金、已抵押按金及現金及現金等價物均存放於信貸等級良好的金融機構，並無重大信貸風險。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage the 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 from one to 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.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporate forward-looking information based on key economic variables such as the per capita disposable income of urban residents and central bank base rate.

44. 財務風險管理目標及政策(續)

(b) 信貸風險(續)

就釐定信貸風險的大幅增加及計算減值而言，本集團按共同信貸風險特徵(如工具類型及信貸風險評級)基準分類金融工具。為管理貿易應收款項產生的風險，本集團設有政策，以確保僅向具有適當信貸記錄的交易對手授出信貸期，而管理層對本集團交易對手進行持續信貸評估。授予客戶的信貸期一般為一至六個月，而該等客戶的信貸質素乃經考慮其財務狀況、過往經歷及其他因素而評估。本集團亦設有其他監控程序，以確保採取跟進行動收回逾期應收款項。此外，本集團定期檢討貿易應收款項的可收回金額，以確保就不可收回金額作出充足的減值虧損。本集團並無重大信貸風險集中情況，有關風險分散至大量交易對手及客戶。

本集團應用國際財務報告準則第9號規定的簡易方法就預期信貸虧損計提撥備，該方法允許為所有貿易應收款項計提整個存續期的預期虧損撥備。預期信貸虧損亦包括基於主要經濟可變因素(如城鎮居民人均可支配收入及中央銀行基準利率)的前瞻性資料。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group has established a policy to perform an assessment for the period beginning on 1 January 2018, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its other receivables and amounts due from related companies into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 When other receivables and amounts due from related companies are first recognised, the Group recognises an allowance based on 12 months' ECLs.
- Stage 2 When other receivables and amounts due from related companies have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.
- Stage 3 When other receivables and amounts due from related companies are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

44. 財務風險管理目標及政策(續)

(b) 信貸風險(續)

當一件或更多事件能就金融資產的預期未來現金流量作決定性影響，金融資產就會為信貸撥備。金融資產為已撥備信貸的證據包括以下事件之可觀察的數據：

- 債務人出現重大財務困難；
- 違反合約，如拖欠或逾期事件；
- 債務人很可能會破產或進行其他財務重組。

於2018年1月1日開始的期間，本集團通過考慮金融工具剩餘年內發生違約風險的變化來制定政策，以評估自初始確認以來金融工具的信貸風險是否顯著增加。本集團將其他應收款項及應收關聯公司款項分為下述第一階段、第二階段及第三階段：

- 第一階段 當其他應收款項及應收關聯公司款項首次確認時，本集團根據12個月的預期信貸虧損確認撥備。
- 第二階段 當其他應收款項及應收關聯公司款項自發起以來顯示信貸風險大幅增加時，本集團計提整個存續期的預期信貸虧損撥備。
- 第三階段 當其他應收款項及應收關聯公司款項被視為信貸減值時，本集團計提整個存續期的預期信貸虧損撥備。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Management makes periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related companies as well as individual assessment on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, deposits and other receivables and amounts due from related companies in stage 1 and continuously monitors their credit risk. The Company uses the expected credit loss rate of 0.17%, considering the default probability and recovery probability, to estimate the impairment of financial assets included in prepayments, deposits and other receivables, and amounts due from related companies, and 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, deposits and other receivables and amounts due from related companies and no provisions were recognised.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and senior notes. Cash flows are being closely monitored on an ongoing basis.

44. 財務風險管理目標及政策(續)

(b) 信貸風險(續)

管理層根據歷史結算記錄及過往經驗定期就計入預付款項、按金及其他應收款項的金融資產及應收關聯公司款項作出共同評估，並對其他應收款項及應收關聯公司款項的可收回性作出個別評估。本集團在第一階段對計入預付款項、按金及其他應收款項的金融資產及應收關聯公司款項進行分類，並持續監控其信貸風險。考慮到違約概率及回收概率，本公司利用0.17%的預期信貸虧損率來估計計入預付款項、按金及其他應收款以及應收關聯公司款項的金融資產的減值，且本公司董事相信，本集團尚未收回的計入預付款項、按金及其他應收款項以及應收關聯公司款項金融資產的結餘並無固有的重大信貸風險存在且並無確認撥備。

(c) 流動資金風險

本集團的目標為透過運用計息銀行及其他借款及優先票據維持融資持續性及靈活性之間的平衡。本集團現金流量情況受持續密切監控。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

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:

| | | Less than 3 months 3個月以內 RMB'000 人民幣千元 | 3 to 12 months 3至12個月 RMB'000 人民幣千元 | Over 1 year 1年以上 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|--------------------|--|---|--|---------------------------------|
| 31 December 2019 | 2019年12月31日 | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 465,728 | 5,163,561 | 6,366,125 | 11,995,414 |
| Lease liabilities | 租賃負債 | 5,405 | 8,777 | 3,181 | 17,363 |
| Trade and bills payables | 貿易應付款項及應付票據 | 2,742,799 | - | - | 2,742,799 |
| Other payables | 其他應付款項 | 3,637,344 | - | - | 3,637,344 |
| Due to related companies | 應付關聯公司款項 | 624,499 | - | - | 624,499 |
| | | 7,475,775 | 5,172,338 | 6,369,306 | 19,017,419 |

| | | On demand 按要求 RMB'000 人民幣千元 | Less than 3 months 3個月以內 RMB'000 人民幣千元 | 3 to 12 months 3至12個月 RMB'000 人民幣千元 | Over 1 year 1年以上 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|--|--------------------|--------------------------------------|--|---|--|---------------------------------|
| 31 December 2018 | 2018年12月31日 | | | | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 1,601,800 | 308,332 | 3,868,414 | 5,228,925 | 11,007,471 |
| Financial guarantee contracts | 財務擔保合約 | - | - | - | 871,651 | 871,651 |
| Trade and bills payables | 貿易應付款項及應付票據 | - | 2,250,325 | - | - | 2,250,325 |
| Other payables | 其他應付款項 | - | 2,684,506 | - | - | 2,684,506 |
| Due to related companies | 應付關聯公司款項 | - | 1,615,416 | - | - | 1,615,416 |
| | | 1,601,800 | 6,858,579 | 3,868,414 | 6,100,576 | 18,429,369 |

44. 財務風險管理目標及政策(續)

(c) 流動資金風險(續)

本集團於報告期末按合約未折現付款計算的金融負債的到期情況如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

44. 財務風險管理目標及政策(續)

(d) 資本管理

本集團資本管理的主要目標是為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況的變化管理及調整其資本架構。為維持或調整資本架構，本集團或會對派付予股東的股息，股東資本回報或發行新股作出調整。

本集團採用資本負債率(即債務淨額除以資本總額與債務淨額之和)來監控資本。本集團於債務淨額計入計息銀行及其他借款、貿易應付款項及應付票據、其他應付款項、已收按金及應計費用以及應付關聯公司款項減現金及現金等價物。資本指母公司擁有人應佔權益。於報告期末的資本負債率如下：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|------------------|--|--|
| Trade and bills payables | 貿易應付款項及應付票據 | 2,742,799 | 2,250,325 |
| Other payables, deposits received and accruals | 其他應付款項、已收按金及應計費用 | 3,969,718 | 2,908,338 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 10,499,959 | 10,191,404 |
| Due to related companies | 應付關聯公司款項 | 624,499 | 1,615,416 |
| Less: Cash and cash equivalents | 減：現金及現金等價物 | (2,894,255) | (1,589,181) |
| Net debt | 債務淨額 | 14,942,720 | 15,376,302 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | 2,508,818 | 1,568,599 |
| Capital and net debt | 資本及債務淨額 | 17,451,538 | 16,944,901 |
| Gearing ratio | 資本負債率 | 86% | 91% |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2019

45. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

2019年12月31日

| | | Percentage of equity interest held by non-controlling interests | (Loss)/profit for the year allocated to non-controlling interests | Accumulated balances of non-controlling interests |
|-----------------------|-------|---|---|---|
| | | 透過非控股權益持有的股權百分比 % | 分配至非控股權益的年內(虧損)溢利 RMB'000 人民幣千元 | 非控股權益累計結餘 RMB'000 人民幣千元 |
| Nanjing Jiayun City | 南京佳運城 | 49 | 160,231 | 165,449 |
| Wuxi Xincheng | 無錫新城 | 35 | 36,071 | 57,101 |
| Nanjing Zhijun | 南京至君 | 75 | (882) | 374,118 |
| Eastern Senior Living | 東方頤年 | 25 | 19,348 | 345,940 |

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

下表說明上述附屬公司的財務資料概要。所披露的金額未計及任何公司間對銷：

| | | Nanjing Jiayun City | Nanjing Zhijun | Eastern Senior Living | Wuxi Xincheng |
|--|---------------------|---------------------|--------------------|-----------------------|--------------------|
| | | 南京佳運城 RMB'000 人民幣千元 | 南京至君 RMB'000 人民幣千元 | 東方頤年 RMB'000 人民幣千元 | 無錫新城 RMB'000 人民幣千元 |
| Revenue | 收益 | 3,809,855 | - | 175,413 | 1,480,221 |
| Total expenses | 總開支 | (3,372,872) | (1,568) | (77,372) | (1,062,132) |
| Income tax expense | 所得稅開支 | (109,980) | 392 | (20,650) | (315,029) |
| Profit/(loss) and total comprehensive income/ (expense) for the year | 年內溢利(虧損)及全面收益(開支)總額 | 327,003 | (1,176) | 77,391 | 103,060 |
| Current assets | 流動資產 | 3,154,755 | 2,874,368 | 1,434,274 | 2,776,188 |
| Non-current assets | 非流動資產 | 35,764 | 392 | 1,286,054 | 67,346 |
| Current liabilities | 流動負債 | (2,852,101) | (2,375,936) | (665,140) | (2,680,328) |
| Non-current liabilities | 非流動負債 | (766) | - | (671,429) | (61) |
| Net cash flows from/(used in) operating activities | 經營活動所得(所用)現金流量淨額 | 2,750,437 | (2,774,003) | (264,358) | 493,304 |
| Net cash flows from/(used in) financing activities | 融資活動所得(所用)現金流量淨額 | (2,178,684) | 2,285,787 | (165,180) | (334,360) |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加(減少)淨額 | 571,753 | (488,216) | (429,538) | 158,944 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2018

45. 擁有重大非控股權益的非全資附屬公司(續)

本集團擁有重大非控股權益的附屬公司詳情載列如下：

2018年12月31日

| | | Percentage of equity interest held by non-controlling interests | (Loss)/profit for the year allocated to non-controlling interests | Accumulated balances of non- controlling interests |
|-----------------------|------------------------------|---|--|---|
| | 透過非控股 權益持有的 股權百分比 % | 分配至非控股 權益的年內 (虧損) 溢利 RMB'000 人民幣千元 | 非控股權益 累計結餘 RMB'000 人民幣千元 | |
| Wuxi Yifeng | 無錫億豐 | 65 | (24,550) | 79,231 |
| SUNAC (Jiangsu) | 融創(江蘇) | 50 | (10,492) | 139,481 |
| Eastern Senior Living | 東方頤年 | 25* | 130,766 | 330,223 |

* On 28 May 2018, the Group acquired another 24.17% equity interest in 東方頤年 from the other two shareholders, after which the Group owned 75% equity interest in it.

* 於2018年5月28日，本集團自另外兩名股東收購東方頤年另外24.17%股權，其後，本集團擁有其75%股權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

31 December 2018 (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

45. 擁有重大非控股權益的非全資附屬公司(續)

2018年12月31日(續)

下表說明上述附屬公司的財務資料概要。所披露的金額未計及任何公司間對銷：

| | | Wuxi Yifeng 無錫億豐 RMB'000 人民幣千元 | Eastern Senior Living 東方頤年 RMB'000 人民幣千元 | SUNAC (Jiangsu) 融創(江蘇) RMB'000 人民幣千元 |
|--|---------------------------|--|--|--|
| Revenue | 收益 | - | 3,381,261 | - |
| Total expenses | 總開支 | (37,770) | (2,436,333) | (27,831) |
| Income tax expense | 所得稅開支 | - | (418,495) | 6,847 |
| (Loss)/profit and total comprehensive (expense)/income for the year | 年內(虧損) 溢利及全面 (開支) 收益總額 | (37,770) | 526,433 | (20,984) |
| Current assets | 流動資產 | 1,690,909 | 2,158,292 | 1,181,133 |
| Non-current assets | 非流動資產 | 55 | 1,085,207 | 7,078 |
| Current liabilities | 流動負債 | (1,029,070) | (1,907,614) | (534,249) |
| Non-current liabilities | 非流動負債 | (540,000) | (14,993) | (375,000) |
| Net cash flows (used in)/from operating activities | 經營活動(所用) 所得 現金流量淨額 | (392,842) | 179,003 | (552,970) |
| Net cash flows from/(used in) financing activities | 融資活動所得(所用) 現金流量淨額 | 600,000 | (905,119) | 543,750 |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物 增加(減少)淨額 | 207,158 | (726,116) | (9,220) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

46. 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:

46. 本公司財務狀況表

本公司於報告期末之財務狀況表資料如下：

| | | 31 December 2019 2019年 12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年 12月31日 RMB'000 人民幣千元 |
|--|-------------------|--|--|
| CURRENT ASSETS | 流動資產 | | |
| Cash and cash equivalents | 現金及現金等價物 | 262,850 | - |
| Due from related companies | 應收關聯公司款項 | 1,182,833 | - |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 34,926 | 340 |
| Total current assets | 流動資產總額 | 1,480,609 | 340 |
| NON-CURRENT ASSETS | 非流動資產 | | |
| Investments in subsidiaries | 於附屬公司的投資 | 82,600 | 82,600 |
| Total non-current assets | 非流動資產總額 | 82,600 | 82,600 |
| CURRENT LIABILITIES | 流動負債 | | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 697,620 | - |
| Due to a subsidiary | 應付一間附屬公司款項 | - | 1,874 |
| Due to related companies | 應付關聯公司款項 | 14,462 | - |
| Total current liabilities | 流動負債總額 | 712,082 | 1,874 |
| NET CURRENT LIABILITIES | 流動負債淨額 | 768,527 | (1,534) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 總資產減流動負債 | 851,127 | 81,066 |
| NET ASSETS | 資產淨額 | 851,127 | 81,066 |
| EQUITY | 權益 | | |
| Equity attributable to owners of the parent | 母公司擁有人應佔權益 | | |
| Share capital (note 32) | 股本(附註32) | 124,119 | 347 |
| Treasury shares (note 32) | 庫存股(附註32) | (7) | (7) |
| Other reserves | 其他儲備 | 727,015 | 80,726 |
| TOTAL EQUITY | 總權益 | 851,127 | 81,066 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's other reserves is as follows:

| | Capital reserve 資本儲備 RMB'000 人民幣千元 | Accumulated losses 累計虧損 RMB'000 人民幣千元 | Share premium 股份溢價 RMB'000 人民幣千元 | Exchange reserve 匯兌儲備 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 | |
|--|---|--|---|--|---------------------------------|----------|
| Balance at 31 December 2018 and 1 January 2019 | 於2018年12月31日及2019年1月1日的結餘 | 82,600 | (1,874) | - | - | 80,726 |
| Loss for the year | 年內虧損 | - | (17,806) | - | (17,806) | (17,806) |
| Issue of shares | 股份發行 | - | - | 631,475 | - | 631,475 |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | 32,620 | 32,620 |
| Balance at 31 December 2019 | 於2019年12月31日的結餘 | 82,600 | (19,680) | 631,475 | 32,620 | 727,015 |

46. 本公司財務狀況表(續)

附註：

本公司之其他儲備概要如下：

47. EVENTS AFTER THE REPORTING PERIOD

In connection with the acquisition of distressed companies and notice of extraordinary general meeting announced by the Company on 27 March 2020, 15 out of the 17 non-target companies acquired from the administrator of 中都控股集團管理有限公司, have been transferred to the Group subsequently whereas the two remaining non-target companies have not been transferred to the Group due to the novel coronavirus outbreak. When the Group obtains the equity of the two non-target companies, it will transfer 100% of the equity interest of the 17 non-target companies to 臨安屹翔房地產開發有限公司, which is a joint restructuring investor of the distressed companies, for a consideration of RMB100 million.

The outbreak of the novel coronavirus in China since the beginning of 2020 is a fluid and challenging situation facing all industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and has taken all possible effective measures to limit and keep the impact under control. The Group will keep paying attention to the change of situation and make timely response and adjustments in the future.

Except as disclosed above, there was no material subsequent event undertaken by the Group after 31 December 2019.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 April 2020.

47. 報告期後事項

就收購財困公司而言及根據本公司於2020年3月27日公佈的股東特別大會通告，自中都控股集團管理有限公司管理人收購的17間非目標公司中，有15間已於其後轉讓予本集團，而由於新型冠狀病毒的爆發，餘下2間非目標公司尚未轉讓予本集團。當本集團取得該2間非目標公司的股權後，本集團將會將該17間非目標公司的股權轉讓予臨安屹翔房地產開發有限公司(即財困公司的共同重整投資者之一)，代價為人民幣100百萬元。

自2020年年初起，中國爆發新型冠狀病毒疫情，令社會各行各業面臨多變且充滿挑戰的形勢。本集團已評估有關情況對於其營運的全面影響，並已採取一切可行的有效措施限制及控制該等影響。本集團將持續關注形勢的變化，以在日後作出及時反應及調整。

除上文所披露者外，本集團於2019年12月31日後並無開展任何重大其後事項。

48. 批准財務報表

財務報表由董事會於2020年4月15日批准及授權刊發。



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Yincheng International Holding Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yincheng International Holding Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 172, which comprise the consolidated statement of financial position as at 31 December 2018, 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 31 December 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Revenue recognition from property development projects ("PDP")

The Group's revenue is almost from PDP for the year ended 31 December 2018.

Our audit procedures to assess the recognition of revenue for PDP included the following:

Revenue from PDP is recognised when all of the following criteria have been met:

- (i) the sale and purchase agreement has been signed;
- (ii) the related deposit has been received and the arrangements for the settlement of the remaining proceeds have been confirmed; and
- (iii) the property has been handed over to the buyer, as stipulated in the sale and purchase agreement

- (i) evaluating the design, implementation of operating effectiveness of key internal controls over the recording of revenue for PDP;
- (ii) inspecting the terms of the standard sale and purchase agreements for sales of PDP to assess the Group's revenue recognition policies for sales of PDP, with reference to the requirements of the prevailing accounting standards;
- (iii) inspecting, on a sample basis for sales of PDP recognised during the year ended 31 December 2018, sale and purchase agreements and documents which evidenced that the properties were physically possessed or the legal titles of the properties were obtained by the buyers and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition accounting policies;
- (iv) inspecting, on a sample basis and documents which evidenced that the properties were physically possessed or the legal titles of the properties were obtained by the buyers before and after 31 December 2018 to assess whether the related revenue had been recognised in the appropriate financial period.

We identified the recognition of revenue for PDP as a key audit matter because of its significance to the Group and because small errors in recognition of revenue, in aggregate, for each property development project could have a material impact on the Group's profit for the year ended 31 December 2018.

The accounting policies and disclosures for the revenue recognition are included in notes 2.3 and 5 to the consolidated financial statements.

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. Land appreciation tax ("LAT") in Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the Group estimates the provision for land appreciation tax based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes prepaid land lease payments, property development costs and borrowing costs. When the LAT is subsequently determined, the actual payments may be different from the estimates.

We obtained an understanding of the key management controls related to the LAT provision. We involved our internal tax specialist to assess the LAT provision, including the estimates and assumptions used by the Group. We also recalculated the LAT provision by testing the underlying data.

The accounting policies and disclosures for the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

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 HKSAAs 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 HKSAAs, 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.

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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K. W. Lau.

Certified Public Accountants
Hong Kong
25 March 2019



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|-----------------|-----------------|
| REVENUE | 5 | 5,070,094 | 4,675,644 |
| Cost of sales | | (3,600,043) | (3,892,117) |
| GROSS PROFIT | | 1,470,051 | 783,527 |
| Other income and gains | 5 | 324,069 | 35,502 |
| Selling and distribution expenses | | (237,271) | (55,567) |
| Administrative expenses | | (331,536) | (62,162) |
| Other expenses | | (15,909) | (33,058) |
| Fair value gains on investment properties | 15 | 14,803 | 21,028 |
| Finance costs | 7 | (254,007) | (177,021) |
| Share of profits and losses of: | | | |
| Joint ventures | | (19,716) | 11,725 |
| Associates | | 111,373 | 71,007 |
| PROFIT BEFORE TAX | 6 | 1,061,857 | 594,981 |
| Income tax expense | 10 | (566,535) | (204,372) |
| PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 495,322 | 390,609 |
| Attributable to: | | | |
| Owners of the Company | | 442,440 | 420,219 |
| Non-controlling interests | | 52,882 | (29,610) |
| | | 495,322 | 390,609 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic and diluted | 12 | 0.47 | N/A |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|-----------------|-----------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 13 | 362,642 | 82,137 |
| Investment properties | 15 | 811,900 | 418,100 |
| Prepaid land lease payments | 16 | 258,430 | 109,678 |
| Intangible assets | 14 | 6,364 | – |
| Investments in joint ventures | 17 | 103,739 | 124,328 |
| Investments in associates | 18 | 281,185 | 286,462 |
| Deferred tax assets | 19 | 199,194 | 147,971 |
| Total non-current assets | | 2,023,454 | 1,168,676 |
| CURRENT ASSETS | | | |
| Properties under development | 21 | 17,397,704 | 6,990,880 |
| Completed properties held for sale | 22 | 2,123,761 | 1,280,040 |
| Trade receivables | | 2 | 1,992 |
| Due from related companies | 40 | 1,184,581 | 2,584,977 |
| Prepaid land lease payments | 16 | 5,440 | 2,346 |
| Prepayments, deposits and other receivables | 23 | 939,409 | 2,144,454 |
| Tax recoverable | | 145,782 | 100,396 |
| Available-for-sale investments | 20 | – | 321,008 |
| Restricted cash | 24 | 122,820 | 138,625 |
| Pledged deposits | 24 | 7,441 | – |
| Cash and cash equivalents | 24 | 1,589,181 | 1,171,303 |
| Total current assets | | 23,516,121 | 14,736,021 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 25 | 2,250,325 | 917,403 |
| Other payables, deposits received and accruals | 26 | 2,908,338 | 1,219,012 |
| Due to related companies | 40 | 1,615,416 | 2,013,667 |
| Interest-bearing bank and other borrowings | 29 | 5,300,063 | 1,342,363 |
| Contract liabilities | 28 | 5,274,810 | 3,839,732 |
| Financial guarantee contracts | 30 | 6,289 | 6,289 |
| Tax payable | 10 | 504,146 | 242,486 |
| Total current liabilities | | 17,859,387 | 9,580,952 |
| NET CURRENT ASSETS | | 5,656,734 | 5,155,069 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7,680,188 | 6,323,745 |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|---|-------|-----------------|-----------------|
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 29 | 4,891,341 | 4,317,734 |
| Financial guarantee contracts | 30 | 12,578 | 18,867 |
| Deferred tax liabilities | 19 | 365,970 | 699 |
| Total non-current liabilities | | 5,269,889 | 4,337,300 |
| NET ASSETS | | | |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 31 | 347 | – |
| Treasury shares | 31 | (7) | – |
| Reserves | 32 | 1,568,259 | 1,330,859 |
| | | 1,568,599 | 1,330,859 |
| Non-controlling interests | | 841,700 | 655,586 |
| TOTAL EQUITY | | 2,410,299 | 1,986,445 |

Mr. Ma Baohua
Director

Ms. Shao Lei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|---|--|---|--|---|------------------|--------------------------------------|-------------------------|
| | Share capital RMB'000 (note 31) | Treasury shares RMB'000 (note 31) | Merger reserve* RMB'000 (note 32(c)) | Capital reserve* RMB'000 (note 32(a)) | Statutory surplus reserves* RMB'000 (note 32(b)) | Retained profits/ (accumulated losses)* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| As at 1 January 2018 | – | – | 910,919 | – | 188,133 | 231,807 | 1,330,859 | 655,586 | 1,986,445 |
| Issue of new shares | 347 | (7) | – | – | – | – | 340 | – | 340 |
| Capital contribution upon the Reorganisation | – | – | (100,137) | – | – | – | (100,137) | – | (100,137) |
| Capital contribution from non-controlling shareholders of subsidiaries | – | – | – | – | – | – | – | 352,350 | 352,350 |
| Acquisition of subsidiaries | – | – | – | – | – | – | – | 159,171 | 159,171 |
| Share-based payment | – | – | – | 82,600 | – | – | 82,600 | – | 82,600 |
| Acquisition of a non-controlling shareholders by the then shareholders | – | – | (187,503) | – | – | – | (187,503) | (334,025) | (521,528) |
| Total comprehensive income for the year | – | – | – | – | – | 442,440 | 442,440 | 52,882 | 495,322 |
| Distribution declared to non-controlling shareholders** | – | – | – | – | – | – | – | (44,264) | (44,264) |
| As at 31 December 2018 | 347 | (7) | 623,279 | 82,600 | 188,133 | 674,247 | 1,568,599 | 841,700 | 2,410,299 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

| | Attributable to owners of the parent | | | | | | | Non-controlling interests RMB'000 | Total equity RMB'000 |
|---|---------------------------------------|--|---|---|---|------------------|----------|--------------------------------------|-------------------------|
| | Share capital RMB'000 (Note 31) | Merger reserve* RMB'000 (Note 32(c)) | Capital reserve* RMB'000 (Note 32(a)) | Statutory surplus reserve* RMB'000 (Note 32(b)) | Retained profits/ (accumulated losses)* RMB'000 | Total RMB'000 | | | |
| As at 1 January 2017 | – | 1,371,461 | – | 144,836 | 56,885 | 1,573,182 | 260,268 | 1,833,450 | |
| Disposal of a subsidiary to a related party which is under common control of the Then | | | | | | | | | |
| Parent Company | – | (35,614) | – | (19,791) | 19,791 | (35,614) | – | (35,614) | |
| Total comprehensive income/ for the year | – | – | – | – | 420,219 | 420,219 | (29,610) | 390,609 | |
| Appropriations to statutory surplus reserve | – | – | – | 63,088 | (63,088) | – | – | – | |
| Capital contribution from non-controlling shareholders | – | (424,928) | – | – | – | (424,928) | 522,928 | 98,000 | |
| Distribution declared to the then equity shareholders** | – | – | – | – | (202,000) | (202,000) | – | (202,000) | |
| Distribution declared to non-controlling shareholders** | – | – | – | – | – | – | (98,000) | (98,000) | |
| As at 31 December 2017 | – | 910,919 | – | 188,133 | 231,807 | 1,330,859 | 655,586 | 1,986,445 | |

* These reserve accounts represent the total consolidated reserves of RMB1,568,599,000 in the consolidated statements of financial position as at 31 December 2018 (at 31 December 2017: RMB1,330,859,000).

** Nanjing Hongyou Real Estate Co., Ltd., a subsidiary of the Group, declared dividend of RMB22,943,000 in 2018 (2017: RMB200,000,000). Nanjing Eastern Senior Living Health Industry Co., Ltd., a subsidiary of the Group, declared a dividend of RMB67,205,000 in 2018 (2017: nil).

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|--------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 1,061,857 | 594,981 |
| Adjustments for: | | | |
| Depreciation of items of property, plant and equipment | 6, 13 | 4,556 | 2,490 |
| Amortisation of prepaid land lease payments | 6, 16 | 2,346 | 2,346 |
| Amortisation of other intangible assets | 6, 14 | 558 | — |
| Gain on disposal of a joint venture | | (4) | — |
| Investment income of business combinations achieved in stages | 5 | (292,672) | — |
| Share of profits of joint ventures and associates | | (91,657) | (82,732) |
| Fair value gains on investment properties | 6, 15 | (14,803) | (21,028) |
| Changes in fair value of financial guarantee liabilities | 30 | (6,289) | 25,156 |
| Finance costs | 7 | 254,007 | 177,021 |
| Interest income | 5 | (22,561) | (30,833) |
| Share-based payments | 27 | 82,600 | — |
| (Increase)/decrease in properties under development and completed properties held for sale | | (5,854,913) | 1,998,951 |
| Decrease in restricted cash | | 98,887 | 74,565 |
| (Increase)/decrease in pledged deposits | 24 | (7,441) | 24,245 |
| Decrease in trade receivables | | 1,989 | 1,197 |
| Decrease/(increase) in prepayments, deposits and other receivables | | 1,600,364 | (389,317) |
| (Increase)/decrease in amounts due from related companies | | (8,729) | 216 |
| Increase in trade and bills payables | | 1,237,087 | 306,745 |
| Increase in other payables, deposits received and accruals | | 188,742 | 146,415 |
| Decrease in contract liabilities | | (740,899) | (2,155,850) |
| Increase in amounts due to related companies | | 6,373 | 17,259 |
| Cash generated (used in)/from operations | | (2,500,602) | 691,827 |
| Interest received | 5 | 22,561 | 30,833 |
| Interest paid | | (509,758) | (336,225) |
| Tax paid | | (263,274) | (336,076) |
| Net cash flows (used in)/from operating activities | | (3,251,073) | 50,359 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|------------------|--------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | 13 | (285,061) | (59,935) |
| Purchases of prepaid land lease payments | 16 | (154,192) | – |
| Purchase of other intangible assets | 14 | (6,922) | – |
| Additions in investment properties | 15 | (378,997) | (99,172) |
| Decrease of available-for-sale investments | | 321,008 | 109,492 |
| Acquisition of subsidiaries | 35 | (378,760) | – |
| Disposal of subsidiaries | 34 | – | (2,300) |
| Disposal of a joint venture | | 1,000 | – |
| Advances to third parties | | (2,085,039) | (1,604,301) |
| Payment of advance to third parties | | 3,067,981 | 338,430 |
| Advances to joint ventures and associates | | (1,364,727) | (2,067,289) |
| Payment of advance to joint ventures and associates | | 2,773,872 | 563,879 |
| Advance to related companies | | (66,552) | (112,618) |
| Payment of advance to related companies | | 66,531 | 423,800 |
| Investments in joint ventures and associates | | (120,060) | (56,100) |
| Disposal of items of property, plant and equipment | | 65 | – |
| Net cash flows from/(used in) investing activities | | 1,390,147 | (2,566,114) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capital contribution from non-controlling shareholders of the subsidiaries | | 352,350 | 98,000 |
| Capital contribution upon the Reorganisation | | (100,137) | – |
| Acquisition of additional interests in subsidiaries | | (521,528) | – |
| Dividends paid to the then equity shareholders | | – | (202,000) |
| Distribution declared to non-controlling shareholders | | (44,264) | (98,000) |
| Advance from third parties | | 3,760,838 | 615,145 |
| Repayment of advance from third parties | | (4,722,080) | (290,760) |
| Advances from related companies | | 6,150,024 | 7,245,445 |
| Repayment of advances from related companies | | (6,769,981) | (6,097,439) |
| Advance from joint ventures and associates | | 1,517,413 | 777,184 |
| Repayment of advances from joint ventures and associates | | (1,302,080) | (11,205) |
| Proceeds from interest-bearing bank and other borrowings | | 6,328,500 | 2,779,314 |
| Repayment of interest-bearing bank and other borrowings | | (2,370,250) | (1,494,983) |
| Net cash flows from financing activities | | 2,278,804 | 3,320,701 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|------------------|------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 417,878 | 804,946 |
| Cash and cash equivalents at beginning of year | | 1,171,303 | 366,357 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,589,181 | 1,171,303 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 24 | 1,719,442 | 1,309,928 |
| Less: Restricted cash | 24 | (122,820) | (138,625) |
| Pledged deposits | 24 | (7,441) | — |
| CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS | | 1,589,181 | 1,171,303 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2018, the subsidiaries now comprising the Group were involved in property development and property investment.

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the "Reorganisation") which was completed on 25 May 2018 as set out in the Prospectus of the Company dated 22 February 2019 (the "Prospectus").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 March 2019.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|--|--|----------------------|
| Directly held: | | | | |
| Yin Cheng Holding Limited | British Virgin Islands/ 16 January 2018 | USD50,000 | 100% | Indirectly holding |
| Investment held | | | | |
| 銀嘉城控股有限公司 Yinjiacheng Holding Ltd. | Hong Kong of China/ 6 February 2018 | HKD1 | 100% | Investment holding |
| 南京銀港企業管理諮詢有限公司 Nanjing Yingang Business Management Co., Ltd. ("Nanjing Yingang")* | People's Republic of China ("PRC")/ Mainland China/ 21 March 2018 | USD1,000,000 | 100% | Investment holding |
| 南京銀城房地產開發有限公司 Nanjing Yincheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 24 September 2009 | RMB100,100,100 | 100% | Property development |
| 南京西城房地產開發有限公司 Nanjing Xicheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 1 August 2002 | RMB20,000,000 | 100% | Property development |
| 南京弘全房地產開發有限公司 Nanjing Hongquan Real Estate Co., Ltd. ("Nanjing Hongquan")** (Note (c)) | PRC/Mainland China/ 15 January 2013 | RMB98,567,555 | 100% | Property development |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| Investment held (Continued) | | | | |
| 南京弘佑房地產開發有限公司 Nanjing Hongyou Real Estate Co., Ltd. ("Nanjing Hongyou")** (Note (d)) | PRC/Mainland China/ 15 January 2013 | RMB236,756,621 | 100% | Property development |
| 南京銀廣房地產開發有限公司 Nanjing Yinguang Real Estate Co., Ltd. ** | PRC/Mainland China/ 18 April 2014 | RMB200,000,000 | 100% | Property development |
| 南京銀卓房地產開發有限公司 Nanjing Yinzhuo Real Estate Co., Ltd. ** | PRC/Mainland China/ 21 April 2014 | RMB210,000,000 | 100% | Property development |
| 南京易城房地產開發有限公司 Nanjing Yicheng Real Estate Co., Ltd. ("Nanjing Yicheng") ** (Note (e)) | PRC/Mainland China/ 25 November 2014 | RMB50,000,000 | 100% | Property development |
| 南京東方頤年健康產業發展有限公司 Nanjing Eastern Senior Living Health Industry Co., Ltd. ("Nanjing Eastern Senior Living") *** (Note (f)) | PRC/Mainland China/ 25 March 2015 | RMB964,000,000 | 75% | Property development |
| 南京銀瀾企業管理有限公司 Nanjing Yinlan Management Co., Ltd. ** | PRC/Mainland China/ 25 September 2014 | RMB2,000,000 | 100% | Investment holding |
| 南京馬會置業有限公司 Nanjing Mahui Real Estate Co., Ltd. ("Nanjing Mahui") ** (Note (g)) | PRC/Mainland China/ 19 June 2004 | RMB286,000,000 | 100% | Property development |
| 南京佳運城房地產開發有限公司 Nanjing Jiayun City Real Estate Co., Ltd. *** | PRC/Mainland China/ 29 September 2016 | RMB100,000,000 | 51% | Property development |
| 南京九城興房地產開發有限公司 Nanjing Jiuchengxing Real Estate Co., Ltd. ("Nanjing Jiuchengxing") *** (Note (a)) | PRC/Mainland China/ 29 September 2016 | RMB100,000,000 | 50% | Property development |
| 南京銀嘉豐企業管理有限公司 Nanjing Yinjiafeng Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|--|--|----------------------|
| Investment held <i>(Continued)</i> | | | | |
| 南京銀嘉錦企業管理有限公司 Nanjing Yinjiain Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉澤企業管理有限公司 Nanjing Yinjiaze Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 14 October 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉湛企業管理有限公司 Nanjing Yinjiaghan Enterprise Management Co., Ltd. ** ("Nanjing Yinjiaghan ") | PRC/Mainland China/ 14 October 2016 | RMB51,000,000 | 100% | Investment holding |
| 南京銀嘉涵企業管理有限公司 Nanjing Yinjiahan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 17 November 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉瀚企業管理有限公司 Nanjing Yinjiahan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 17 November 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉潤企業管理有限公司 Nanjing Yinjiarun Enterprise Management Co., Ltd. *** | PRC/Mainland China/ 22 November 2016 | RMB1,010,000 | 99% | Investment holding |
| 南京銀嘉瀾企業管理有限公司 Nanjing Yinjialan Enterprise Management Co., Ltd. ** ("Nanjing Yinjialan ") (Note (b)) | PRC/Mainland China/ 22 November 2016 | RMB20,000,000 | 100% | Investment holding |
| 南京銀澤企業管理有限公司 Nanjing Yinze Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 27 December 2016 | RMB100,000 | 100% | Investment holding |
| 南京銀嘉源企業管理有限公司 Nanjing Yinjiayuan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 15 May 2017 | RMB1,010,000 | 100% | Investment holding |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|--|--|----------------------|
| Investment held <i>(Continued)</i> | | | | |
| 南京銀嘉瀛企業管理有限公司 Nanjing Yinjiaying Enterprise Management Co., Ltd. *** | PRC/Mainland China/ 15 September 2017 | RMB1,010,000 | 99% | Investment holding |
| 南京銀嘉淳企業管理有限公司 Nanjing Yinjiachun Enterprise Management Co., Ltd. *** | PRC/Mainland China/ 12 September 2017 | RMB1,010,000 | 99% | Investment holding |
| 無錫世紀花園房地產開發有限公司 Wuxi Century Garden Real Estate Co., Ltd. ** | PRC/Mainland China/ 14 March 2007 | RMB420,000,000 | 100% | Property development |
| 蘇州銀澤房地產開發有限公司 Suzhou Yinze Real Estate Co., Ltd. ("Suzhou Yinze") *** (Note (h)) | PRC/Mainland China/ 4 July 2017 | RMB200,000,000 | 70% | Property development |
| 無錫銀澤潤企業管理有限公司 Wuxi Yinzerun Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 31 July 2017 | RMB1,000,000 | 100% | Investment holding |
| 融創(江蘇)置業有限公司 SUNAC (Jiangsu) Real Estate Co., Ltd. ("SUNAC Real Estate") *** (Note (a)) | PRC/Mainland China/ 24 May 2017 | RMB300,000,000 | 50% | Property development |
| 南京銀嘉聚企業管理有限公司 Nanjing Yinjiaju Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 2 December 2016 | RMB10,000,000 | 100% | Investment holding |
| 南京銀嘉匯企業管理有限公司 Nanjing Yinjihui Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 November 2016 | RMB1,000,000 | 100% | Investment holding |
| 南京昌拓房地產有限公司 Nanjing Changtuo Real Estate Co., Ltd. ("Nanjing Changtuo") *** (Note (a)) | PRC/Mainland China/ 5 January 2018 | RMB20,000,000 | 50% | Property development |
| 無錫億豐置業有限公司 Wuxi Yifeng Real Estate Co., Ltd. ("Wuxi Yifeng") *** (Note (a)) | PRC/Mainland China/ 12 October 2011 | RMB160,000,000 | 35% | Property development |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|--|--|----------------------|
| Investment held <i>(Continued)</i> | | | | |
| 合肥銀城房地產開發有限公司 Hefei Yincheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 11 April 2018 | RMB100,000,000 | 100% | Property development |
| 合肥銀贊泓企業管理有限公司 Hefei Yinanzhong Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 29 May 2018 | RMB1,000,000 | 100% | Investment holding |
| 合肥銀智瀘企業管理有限公司 Hefei Yinzhilu Enterprise Management Co., Ltd.** | PRC/Mainland China/ 29 May 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉瀕企業管理有限公司 Nanjing Yinjiabin Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉渤企業管理有限公司 Nanjing Yinjiabo Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉測企業管理有限公司 Nanjing Yinjiace Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉津企業管理有限公司 Nanjing Yinjiain Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉瀝企業管理有限公司 Nanjing Yinjiali Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉浦企業管理有限公司 Nanjing Yinjiapu Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉淇企業管理有限公司 Nanjing Yinjiqi Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION (Continued)

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|--|--|---|---|----------------------|
| Investment held (Continued) | | | | |
| 南京銀嘉淞企業管理有限公司 Nanjing Yinjasong Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 21 May 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉涎企業管理有限公司 Nanjing Yinjaxian Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉馮企業管理有限公司 Nanjing Yinjiayu Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 22 January 2018 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀城房地產開發有限公司 Wuxi Yincheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 1 August 2005 | RMB600,000,000 | 100% | Property development |
| 南京銀嘉淵企業管理有限公司 Nanjing Yinjiayuan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 1 February 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀嘉滇企業管理有限公司 Nanjing Yinjiazhen Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 21 May 2018 | RMB1,000,000 | 100% | Investment holding |
| 南京銀科企業管理有限公司 Nanjing Yinke Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 15 May 2018 | RMB50,000,000 | 100% | Investment holding |
| 無錫銀澤辰企業管理有限公司 Wuxi Yinzechen Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 14 March 2018 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤瀚企業管理有限公司 Wuxi Yinzehan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 28 March 2018 | RMB1,000,000 | 100% | Investment holding |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|--|--|----------------------|
| Investment held <i>(Continued)</i> | | | | |
| 無錫銀澤瀾企業管理有限公司 Wuxi Yinzelan Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 14 March 2018 | RMB1,000,000 | 100% | Investment holding |
| 無錫銀澤鑫企業管理有限公司 Wuxi Yinze Xin Enterprise Management Co., Ltd. ** | PRC/Mainland China/ 29 March 2018 | RMB1,000,000 | 100% | Investment holding |
| 徐州長順置業有限公司 Xuzhou Changshun Real Estate Co., Ltd. ** | PRC/Mainland China/ 24 February 2014 | RMB20,000,000 | 100% | Property development |
| 浙江銀澤房地產有限責任公司 Zhejiang Yinze Real Estate Co., Ltd. ** | PRC/Mainland China/ 14 May 2018 | RMB100,000,000 | 100% | Property development |
| 鎮江恆潤房地產開發有限公司 Zhenjiang Hengrun Real Estate Co., Ltd. ("Zhenjiang Hengrun") *** (Note (a)) | PRC/Mainland China/ 9 April 2018 | RMB105,000,000 | 33% | Property development |
| 杭州銀弘實業有限責任公司 Hangzhou Yinhong Industrial Co., Ltd. ** | PRC/Mainland China/ 11 February 2018 | RMB300,000,000 | 100% | Property development |
| 南京空港會展投資管理有限公司 Nanjing Airport Exhibition Investment Management Co., Ltd. ("Nanjing Airport Exhibition ") *** (Note (a)) | PRC/Mainland China/ 18 August 2017 | RMB200,000,000 | 49% | Property development |
| 馬鞍山順碧房地產開發有限公司 Ma'anshan Shunbi Real Estate Co., Ltd. ("Ma'anshan Shunbi ") *** (Note (a)) | PRC/Mainland China/ 21 December 2017 | RMB30,003,000 | 33% | Property development |
| 南京銀匠工程諮詢有限公司 Nanjing Yinjiang Engineering Consulting Co., Ltd. ** | PRC/Mainland China/ 21 August 2018 | RMB1,000,000 | 100% | Consulting |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

| Subsidiaries | Place and date of incorporation/ establishment and place of operations | Nominal value of registered share capital | Percentage of equity interest attributable to the Company | Principal activities |
|---|--|--|--|----------------------|
| Investment held <i>(Continued)</i> | | | | |
| 江陰銀澤房地產開發有限公司 Jiang Yin Yinze Real Estate Co., Ltd. ** | PRC/Mainland China/ 24 October 2018 | RMB100,000,000 | 100% | Property development |
| 徐州銀城房地產開發有限公司 Xuzhou Yincheng Real Estate Co., Ltd. ** | PRC/Mainland China/ 3 August 2018 | RMB100,000,000 | 100% | Property development |

* Nanjing Yingang is registered as a wholly-foreign-owned enterprise under PRC law.

** These companies are wholly-owned subsidiaries of the Company.

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

The English names of all group companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names.

The statutory financial statements of the above subsidiaries established in the PRC prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Note (a): Nanjing Changtuo, Wuxi Yifeng, Nanjing Jiuchengxing, Zhenjiang Hengrun and Ma'anshan Shunbi are accounted for as subsidiaries of the Group mainly because the Group owns 51% of the voting rights according to the articles of association and the supplemental agreement regarding voting arrangement entered into between the shareholders, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.

SUNAC Real Estate and Nanjing Airport Exhibition are accounted for as subsidiaries of the Group mainly because the Group owns 100% of the voting rights according to the supplemental agreement regarding voting arrangement entered into between the shareholders of SUNAC Real Estate and Nanjing Airport Exhibition, through which the Group has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Note (b): The percentage of attributable equity interests presented is the percentage of beneficiary interests held by the Group. The equity interests in this entity legally held by the Group are lower than the beneficiary interests because of the existence of the trust financing arrangement.

The Group legally transferred the equity interests in the following subsidiary as collateral to a trust financing company as at 31 December 2018.

| | Percentage of equity pledged as at 31 December 2018 |
|-------------------|---|
| Nanjing Yinjialan | 67% |

Under the aforementioned arrangement, the Group was obliged to repurchase the equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing company.

Note (c): The Group had a 26.01% equity interest in Nanjing Hongquan as at 31 December 2017, and Nanjing Hongquan was accounted for an associate of the Group. On 2 May 2018, the Group acquired another 73.99% equity interest in Nanjing Hongquan from the other two shareholders, after which the Group owned 100% equity interest of it. Further details of this acquisition are included in note 35 to the financial statements.

Note (d): The Group had a 51% equity interest in Nanjing Hongyou as at 31 December 2017. On 28 May 2018, the Group acquired another 49% equity interest in Nanjing Hongyou from the other shareholder, after which the Group owned 100% equity interest in it.

Note (e): The Group had a 40% equity interest in Nanjing Yicheng as at 31 December 2017, and Nanjing Yicheng was accounted for an associate of the Group. On 2 May 2018, the Group acquired another 60% equity interest in Nanjing Yicheng from the other two shareholders, after which the Group owned 100% equity interest in it. Further details of this acquisition are included in note 35 to the financial statements.

Note (f): The Group has a 50.83% equity interest in Nanjing Eastern Senior Living as at 31 December 2017. On 28 May 2018, the Group acquired another 24.17% equity interest in Nanjing Eastern Senior Living from the other two shareholders, after which the Group owned 75% equity interest in it.

Note (g): The Group had a 48.35% equity interest in Nanjing Mahui as at 31 December 2017, and Nanjing Mahui was accounted for an associate of the Group. On 2 May 2018, the Group acquired another 51.65% equity interest in Nanjing Mahui from the other two shareholders, after which the Group owned 100% equity interest in it. Further details of this acquisition are included in note 35 to the financial statements.

Note (h): The Group had a 51% equity interest in Suzhou Yinze as at 31 December 2017. On 5 June 2018, the Group acquired another 19% equity interest in Suzhou Yinze from the other shareholder, after which the Group owned 70% equity interest in it.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, (which include all standards and interpretations approved by the IASB, and International Accounting Standards (“IASs”), Standing Interpretations Committee interpretations) approved by the IASB that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties 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 Group for the year ended 31 December 2018. 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 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 2018

2.1 BASIS OF PREPARATION *(Continued)*

The Group has applied IFRS 9, which is effective for annual periods beginning on or after 1 January 2018. The Group has not restated the financial information from 1 January 2017 to 31 December 2017 for financial instruments in the scope of IFRS 9. The financial information from 1 January 2017 to 31 December 2017 is reported under International Accounting Standard 39 (“IAS 39”) and is not comparable to the information presented for 2018. Based on evaluation, the directors of the Company are of the opinion that the differences arising from the adoption of IFRS 9 are considered immaterial.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year’s financial statements.

| | |
|--|--|
| Amendments to IFRS 2 | <i>Classification and Measurement of Share-based Payment Transactions</i> |
| Amendments to IFRS 4 | <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> |
| IFRS 9 | <i>Financial Instruments</i> |
| IFRS 15 | <i>Revenue from Contracts with Customers</i> |
| Amendments to IFRS 15 | <i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i> |
| Amendments to IAS 40 | <i>Transfers of Investment Property</i> |
| IFRIC 22 | <i>Foreign Currency Transactions and Advance Consideration</i> |
| <i>Annual Improvements 2014–2016 Cycle</i> | <i>Amendments to IFRS 1 and IAS 28</i> |

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39’s incurred credit loss calculations with IFRS 9’s expected credit losses (“ECLs”).

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

| In RMB'000 | IAS 39 measurement | | Reclassification | Remeasurement | IFRS 9 measurement | |
|--|--------------------|-----------|------------------|---------------|--------------------|--------------------|
| Financial assets | Category | Amount | | ECL | Amount | Category |
| Due from related companies | L&R* | 2,584,977 | - | - | 2,584,977 | AC** |
| Trade receivables | L&R | 1,992 | - | - | 1,992 | AC |
| Financial assets included in prepayments, deposits and other receivables | L&R | 1,553,419 | - | - | 1,553,419 | AC |
| Restricted cash | L&R | 138,625 | - | - | 138,625 | AC |
| Cash and cash equivalents | L&R | 1,171,303 | - | - | 1,171,303 | AC |
| | | 5,450,316 | - | - | 5,450,316 | |
| In RMB'000 | IAS 39 measurement | | Reclassification | Remeasurement | IFRS 9 measurement | |
| Financial assets | Category | Amount | | ECL | Amount | Category |
| Financial investments | | | | | | |
| — AFS | | 321,008 | (321,008) | | N/A | |
| <i>To: Financial assets at FVTPL</i> | | | (321,008) | | | |
| | AFS | 321,008 | (321,008) | | N/A | |
| Financial assets at FVTPL | | N/A | 314,002 | - | 314,002 | FVTPL (mandatory) |
| Financial assets at FVTPL | | N/A | 7,006 | - | 7,006 | FVTPL (designated) |
| <i>From: Financial investments</i> | | | | | | |
| — AFS | | | 321,008 | | 321,008 | |
| | | N/A | 321,008 | | 321,008 | FVTPL |
| Trade and bills payables | AC | 917,403 | - | - | 917,403 | AC |
| Financial liabilities included in other payables, deposits received and accruals | AC | 1,176,863 | - | - | 1,176,863 | AC |
| Due to related companies | AC | 2,013,667 | - | - | 2,013,667 | AC |
| Financial guarantee contracts | | 25,156 | - | - | 25,156 | |
| Interest-bearing bank and other borrowings | AC | 5,660,097 | - | - | 5,660,097 | AC |
| | | 9,793,186 | - | - | 9,793,186 | |

* L&R: Loans and receivables

** AC: Amortised cost



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

There was no significant impact from replacing the aggregate opening loan loss provision allowances under IAS 39 with ECL allowances under IFRS 9 on financial instruments as at 1 January 2018.

Besides, IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after 1 January 2018, have been early adopted by the Company. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. Early adoption of IFRS 15 and its amendments is permitted.

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. The Group intends to adopt them, if applicable, when they become effective.

| | |
|--|---|
| Amendments to IFRS 3 | <i>Definition of a Business</i> ² |
| Amendments to IFRS 9 | <i>Prepayment Features with Negative Compensation</i> ¹ |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴ |
| IFRS 16 | <i>Leases</i> ¹ |
| IFRS 17 | <i>Insurance Contracts</i> ³ |
| Amendments to IAS 1 and IAS 8 | <i>Definition of Material</i> ² |
| Amendments to IAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> ¹ |
| Amendments to IAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> ¹ |
| IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> ¹ |
| <i>Annual Improvements 2015–2017 Cycle</i> | Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 ¹ |

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

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 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the HKICPA in January 2016 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.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property* or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosure than IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 31 December 2018 were RMB11,083,000, with the minimum lease payments due less than one year amounting to RMB6,095,000 and those due more than one year, less than five years amounting to RMB4,993,000. Given that the Group had total assets of RMB25,539,575,000 and total liabilities of RMB23,129,276,000 as at 31 December 2018, the director of the Group anticipates that the first adoption of IFRS 16 will have no material impact on the Group's financial position and financial performance.

Except as described above, the management of the Group anticipates that the application of the new and revised IFRSs will have no material impact on the Group's financial position and financial performance in the foreseeable future.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in an associate 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 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 recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties, available-for-sale investments and FVTPL at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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 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 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.

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.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

| | |
|---|---|
| Motor vehicles | 24% |
| Office equipment and electronic devices | 19%–32% |
| Leasehold improvements | Over the shorter of the lease terms and 20% |

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise, including the corresponding tax effect. Fair value is determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in profit or loss in the year of derecognition.

Transfers are made to (of from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owned-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to its 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.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Prepaid land lease payments

All land in the PRC is state-owned or collectively-owned. There is no individual land ownership right. The Group acquired the right to use certain land. The premiums paid for such right and the improvements related to the land are treated as prepayment for operating lease and recorded as prepaid land lease payment, which are amortised over the lease periods using the straight-line method.

Financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale (“AFS”) financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Loans and receivables
- AFS financial assets

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 EIR. The effective interest rate (EIR) amortisation is included in finance income in the statements of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statements of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other expenses for receivables.

AFS financial assets

AFS financial assets include debt securities. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains and losses recognised in other comprehensive income (“OCI”) and credited to the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statements of profit or loss and other comprehensive income in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets (policies under IAS 39 applicable before 1 January 2018) *(Continued)*

AFS financial assets *(Continued)*

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statements of profit or loss and other comprehensive income.

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

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 statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the statements of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statements of profit or loss and other comprehensive income.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

(Continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statements of profit or loss and other comprehensive income, is removed from OCI and recognised in the statements of profit or loss and other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statements of profit or loss and other comprehensive income. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statements of profit or loss and other comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statements of profit or loss and other comprehensive income.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and at 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.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

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.

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)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets (policies under IFRS 9 applicable from 1 January 2018) *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

Impairment

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.

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.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(i) *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the 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.

(ii) *Financial guarantee contracts (policies under IFRS 9 applicable from 1 January 2018)*

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" in "financial assets (policies under IFRS 9 applicable from 1 January 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(iii) *Financial guarantee contracts (policies under IAS 39 applicable before 1 January 2018)*

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 contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

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.

Treasury shares

Own equity instruments which are held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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 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 each 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 profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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 each 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 each 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 and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- 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 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.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of properties and services provided in the ordinary course of the Group's activities. Revenue is shown, net of taxes.

Sales of properties

Revenue is recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Sales of properties *(Continued)*

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 contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

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.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 27.

That cost is recognised in employee benefit expense, together with a corresponding increase in equity (capital reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statements of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled transactions *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Other employee retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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).

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, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. 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 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.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of 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 tax in the PRC. As a result of the fact that certain matters relating to the income tax have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for the income tax to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

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 reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Estimate of fair value of investment properties

Investment properties under construction carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amount of investment properties at 31 December 2018 was RMB811,900,000 (2017: RMB418,100,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Share-based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2018.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties and rental income during the reporting year.

An analysis of revenue, other income and gains is as follows:

| | 2018 RMB'000 | 2017 RMB'000 |
|---|------------------|------------------|
| Revenue | | |
| Sale of properties | 5,067,075 | 4,668,966 |
| Rental income | 3,019 | 6,678 |
| | 5,070,094 | 4,675,644 |
| | | |
| | 2018 RMB'000 | 2017 RMB'000 |
| Represented by: | | |
| Revenue from sale of properties: | | |
| Recognised at a point in time | 5,067,075 | 4,668,966 |
| Revenue from other sources: | | |
| Property lease income | 3,019 | 6,678 |
| | 5,070,094 | 4,675,644 |
| | | |
| Other income and gains | | |
| Government grants | 124 | 3,007 |
| Interest income | 22,561 | 30,833 |
| Forfeiture of deposits | 1,203 | 1,155 |
| Project management income | 6,851 | – |
| Investment income on business combination achieved in steps | 292,672 | – |
| Others | 658 | 507 |
| | 324,069 | 35,502 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | Notes | 2018 RMB'000 | 2017 RMB'000 |
|--|-------|-----------------|-----------------|
| Cost of inventories sold | 22 | 3,598,812 | 3,890,650 |
| Rental costs | | 1,231 | 1,467 |
| Depreciation of items of property, plant and equipment | 13 | 4,556 | 2,490 |
| Amortisation of prepaid land lease payments | 16 | 2,346 | 2,346 |
| Amortisation of other intangible assets | 14 | 558 | – |
| Rental expenses | | 6,067 | 4,959 |
| Listing fee | | 26,601 | – |
| Auditors' remuneration | | 2,000 | 770 |
| Employee benefit expense (including directors' and chief executive's remuneration (note 8)): | | | |
| Wages and salaries | | 126,927 | 35,288 |
| Pension scheme contributions and social welfare | | 21,829 | 6,709 |
| Fair value gains on investment properties | 15 | (14,803) | (21,028) |

7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2018 RMB'000 | 2017 RMB'000 |
|---------------------------------------|-----------------|-----------------|
| Interest on bank and other borrowings | 537,255 | 348,338 |
| Interest on pre-sales deposits | 166,629 | 168,116 |
| Less: Interest capitalised | (449,877) | (339,433) |
| | 254,007 | 177,021 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | 2018 RMB'000 | 2017 RMB'000 |
|---|-----------------|-----------------|
| Fees | – | – |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | 5,985 | 5,307 |
| Performance-related bonuses* | 2,233 | 1,240 |
| Pension scheme contributions and social welfare | 578 | 527 |
| Share-based payment | 65,005 | – |
| | 73,801 | 7,074 |

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

(a) Independent non-executive directors

Mr. Lam Ming Fai, Mr. Chan Peng Kuan and Mr. Chen Shi Min were appointed as independent non-executive directors of the Company on 18 February 2019. There was no emolument payable to the independent non-executive directors during the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, non-executive directors

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance- related bonuses RMB'000 | Share-based payment RMB'000 | Pension scheme contributions and social welfare RMB'000 | Total remuneration RMB'000 |
|--------------------------|-----------------|---|---|-----------------------------------|--|----------------------------------|
| 2018 | | | | | | |
| Executive directors: | | | | | | |
| — Mr. Ma Bao Hua | — | 982 | 420 | 37,087 | 102 | 38,591 |
| — Mr. Zhu Li | — | 1,052 | 420 | — | 102 | 1,574 |
| — Mr. Wang Zheng | — | 720 | 420 | 13,959 | 102 | 15,201 |
| — Ms. Shao Lei | — | 739 | 420 | 13,959 | 102 | 15,220 |
| | — | 3,493 | 1,680 | 65,005 | 408 | 70,586 |
| Non-executive directors: | | | | | | |
| — Mr. Huang Qing Ping | — | 1,938 | 133 | — | 68 | 2,139 |
| — Mr. Xie Chen Guang | — | 554 | 420 | — | 102 | 1,076 |
| | — | 2,492 | 553 | — | 170 | 3,215 |
| | — | 5,985 | 2,233 | 65,005 | 578 | 73,801 |
| 2017 | | | | | | |
| Executive directors: | | | | | | |
| — Mr. Ma Bao Hua | — | 882 | 420 | — | 93 | 1,395 |
| — Mr. Zhu Li | — | 874 | — | — | 93 | 967 |
| — Mr. Wang Zheng | — | 631 | — | — | 93 | 724 |
| — Ms. Shao Lei | — | 581 | 400 | — | 93 | 1,074 |
| | — | 2,968 | 820 | — | 372 | 4,160 |
| Non-executive directors: | | | | | | |
| — Mr. Huang Qing Ping | — | 1,474 | 420 | — | 62 | 1,956 |
| — Mr. Xie Chen Guang | — | 865 | — | — | 93 | 958 |
| | — | 2,339 | 420 | — | 155 | 2,914 |
| | — | 5,307 | 1,240 | — | 527 | 7,074 |

Mr. Ma Bao Hua is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2018 included four directors (2017: four directors). Details of those directors' remuneration are set out in note 8 above. Details of the remuneration for the year ended 31 December 2018, which is one (2017: one), of the highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

| | 2018 RMB'000 | 2017 RMB'000 |
|---|-----------------|-----------------|
| Salaries, allowances and benefits in kind | 671 | 872 |
| Performance-related bonuses | 420 | – |
| Share-based payment | 17,595 | – |
| Pension and social welfare | 102 | 93 |
| | 18,788 | 965 |

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 | |
|----------------------------------|---------------------|----------|
| | 2018 | 2017 |
| HK\$1,000,001 to HK\$1,500,000 | – | 1 |
| HK\$21,000,001 to HK\$21,500,000 | 1 | – |
| | 1 | 1 |

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2018.

Subsidiaries of the Group operating in Mainland China are subject to PRC corporate income tax rate at a of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

10. INCOME TAX (Continued)

| | 2018 RMB'000 | 2017 RMB'000 |
|--------------------------------------|-----------------|-----------------|
| Current tax: | | |
| PRC corporate income tax | 263,786 | 131,987 |
| PRC LAT | 304,030 | 78,542 |
| Deferred tax (note 19) | (1,281) | (6,157) |
| Total tax charge for the year | 566,535 | 204,372 |

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 reporting period is as follows:

| | 2018 RMB'000 | 2017 RMB'000 |
|---|-----------------|-----------------|
| Profit before tax | 1,061,857 | 594,981 |
| At the statutory income tax rate | 265,464 | 148,745 |
| Profits attributable to joint ventures and associates | (22,914) | (20,683) |
| Investment income recognised in acquisition of subsidiaries | (73,168) | – |
| Expenses not deductible for tax | 24,853 | 2,943 |
| Deductible temporary differences not recognised | 6,156 | 1,048 |
| Withholding taxes on undistributed profits of the subsidiaries in the PRC | 27,984 | – |
| Tax losses not recognised | 110,138 | 13,412 |
| Provision for LAT | 304,030 | 78,542 |
| Tax effect on LAT | (76,008) | (19,635) |
| Tax charge at the Group's effective rate | 566,535 | 204,372 |

Tax payable in the consolidated statement of financial position represents:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|----------------------------------|--------------------------------|--------------------------------|
| PRC corporate income tax payable | 118,338 | 67,240 |
| PRC LAT payable | 385,808 | 175,246 |
| Total tax payable | 504,146 | 242,486 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

11. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

| | 2018 RMB |
|---|-------------|
| Earnings | |
| Profit attributable to ordinary equity holders of the Company | |
| Basic and diluted earnings per share* | 0.47 |

* The Company was incorporated on 8 January 2018. Therefore, directors are of the opinion that the earnings per share for the year ended 31 December 2017 is not applicable in this annual consolidated financial information.

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of shares in issue during the year as follows:

The calculation of basic earnings per share is based on:

| | 2018 RMB'000 |
|---|-----------------|
| Profit attributable to ordinary equity holders of the Company | 442,440 |

The calculation of weighted average number of ordinary shares of approximately 947,280,356 comprises the weighted average number of shares issued during the year ended 31 December 2018 and approximately 1,058,534,993 ordinary shares issued pursuant to the capitalization issue after the reporting period.

| | 2018 (approximately) | 2017 (approximately) |
|--|-------------------------|-------------------------|
| Issue of shares on 8 January 2018 | 3,296,327 | – |
| Issue of shares on 29 May 2018 | 954,818 | – |
| Effect of capitalisation issue | 1,058,534,993 | – |
| Weighted average number of ordinary shares | 947,280,356 | – |

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2018 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT

| | Motor vehicles RMB'000 | Office equipment and electronic devices RMB'000 | Leasehold improvements RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|------------------------------|--|--------------------------------------|--|------------------|
| 31 December 2018 | | | | | |
| At 1 January 2018: | | | | | |
| Cost | 4,296 | 5,441 | 8,211 | 79,271 | 97,219 |
| Accumulated depreciation | (4,242) | (5,131) | (5,709) | – | (15,082) |
| Net carrying amount | 54 | 310 | 2,502 | 79,271 | 82,137 |
| At 1 January 2018, net of accumulated depreciation | 54 | 310 | 2,502 | 79,271 | 82,137 |
| Additions | 2,334 | 5,507 | 3,770 | 273,450 | 285,061 |
| Acquisition of subsidiaries | – | 65 | – | 65 | – |
| Disposals | (20) | (45) | – | – | (65) |
| Depreciation provided during the year | (818) | (1,040) | (2,698) | – | (4,556) |
| At 31 December 2018, net of accumulated depreciation | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |
| At 31 December 2018: | | | | | |
| Cost | 6,610 | 10,903 | 12,046 | 352,721 | 382,280 |
| Accumulated depreciation | (5,060) | (6,171) | (8,407) | – | (19,638) |
| Net carrying amount | 1,550 | 4,732 | 3,639 | 352,721 | 362,642 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Motor vehicles RMB'000 | Office equipment and electronic devices RMB'000 | Leasehold improvements RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|------------------------------|--|--------------------------------------|--|------------------|
| 31 December 2017 | | | | | |
| At 1 January 2017: | | | | | |
| Cost | 4,296 | 5,317 | 8,211 | 19,460 | 37,284 |
| Accumulated depreciation | (1,369) | (4,806) | (4,145) | – | (10,320) |
| Net carrying amount | 2,927 | 511 | 4,066 | 19,460 | 26,964 |
| At 1 January 2017, net of accumulated depreciation | | | | | |
| Additions | – | 124 | – | 59,811 | 59,935 |
| Disposals | (2,016) | (158) | (98) | – | (2,272) |
| Depreciation provided during the year | (857) | (167) | (1,466) | – | (2,490) |
| At 31 December 2017, net of accumulated depreciation | 54 | 310 | 2,502 | 79,271 | 82,137 |
| At 31 December 2017: | | | | | |
| Cost | 4,296 | 5,441 | 8,211 | 79,271 | 97,219 |
| Accumulated depreciation | (4,242) | (5,131) | (5,709) | – | (15,082) |
| Net carrying amount | 54 | 310 | 2,502 | 79,271 | 82,137 |

There were no property, plant and equipment being pledged as at 31 December 2018 and 31 December 2017.

The amount of borrowing costs capitalised during the years ended 31 December 2018 was RMB21,002,000 (31 December 2017: RMB19,459,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9%, which was the EIR of the specific borrowings.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

14. INTANGIBLE ASSETS

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Software | | |
| At the beginning of the year: | | |
| Cost | | |
| Accumulated amortisation | – | – |
| Net carrying amount | – | – |
| Carrying amount at the beginning of the year | – | – |
| Additions | 6,922 | – |
| Amortisation provided during the year | (558) | – |
| Carrying amount at the end of the year | 6,364 | – |
| At the end of the year: | | |
| Cost | 6,922 | – |
| Accumulated amortisation | (558) | – |
| Net carrying amount | 6,364 | – |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

15. INVESTMENT PROPERTIES

| | Under construction RMB'000 | Completed RMB'000 | Total RMB'000 |
|--|----------------------------------|----------------------|------------------|
| Carrying amount at 1 January 2017 | 262,400 | 87,700 | 350,100 |
| Additions | 99,172 | – | 99,172 |
| Disposal of a subsidiary | – | (52,200) | (52,200) |
| Net gain from a fair value adjustment | 19,328 | 1,700 | 21,028 |
| Carrying amount at 31 December 2017 and 1 January 2018 | 380,900 | 37,200 | 418,100 |
| Additions | 378,997 | – | 378,997 |
| Investment properties under construction transferred to investment properties completed | (774,400) | 774,400 | – |
| Net gain from a fair value adjustment | 14,503 | 300 | 14,803 |
| Carrying amount at 31 December 2018 | – | 811,900 | 811,900 |

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2018 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB811,900,000 (2017: RMB418,100,000). The Group's senior finance manager and the chief financial officer 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 and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with an aggregate carrying amount of approximately RMB211,182,000 at 31 December 2018 (31 December 2017: RMB196,596,000) have been pledged to secure bank and other borrowings granted to the Group which are disclosed in note 29.

| Recurring fair value measurement for | Fair value measurement as at 31 December 2018 using | | | Total RMB'000 |
|--------------------------------------|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Investment properties Completed | – | – | 811,900 | 811,900 |
| | – | – | 811,900 | 811,900 |

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 (2017: nil).

15. INVESTMENT PROPERTIES *(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 | |
|--|------------------------------|--|---------------------------|----------|
| | | | 2018 | 2017 |
| Completed commercial properties | Income capitalisation method | Estimated rental value (RMB per sq.m. and per month) | RMB64–81 | RMB70–79 |
| | | Capitalisation rate | 5.0%–5.5% | 5.5% |
| Commercial properties under construction | Comparison method | Expected profit margin | 15% | 15% |

The fair value of completed commercial properties is determined by the income capitalisation method by taking into account the net 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 has also been made to the comparable sales transactions as available in the relevant market.

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 in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction costs and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction costs would result in the lower the fair value of the investment properties under construction.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

16. PREPAID LAND LEASE PAYMENTS

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--------------------------------|--------------------------------|--------------------------------|
| Carrying amount at 1 January | 112,024 | 114,370 |
| Additions | 154,192 | – |
| Amortisation | (2,346) | (2,346) |
| Carrying amount at 31 December | 263,870 | 112,024 |
| Less: Current portion | (5,440) | (2,346) |
| Non-current portion | 258,430 | 109,678 |

Certain of the Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB109,678,000 as at 31 December 2018 (31 December 2017: RMB112,024,000) have been pledged to secure bank and other borrowings granted to the Group which are disclosed in note 29.

17. INVESTMENTS IN JOINT VENTURES

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---------------------|--------------------------------|--------------------------------|
| Share of net assets | 103,739 | 124,328 |

The Group's trade receivable and payable balances with joint ventures are disclosed in note 40 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows:

2018

| Name | Paid-in capital RMB'000 | Place of registration and business | Percentage of | | | Principal activities |
|--|----------------------------|------------------------------------|--------------------|--------------|----------------|----------------------|
| | | | Ownership interest | Voting power | Profit sharing | |
| 南京九城興房地產開發有限公司 Nanjing Jiuchengxing Real Estate Co., Ltd. ("Nanjing Jiuchengxing") | 100,000 | PRC/ Nanjing China 2016 | 50% (note a) | 51% | 50% | Property development |
| 南京佳佑城房地產開發有限公司 Nanjing Jiayou City Real Estate Co., Ltd. ("Nanjing Jiayou City") | 100,000 | PRC/Nanjing China 2017 | 50% (note b) | 50% | 50% | Property development |
| 無錫天弘利信房地產諮詢有限公司 Wuxi Tianhonglixin Property Consulting Co., Ltd. ("Wuxi Tianhonglixin") | 10,000 | PRC/Wuxi China 2016 | 65% (note c) | 65% | 65% | Property development |
| 新城房地產開發(無錫)有限公司 Xincheng Real Estate (Wuxi) Co., Ltd. ("Xincheng Real Estate") | 93,000 | PRC/Wuxi China 2005 | 65% (note c) | 65% | 65% | Property development |
| 蘇州恆萬置地有限公司 Suzhou Hengwan Land Co., Ltd. ("Suzhou Hengwan") | 180,000 | PRC/Suzhou China 2017 | 16.7% (note d) | 16.7% | 16.7% | Property development |
| 蘇州立泰置業有限公司 Suzhou Litai Real Estate Co., Ltd. ("Suzhou Litai") | 100,000 | PRC/Suzhou China 2018 | 20.01% (note e) | 20.01% | 20.01% | Property development |
| 南京銀嘉泓企業管理有限公司 Nanjing Yinjiahong Enterprise Management Co., Ltd. ("Nanjing Yinjiahong") | 100,000 | PRC/Nanjing China 2017 | 51% (note f) | 51% | 51% | Investment holding |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

2017

| Name | Paid-in capital RMB'000 | Place of registration and business | Percentage of | | | Principal activities |
|----------------------|----------------------------|------------------------------------|--------------------|--------------|----------------|----------------------|
| | | | Ownership interest | Voting power | Profit sharing | |
| Nanjing Jiuchengxing | 100,000 | PRC/2016 Nanjing | 50% (note a) | 50% | 50% | Property development |
| Nanjing Jiayou City | 100,000 | PRC/2017 Nanjing | 51% (note b) | 51% | 51% | Property development |
| Wuxi Tianhonglixin | 10,000 | PRC/2016 Wuxi | 65% (note c) | 65% | 65% | Property development |
| Xincheng Real Estate | 93,000 | PRC/2005 Wuxi | 65% (note c) | 65% | 65% | Property development |
| Suzhou Hengwan | 180,000 | PRC/2017 Suzhou | 16.7% (note d) | 16.7% | 16.7% | Property development |
| Nanjing Yinjiahong | 100,000 | PRC/2017 Nanjing | 51% (note f) | 51% | 51% | Investment holding |

Note a: Pursuant to the revised articles of association of Nanjing Jiuchengxing dated 21 March 2018, the Group gained additional 1% voting rights in Nanjing Jiuchengxing, and accordingly, Nanjing Jiuchengxing is accounted for as a subsidiary by virtue of the Group's control over it as at 31 December 2018.

Note b: Pursuant to the share transfer agreement dated 10 March 2018, the Group disposed of its 1% equity interest in Nanjing Jiayou City to the other joint venture partner for a consideration of RMB1,000,000.

Note c: As at 31 December 2018 and 2017, Wuxi Tianhonglixin had two shareholders holding 65% and 35% equity interests, respectively. Pursuant to the articles of association of Wuxi Tianhonglixin, all shareholder resolutions of Wuxi Tianhonglixin shall be resolved by two thirds of voting rights. In light of this requirement, Wuxi Tianhonglixin are accounted for as a joint venture of the Company notwithstanding that the Company held 65% equity interest as at 31 December 2018. Xincheng Real Estate is the subsidiary of Wuxi Tianhonglixin.

Note d: As at 31 December 2018 and 2017, Suzhou Hengwan had six shareholders holding 16.70%, 16.66%, 16.66%, 16.66%, 16.66% and 16.66% equity interests, respectively. Pursuant to the articles of association of Suzhou Hengwan, all shareholder resolutions of Suzhou Hengwan shall be resolved by the six shareholders on an unanimous basis. In light of this requirement, Suzhou Hengwan is accounted for as a joint venture of the Company notwithstanding that the Company held a 16.67% equity interest as at 31 December 2018.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's joint ventures are as follows: (Continued)

2017 (Continued)

Note e: As at 31 December 2018 and 2017, Suzhou Litai had five shareholders holding 20.01%, 20%, 20%, 20% and 19.99% equity interests, respectively. Pursuant to the articles of association of Suzhou Litai, all shareholder resolutions of Suzhou Litai shall be resolved by the five shareholders on an unanimous basis. In light of this requirement, Suzhou Litai is accounted for as a joint venture of the Company notwithstanding that the Company held a 20.01% equity interest as at 31 December 2018.

Note f: As at 31 December 2018 and 2017, Nanjing Yinjiahong had two shareholders holding 51% and 49% equity interests, respectively. Pursuant to the articles of association of Nanjing Yinjiahong, all shareholder resolutions of Nanjing Yinjiahong shall be resolved by the two shareholders on an unanimous basis. In light of this requirement, Nanjing Yinjiahong is accounted for as a joint venture of the Company notwithstanding that the Company held a 51% equity interest as at 31 December 2018.

(b) Nanjing Jiuchengxing, which is considered a material joint venture of the Group for the year ended 31 December 2017, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Jiuchengxing adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2017 RMB'000 |
|--|--------------------------------|
| Cash and cash equivalents | 1,719 |
| Other current assets | 1,820,023 |
| Total current assets | 1,821,742 |
| Non-current assets | – |
| Current liabilities | (721,921) |
| Non-current liabilities | (1,000,000) |
| Net assets | 99,821 |
| 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 | 49,911 |
| | 49,911 |
| Revenue | 39 |
| Expenses | (225) |
| Tax | – |
| Net loss and total comprehensive loss for the year | (186) |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES *(Continued)*

- (c) Nanjing Jiayou City, which is considered a material joint venture of the Group for the years ended 31 December 2017 and 31 December 2018, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Jiayou City adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Cash and cash equivalents | 210,541 | 945,224 |
| Other current assets | 3,548,607 | 3,126,900 |
| Total current assets | 3,759,148 | 4,072,124 |
| Non-current assets | – | 141 |
| Current liabilities | (1,968,769) | (3,017,690) |
| Non-current liabilities | (1,720,000) | (955,000) |
| Net assets | 70,379 | 99,575 |
| Reconciliation to the Group's interest in the joint venture: | | |
| Proportion of the Group's ownership | 50% | 51% |
| Group's share of net assets of the joint venture | 35,190 | 50,782 |
| | 35,190 | 50,782 |
| Revenue | – | 100 |
| Expenses | (29,047) | (666) |
| Tax | (149) | 141 |
| Net loss and total comprehensive loss for the year | (29,196) | (425) |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES *(Continued)*

- (d) Wuxi Tianhonglixin, which is considered a material joint venture of the Group for the year ended 31 December 2017 and 2018, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Wuxi Tianhonglixin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|---|---|
| Cash and cash equivalents | 191,222 | 27,448 |
| Other current assets | 1,730,644 | 2,329,957 |
| Total current assets | 1,921,866 | 2,357,405 |
| Non-current assets | 21,772 | 4,131 |
| Current liabilities | (1,577,442) | (2,177,498) |
| Non-current liabilities | (330,000) | (151,390) |
| Net assets | 36,196 | 32,648 |
| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
| Reconciliation to the Group's interest in the joint venture: | | |
| Proportion of the Group's ownership | 65% | 65% |
| Group's share of net assets of the joint venture | 23,527 | 21,221 |
| | 23,527 | 21,221 |
| Revenue | 92,735 | 146,938 |
| Expenses | (88,004) | (106,433) |
| Tax | (1,183) | (17,857) |
| Net profit and total comprehensive income for the year | 3,548 | 22,648 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES *(Continued)*

- (e) Suzhou Litai, which is considered a material joint venture of the Group for the year ended 31 December 2018, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Suzhou Litai adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2018 RMB'000 |
|--|--------------------------------|
| Cash and cash equivalents | 104,135 |
| Other current assets | 312,252 |
| Total current assets | 416,387 |
| Non-current assets | – |
| Current liabilities | (222,994) |
| Non-current liabilities | (100,000) |
| Net assets | 93,393 |
| Reconciliation to the Group's interest in the joint venture: | |
| Proportion of the Group's ownership | 20.01% |
| Group's share of net assets of the joint venture | 18,688 |
| | 18,688 |
| Revenue | 19 |
| Expenses | (6,581) |
| Tax | – |
| Net loss and total comprehensive loss for the year | (6,562) |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

17. INVESTMENTS IN JOINT VENTURES *(Continued)*

- (f) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Share of the joint ventures' (loss)/profit for the year | (6,112) | 2,686 |
| Share of the joint ventures' total comprehensive income | (6,112) | 2,686 |
| Aggregate carrying amount of the Group's investments in the joint ventures | 26,334 | 2,414 |

18. INVESTMENTS IN ASSOCIATES

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---------------------|--------------------------------|--------------------------------|
| Share of net assets | 281,185 | 286,462 |

The Group's trade receivable and payable balances with associates are disclosed in note 40 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows:

2018

| Name | Paid-in capital RMB'000 | Place of registration and business | Percentage of | | | Principal activities |
|---|----------------------------|------------------------------------|--------------------|--------------|----------------|----------------------|
| | | | Ownership interest | Voting power | Profit sharing | |
| 南京旭城房地產開發有限公司 Nanjing Xucheng Real Estate Co., Ltd. ("Nanjing Xucheng") | 50,000 | PRC/Nanjing China 2014 | 49% (note a) | 49% | 49% | Property development |
| 和縣孔雀湖房地產開發有限公司 He County Peacock Lake Real Estate Co., Ltd. ("Hexian Kongquehu") | 50,000 | PRC/Ma'anshan China 2018 | 50% | 50% | 50% | Property development |
| 蘇州業方房地產開發有限公司 Suzhou Yefang Real Estate Co., Ltd ("Suzhou Yefang") | 100,000 | PRC/Suzhou China 2017 | 19.99% | 19.99% | 19.99% | Property development |
| 合肥銀弘房地產開發有限公司 Hefei Yinhong Real Estate Co., Ltd. ("Hefei Yinhong") | 20,000 | PRC/Hefei China 2018 | 100% (note b) | 100% | 100% | Property development |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's associates are as follows: (Continued)

2017

| Name | Paid-in capital RMB'000 | Place of registration and business | Percentage of | | | Principal activities |
|------------------|----------------------------|------------------------------------|--------------------|--------------|----------------|----------------------|
| | | | Ownership interest | Voting power | Profit sharing | |
| Nanjing Xucheng | 50,000 | PRC/2014 Nanjing | 49% | 49% | 49% | Property development |
| Suzhou Yefang | 100,000 | PRC/2017 Suzhou | 19.99% | 19.99% | 19.99% | Property development |
| Nanjing Yicheng | 50,000 | PRC/2014 Nanjing | 40% (note c) | 40% | 40% | Property development |
| Nanjing Hongquan | 80,000 | PRC/2013 Nanjing | 26.01% (note c) | 26.01% | 26.01% | Property development |
| Nanjing Mahui | 286,000 | PRC/2004 Nanjing | 48.35% (note c) | 48.35% | 48.35% | Property development |

Note (a): On 30 December 2017, the Group acquired a 49% interest in Nanjing Xucheng from a related party. The acquisition was made as part of the Group's strategy to expand its property development business.

Note (b): Hefei Yinhong is classified as an associate (as defined under IFRS) of the Group. Under a co-operation agreement entered into between the Group and Hefei Xuhui Enterprise Management Company Limited (合肥旭輝企業管理有限公司) on 7 December 2018, Hefei Yinhong is a project company and that there will be a change to the shareholding structure by which the Group and Hefei Xuhui Enterprise Management Company Limited will each hold 50% interest respectively in Hefei Yinhong, when the condition be reached. Hefei Yinhong is accounted as an associate of the Group as the Group owns 49% of the voting rights and only exercises significant influence on Hefei Yinhong according to the articles of association.

Note (c): Nanjing Hongquan, Nanjing Yicheng and Nanjing Mahui became subsidiaries of the Group in 2018. Please refer to note 1(c), 1(e) and 1(g).

NOTES TO FINANCIAL STATEMENTS

31 December 2018

18. INVESTMENTS IN ASSOCIATES *(Continued)*

- (b) Nanjing Xucheng, which is considered a material associate of the Group for the years ended 31 December 2017 and 2018, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Xucheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Cash and cash equivalents | 22,470 | 236,274 |
| Other current assets | 1,044,765 | 1,258,805 |
| Total current assets | 1,067,235 | 1,495,079 |
| Non-current assets | 3 | 38,451 |
| Current liabilities | (604,408) | (1,334,149) |
| Non-current liabilities | – | – |
| Net assets | 462,830 | 199,381 |
| Reconciliation to the Group's interest in the associate: | | |
| Proportion of the Group's ownership | 49% | 49% |
| Group's share of net assets of the associate | 226,787 | 97,697 |
| | 226,787 | 97,697 |
| Revenue | 1,052,606 | 1,188,039 |
| Expenses | (530,202) | (842,454) |
| Tax | (258,957) | (196,204) |
| Net profit and total comprehensive income for the year | 263,447 | 149,381 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

18. INVESTMENTS IN ASSOCIATES *(Continued)*

- (c) Nanjing Mahui, which is considered a material associate of the Group for the year ended 31 December 2017, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Mahui adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

| | 31 December 2017 RMB'000 |
|--|--------------------------------|
| Cash and cash equivalents | 38,677 |
| Other current assets | 914,664 |
| Total current assets | 953,341 |
| Non-current assets | 18,475 |
| Current liabilities | (533,541) |
| Non-current liabilities | (146,000) |
| Net assets | 292,275 |
| Reconciliation to the Group's interest in the associate: | |
| Proportion of the Group's ownership | 48.35% |
| Group's share of net assets of the associate | 141,315 |
| | 141,315 |
| Revenue | 27,214 |
| Expenses | (37,843) |
| Tax | 16,904 |
| Net profit and total comprehensive income for the year | 6,275 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

18. INVESTMENTS IN ASSOCIATES *(Continued)*

(d) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Share of the associates' losses for the year | (17,716) | (5,224) |
| Share of the associates' total comprehensive losses | (17,716) | (5,224) |
| Aggregate carrying amount of the Group's investments in the associates | 54,398 | 47,450 |

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 | Advertising fee for offsetting against future taxable profits RMB'000 | Accrued construction cost RMB'000 | Unrealised revenue received in advance RMB'000 | Financial guarantee contracts RMB'000 | Unpaid land value added tax RMB'000 | Total RMB'000 |
|---|---|--|--|--|--|--|------------------|
| At 1 January 2017 | 48,785 | – | 53 | 56,972 | – | 42,116 | 147,926 |
| Deferred tax credited/ (charged) to profit or loss during the year | (28,878) | 37 | 10 | 32,262 | 6,289 | 1,693 | 11,413 |
| At 31 December 2017 and 1 January 2018 | 19,907 | 37 | 63 | 89,234 | 6,289 | 43,809 | 159,339 |
| Acquisition of subsidiaries | 541 | – | – | 50,471 | – | – | 51,012 |
| Deferred tax credited/(charged) to profit or loss during the year (note 10) | 6,837 | – | 2,814 | (55,311) | (3,145) | 52,643 | 3,838 |
| At 31 December 2018 | 27,285 | 37 | 2,877 | 84,394 | 3,144 | 96,452 | 214,189 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

Deferred tax liabilities

| | Fair value adjustment arising from acquisition of subsidiaries RMB'000 | Fair value adjustment arising from investment properties RMB'000 | Withholding taxes RMB'000 | Total RMB'000 |
|---|---|---|---------------------------------|------------------|
| At 1 January 2017 | – | 7,136 | – | 7,136 |
| Eliminated on disposal of subsidiaries | – | (325) | – | (325) |
| Deferred tax credited to profit or loss during the year | – | 5,256 | – | 5,256 |
| At 31 December 2017 and 1 January 2018 | – | 12,067 | – | 12,067 |
| Acquisition of subsidiaries | 363,779 | – | – | 363,779 |
| Deferred tax credited/(debited) to profit or loss during the year (note 10) | (26,566) | 3,701 | 27,984 | 5,119 |
| At 31 December 2018 | 337,213 | 15,768 | 27,984 | 380,965 |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Net deferred tax assets recognised in the consolidated statement of financial position | 199,194 | 147,971 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | (365,970) | (699) |
| | (166,776) | 147,272 |

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 2018, deferred tax amounting to RMB27,984,000 (2017: nil) has been recognised for withholding taxes. It is probable that these subsidiaries will distribute such earnings in the foreseeable future.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

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 RMB398,328,000 as at 31 December 2018 (31 December 2017: RMB560,461,000).

The Group had unutilised tax losses arising in the PRC of approximately RMB476,403,000 as at 31 December 2018 (31 December 2017: RMB80,410,000), that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of the deductible temporary differences amounting to approximately RMB82,857,000 as at 31 December 2018 (31 December 2017: RMB72,053,000), respectively, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

20. AVAILABLE-FOR-SALE INVESTMENTS

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Unlisted fund investments, at fair value | – | 321,008 |

The unlisted investments were wealth management products as at 31 December 2017 which designated as available-for-sale investments.

The fair value measurement of the available-for-sale investments is categorised within Level 3 of the fair value hierarchy. Further details are included in note 43 to the financial statements.

21. PROPERTIES UNDER DEVELOPMENT

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Carrying amount at 1 January | 6,990,880 | 7,876,158 |
| Additions | 9,854,422 | 2,231,132 |
| Transferred to completed properties held for sale (note 22) | (3,997,265) | (3,116,410) |
| Acquisition of subsidiaries | 4,549,667 | – |
| Carrying amount at 31 December | 17,397,704 | 6,990,880 |

The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB10,630,510,000 as at 31 December 2018 (31 December 2017: RMB3,601,811,000) have been pledged to secure bank and other borrowings granted to the Group which are disclosed in note 29.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

22. COMPLETED PROPERTIES HELD FOR SALE

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Carrying amount at 1 January | 1,280,040 | 2,064,278 |
| Acquisition of subsidiaries | 445,268 | – |
| Disposal of a subsidiary | – | (9,998) |
| Transferred from properties under development (note 21) | 3,997,265 | 3,116,410 |
| Transferred to cost of sales (note 6) | (3,598,812) | (3,890,650) |
| Carrying amount at 31 December | 2,123,761 | 1,280,040 |

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB1,304,153,000 as at 31 December 2018 (31 December 2017: RMB797,484,000) have been pledged to secure bank and other borrowings granted to the Group which are disclosed in note 29.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Prepayments for acquisition of land use rights | – | 390,000 |
| Deposits for land use right | 6,328 | 60,000 |
| Prepayments for construction cost | 1,258 | – |
| Other deposits | 43,000 | 31,889 |
| Other tax recoverable | 332,543 | 109,146 |
| Due from third parties (note 41) | 538,310 | 1,521,251 |
| Interest receivables (note 41) | 363 | 25,380 |
| Other receivables (note 41) | 17,607 | 6,788 |
| | 939,409 | 2,144,454 |

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of other receivables during the reporting period.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|------------------------|--------------------------------|--------------------------------|
| Cash and bank balances | 1,719,442 | 1,309,928 |
| Less: Restricted cash | 122,820 | 138,625 |
| Pledged deposits | 7,441 | – |
| | 1,589,181 | 1,171,303 |

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2018, such restricted cash amounted to RMB122,820,000 (31 December 2017: RMB138,625,000).

Bank deposits of nil and RMB7,441,000 were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes as at 31 December 2018 (31 December 2017: nil).

As at 31 December 2017 and 2018, all the cash and bank balances of the Group were denominated in RMB. 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.

25. 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:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---------------|--------------------------------|--------------------------------|
| Within 1 year | 1,880,153 | 690,345 |
| Over 1 year | 370,172 | 227,058 |
| | 2,250,325 | 917,403 |

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

26. OTHER PAYABLES AND ACCRUALS

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Deposits related to construction | 90,384 | 7,847 |
| Interest payable (note 41) | 60,041 | 19,457 |
| Payroll and welfare payable | 59,728 | 11,790 |
| Tax and surcharges | 11,433 | 6,044 |
| Advanced from third parties (note 41) | 2,624,465 | 1,157,406 |
| Accrued liabilities | 53,131 | – |
| Others | 9,156 | 16,468 |
| | 2,908,338 | 1,219,012 |

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of each of the reporting period approximated to their corresponding carrying amounts.

27. SHARE-BASED PAYMENTS

On 29 May 2018, the Group determined to issue 34,118,149 shares at the subscription price of US\$0.001 per share to four senior executives under an employee motivation scheme. All the shares were immediately settled upon granted.

The fair value of the shares granted is based on a comparable transaction price, which is the consideration of an equity transfer transaction between the Controlling Shareholder and an independent third party, who was then a shareholder of Yincheng Real Estate Group Co., Ltd., settled in early 2018, the transaction price of which was in turn based on the profit forecasts made by the Company's management.

At the date of the report, the Company has no shares outstanding under the employee motivation scheme.

The expense for employee services was recognised at the first day when the shares were granted, which is shown in the following table:

| | 2018 RMB'000 | 2017 RMB'000 |
|--|-----------------|-----------------|
| Expense arising from equity-settled share-based payment transactions | 82,600 | – |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

28. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|----------------------|--------------------------------|--------------------------------|
| Contract liabilities | 5,274,810 | 3,839,732 |

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales. According to the business model of the Group, for revenue recognised from sales of properties, all such revenue are carried forward from contract liabilities during the reporting period. The amounts of outstanding payments from customers which are not received but contracted are and RMB1,588,635,000 as at 31 December 2018 (31 December 2017: RMB55,194,000).

The expected timing of recognition of revenue at the end of each of the reporting period is as follows:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--------------------|--------------------------------|--------------------------------|
| Within one year | 5,512,023 | 3,469,188 |
| More than one year | 1,351,422 | 425,738 |
| | 6,863,445 | 3,894,926 |

The following table shows the revenue recognised during the reporting period related to carried-forward contract liabilities:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Revenue recognised that was included in the contract liability balance at the beginning of the year | | |
| Sale of properties | 3,758,844 | 4,397,071 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 31 December 2018 | | | 31 December 2017 | | |
|--|-----------------------------|-----------|------------|-----------------------------|-----------|-----------|
| | Effective interest rate (%) | Maturity | RMB'000 | Effective interest rate (%) | Maturity | RMB'000 |
| Current | | | | | | |
| Other loans — secured | 11.37–14.30 | 2019 | 906,000 | – | – | – |
| Current portion of long term bank loans — secured | 5.23–6.27 | 2019 | 3,009,980 | 5.32–5.49 | 2018 | 845,302 |
| Current portion of long term other loans — secured | 8.50–10.00 | 2019 | 1,384,083 | 8.59–8.83 | 2018 | 497,061 |
| | | | 5,300,063 | | | 1,342,363 |
| Non-current | | | | | | |
| Bank loans — secured | 4.83–6.65 | 2020–2021 | 4,791,341 | 4.84–6.01 | 2019–2020 | 2,845,599 |
| Other loans — secured | – | – | – | 8.59–10.00 | 2019–2020 | 1,472,135 |
| Other loans — unsecured | 7.50 | 2020 | 100,000 | – | – | – |
| | | | 4,891,341 | | | 4,317,734 |
| | | | 10,191,404 | | | 5,660,097 |

Bank and other borrowings

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---------------------------------------|-----------------------------|-----------------------------|
| Analysed into: | | |
| Repayable within one year | 5,300,063 | 1,342,363 |
| Repayable in the second year | 2,573,458 | 3,385,304 |
| Repayable in the third to fifth years | 2,317,883 | 932,430 |
| Subtotal | 4,891,341 | 4,317,734 |
| | 10,191,404 | 5,660,097 |

The Group's borrowings are denominated in RMB.

The Group's borrowings of up to RMB7,214,371,000 as at 31 December 2018 (31 December 2017: RMB1,525,302,000) were borrowings with floating interest rates.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

29. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values as at 31 December 2018:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Investment properties (note 15) | 211,182 | 196,596 |
| Prepaid land lease payments (note 16) | 109,678 | 112,024 |
| Properties under development (note 21) | 10,630,510 | 3,601,811 |
| Completed properties held for sale (note 22) | 1,304,153 | 797,484 |

At 31 December 2018, the Group pledged its 100.00% equity interest in Xuzhou Changshun Real Estate Co., Ltd., its 33.00% equity interest in Nanjing Yinjialan Enterprise Management Co., Ltd., its 100.00% equity interest in Nanjing Yinjiazhan Enterprise Management Co., Ltd., its 100% equity interest in Hangzhou Yinhong Industrial Co., Ltd. and its 100% equity interest in Nanjing Yinjiahui Enterprise Management Co., Ltd. for certain banking facilities granted to the Group.

At 31 December 2017, the Group pledged its 50.83% equity interest in Nanjing Eastern Senior Living Health Industry Co., Ltd., its 100.00% equity interest in Nanjing Yinzhuo Real Estate Co., Ltd., its 51.00% equity interest in Nanjing Yinjialan Enterprise Management Co., Ltd. and its 100.00% equity interest in Nanjing Yinjiazhan Enterprise Management Co., Ltd. for certain banking facilities granted to the Group.

The company controlled by the director of the Company has guaranteed certain of the Group's bank loans of up to and RMB5,433,275,000 as at 31 December 2018 (31 December 2017: RMB5,161,721,000).

Management of the Company has assessed that the fair values of interest-bearing bank borrowings and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

30. FINANCIAL GUARANTEES CONTRACTS

Financial guarantee contracts provided for in the consolidated financial statements were as follows:

| | Note | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|------|--------------------------------|--------------------------------|
| Guarantees liabilities for loans and borrowings of a related party | (1) | 18,867 | 25,156 |
| Less: Current | | (6,289) | (6,289) |
| Non-current | | 12,578 | 18,867 |

(1) The guarantee made in favour of related parties by the Group was in an aggregate amount of RMB745,000,000 as at 31 December 2018 (31 December 2017: RMB745,000,000). For further details, please refer to note 40.

These financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. After initial recognition, such a contract shall subsequently measure it at the higher of: (i) the amount of the loss allowance determined and, (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. The fair values of financial guarantee contracts were estimated based on market values of guarantees provided with similar terms and risks under comparable business environment.

31. SHARE CAPITAL AND TREASURY SHARES

| | 31 December 2018 |
|--|---------------------|
| Authorised: 3,900,000,000 of ordinary shares of US\$0.1 each | 390,000,000 |
| Issued and fully paid: 4,251,145 ordinary shares at US\$0.1 each | 347 |

The Company was incorporated in the Cayman Islands on 8 January 2018 with an authorised share capital of US\$50,000 divided into 500,000,000 shares of US\$0.0001 par value each. On its date of incorporation, 1 ordinary share of US\$0.0001 was allotted by the Company to a subscriber, and was transferred to Silver Huang Holding Limited, a company controlled by Mr. Huang Qing Ping. On this same date, the Group determined to issue 499,999,999 shares at the subscription price of US\$0.0001 per share to Silver Dai Holding Limited, Silver Zhu Holding Limited, Silver Xie Holding Limited, Silver Ma Holding Limited, Silver Li Holding Limited and Silver Cao Holding Limited.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

31. SHARE CAPITAL AND TREASURY SHARES *(Continued)*

On 29 May 2018, the authorised share capital of the Company increased from US\$50,000 divided into 500,000,000 shares of a par value of US\$0.0001 each to US\$50,000,000 divided into 500,000,000,000 shares of a par value of US\$0.0001 each by the creation of an additional 499,500,000,000 shares of a par value of US\$0.0001 each in the share capital of the Company, with such new shares ranking *pari passu* in all respects with each other and with the existing shares of the Company in issue.

On 29 May 2018, the Group determined to issue 34,118,149 shares at the subscription price of US\$0.001 per share to four members of senior management under an employee motivation scheme, and issue 10,900,371 shares to Silver Huang Holding Limited, a company controlled by Mr. Huang Qing Ping, as treasury shares.

On 29 May 2018, the authorised share capital of the Company further increased from US\$50,000,000 divided into 500,000,000,000 USD shares to the aggregate of (i) US\$50,000,000.00 divided into 500,000,000,000 USD shares and (ii) HK\$390,000,000 divided into 3,900,000,000 shares with a par value of HK\$0.1 each by the creation of 3,900,000,000 new shares with a par value of HK\$0.1 each.

Upon completion of the above new shares issuance, the existing USD shares were repurchased by the Company out of the proceeds of the new share issuance and were cancelled immediately upon repurchase.

Upon completion of the above repurchase, 500,000,000,000 unissued USD shares of the Company were cancelled so that the authorised share capital of the Company was reduced to HK\$390,000,000 divided into 3,900,000,000 shares with a par value of HK\$0.1 each, in accordance with section 13 of Companies Law (as revised) of the Cayman Islands, and the number of the issued shares was 4,251,145 with a par value of HK\$0.1 each.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2018 are presented in the consolidated statement of changes in equity.

(a) Capital reserve

On 29 May 2018, the Group determined to issue 34,118,149 shares at the subscription price of US\$0.0001 per share to four members of senior management. The shares were issued for a total cash consideration of US\$34,118, equivalent to RMB218,000 and compensation expenses amounting to RMB82,600,000.

(b) Statutory surplus reserves

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 the Chinese Accounting Standards, 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 reserves 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) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation for IPO purpose.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

| | Interest-bearing bank and other borrowings RMB'000 | Due to related companies RMB'000 | Total liabilities from financing activities RMB'000 |
|--|---|--|--|
| At 1 January 2017 | 4,375,766 | 82,423 | 4,458,189 |
| Cash flows from financing activities | 1,284,331 | 1,913,985 | 3,198,316 |
| Cash flows from non-financing activities | – | 17,259 | 17,259 |
| At 31 December 2017 and 1 January 2018 | 5,660,097 | 2,013,667 | 7,673,764 |
| Cash flows from financing activities | 3,965,307 | (404,624) | 3,560,683 |
| Acquisition of subsidiaries (note 35) | 566,000 | – | 566,000 |
| Cash flows from non-financing activities | – | 6,373 | 6,373 |
| At 31 December 2018 | 10,191,404 | 1,615,416 | 11,806,820 |

34. DISPOSAL OF SUBSIDIARIES

31 December 2017

Pursuant to the share transfer agreement dated 30 November 2017, the Group disposed of its 100% equity interest in 南京華中房地產開發有限責任公司 Nanjing Huazhong Real Estate Co., Ltd. ("Nanjing Huazhong") to a related company which is under common control of the ultimate shareholder, for nil consideration.

| | 2017 RMB'000 |
|---|-----------------|
| Net assets disposed of: | |
| Cash and cash equivalents | 2,300 |
| Prepayments, deposits and other receivables | 96,635 |
| Due from related companies | 5,732 |
| Properties held for sale | 9,998 |
| Investment in an associate | 58,387 |
| Property, plant and equipment | 2,272 |
| Investment properties | 52,200 |
| Trade and bills payables | (25,087) |
| Other payables, deposits received and accruals | (166,498) |
| Deferred tax liabilities | (325) |
| | 35,614 |
| Non-controlling interests | – |
| Merger reserve recognised on the Reorganisation | (35,614) |
| Satisfied by cash | – |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

34. DISPOSAL OF SUBSIDIARIES (Continued)

31 December 2017 (Continued)

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 | – |
| Cash and cash equivalents disposed of | (2,300) |
| Net outflow of cash and cash equivalents in respect of the disposal of Nanjing Huazhong | (2,300) |

35. BUSINESS COMBINATIONS

31 December 2018

On 21 March 2018, the Group acquired another 1% voting rights in Nanjing Jiuchengxing from the other shareholder of Nanjing Jiuchengxing at a cash consideration of nil, after which the Group owned 51% voting rights and 50% equity interests of Nanjing Jiuchengxing. The acquisition was made as part of the Group's strategy to expand its property development business.

On 31 March 2018, the Group acquired another 73.99% equity interest in Nanjing Hongquan from the other two shareholders at a cash consideration of RMB72,930,000, after which the Group owned 100% equity interests of Nanjing Hongquan. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 2 May 2018, the Group acquired another 51.65% equity interest in Nanjing Mahui from the other two shareholders of Nanjing Mahui at a cash consideration of RMB300,743,000, after which the Group owned 100% equity interests of Nanjing Mahui. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 2 May 2018, the Group acquired another 60% equity interest in Nanjing Yicheng from the other two shareholders of Nanjing Yicheng at a cash consideration of RMB316,843,000, after which the Group owned 100% equity interest of Nanjing Yicheng. The acquisition was made as part of the Group's strategy to expand its property development business. The purchase consideration was paid at the acquisition date.

On 7 May 2018, the Group acquired a 35% equity interest in Wuxi Yifeng from a third party at a cash consideration of RMB56,000,000. The acquisition was made as part of the Group's strategy to expand its property development business.

On 21 May 2018, the Group acquired a 49% equity interest in Nanjing Airport Exhibition from a third party at a cash consideration of nil. The acquisition was made as part of the Group's strategy to expand its property development business.

On 30 June 2018, the Group acquired a 100% equity interest in Xuzhou Changshun from a third party at a cash consideration of RMB159,350,000. The acquisition was made as part of the Group's strategy to expand its property development business.

The Group elected to measure the non-controlling interests in the acquirees at the proportionate share of its interests in the acquirees' identifiable net assets.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

35. BUSINESS COMBINATIONS (Continued)

| | Nanjing Jiuchengxing RMB'000 | Nanjing Hongquan RMB'000 | Nanjing Mahui RMB'000 | Nanjing Yicheng RMB'000 | Wuxi Yifeng RMB'000 | Nanjing Airport Exhibition RMB'000 | Xuzhou Changshun RMB'000 | Total RMB'000 |
|---|------------------------------------|--------------------------------|-----------------------------|-------------------------------|---------------------------|---|--------------------------------|------------------|
| Properties under development | 1,839,000 | – | 549,500 | 1,132,200 | 1,028,967 | – | – | 4,549,667 |
| Completed properties held for sale | – | – | 182,700 | 262,568 | – | – | – | 445,268 |
| Cash and cash equivalents | 129,514 | 1,252 | 119,895 | 38,798 | 18,578 | 808 | 2,911 | 311,756 |
| Restricted cash | – | – | 48,943 | 34,140 | – | – | – | 83,083 |
| Prepayments, deposits and other receivables | 32,924 | 146,768 | 687,053 | 309,438 | 60,345 | 5,923 | 289,755 | 1,532,206 |
| Tax recoverable | – | 1,314 | 21,713 | 39,790 | 7,412 | – | – | 70,229 |
| Property, plant and equipment | – | – | – | 10 | 55 | – | – | 65 |
| Deferred tax assets | – | – | 19,046 | 31,698 | – | 268 | – | 51,012 |
| Trade and bills payables | (974) | (10,071) | (10,972) | (69,480) | (3,439) | (900) | – | (95,836) |
| Other payables, deposits received and accruals | (1,566,058) | (52,369) | (564) | (5,426) | (545,652) | (6,900) | (82,685) | (2,259,654) |
| Contract liabilities | – | – | (691,992) | (1,137,964) | (346,021) | – | – | (2,175,977) |
| Interest-bearing bank and other borrowings (note 29) | (320,000) | – | (246,000) | – | – | – | – | (566,000) |
| Tax payable | – | – | (82) | – | – | – | – | (82) |
| Deferred tax liabilities | (3,628) | – | (97,138) | (151,919) | (60,463) | – | (50,631) | (363,779) |
| Total identifiable net assets at fair value | 110,778 | 86,894 | 582,102 | 483,853 | 159,782 | (801) | 159,350 | 1,581,958 |
| Non-controlling interests | (55,389) | – | – | – | (103,782) | – | – | (159,171) |
| The fair value interests held by the Company before the acquisition | (55,389) | (22,601) | (281,359) | (193,541) | – | – | – | (552,890) |
| Investment loss recognised in acquisition of subsidiaries (included in other income and net gains) | – | 8,638 | – | 26,531 | – | 801 | – | 35,970 |
| Purchase consideration transferred | – | 72,930 | 300,743 | 316,843 | 56,000 | – | 159,350 | 905,866 |
| Satisfied by: | | | | | | | | |
| Cash | – | 72,930 | 300,743 | 316,843 | – | – | – | 690,516 |
| Deferred cash consideration | – | – | – | – | 56,000 | – | 159,350 | 215,350 |
| | – | 72,930 | 300,743 | 316,843 | 56,000 | – | 159,350 | 905,866 |
| Analysis of cash flows on acquisition | | | | | | | | |
| Cash acquired with subsidiaries | 129,514 | 1,252 | 119,895 | 38,798 | 18,578 | 808 | 2,911 | 311,756 |
| Cash paid | – | (72,930) | (300,743) | (316,843) | – | – | – | (690,516) |
| Net cash flows on acquisition included in cash flows from investing activities | 129,514 | (71,678) | (180,848) | (278,045) | 18,578 | 808 | 2,911 | (378,760) |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

35. BUSINESS COMBINATIONS *(Continued)*

The fair value of the prepayments, deposits and other receivables amounts is RMB1,532,206,000. The gross amount of prepayments, deposits and other receivables is RMB1,532,206,000 and it is expected that the full contractual amounts can be collected.

Since the acquisition, these entities acquired contributed totally RMB299,072,000 to the Group's revenue and a loss of RMB81,607,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year ended 31 December 2018 would have been RMB5,071,593,000 and RMB438,191,000.

36. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS A BUSINESS COMBINATION

On 29 September 2018, the Group acquired another 33.34% equity interest in Ma'anshan Shunbi from a third party. The acquisition was made as part of the Group's strategy to expand its property development business.

The above acquisition has been accounted for an acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follow:

| | Fair value consideration allocated RMB'000 |
|--|---|
| Net assets acquired of: | |
| Cash and cash equivalents | 49,876 |
| Prepayments, deposits and other receivables | 1,510 |
| Properties under development | 971,148 |
| Property, plant and equipment | 49 |
| Other payables, deposits received and accruals | (992,580) |
| | 30,003 |

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

| | |
|------------------------------------|----------|
| Cash consideration | (10,003) |
| Cash and cash equivalents acquired | 49,876 |
| | 39,873 |

37. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

| | | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|-----|--------------------------------|--------------------------------|
| Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties | (1) | 2,887,081 | 1,404,013 |
| Guarantees given to banks and other institutions in connection with facilities granted to related parties | (2) | 871,651 | 885,000 |
| | | 3,758,732 | 2,289,013 |

- (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 to repay 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 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 total guarantee amount of RMB871,651,000 as at 31 December 2018 (31 December 2017: RMB885,000,000) were secured by the pledges, the directors of the Company considered no financial guarantee provision was needed in respect of the guarantees.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

38. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties (note 15) under operating lease arrangements with leases negotiated for terms ranging from 1 to 21 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Within one year | 3,380 | 3,529 |
| In the second to fifth years, inclusive | 5,742 | 9,292 |
| After five years | 241 | 1,415 |
| | 9,363 | 14,236 |

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of 1 to 5 years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Within one year | 6,095 | 4,618 |
| In the second to fifth years, inclusive | 4,993 | 9,103 |
| | 11,088 | 13,721 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group had the following capital commitments at the end of the reporting period:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|------------------------------------|--------------------------------|--------------------------------|
| Contracted, but no provided for: | | |
| — Property, plant and equipment | 52,806 | 49,553 |
| — Properties under development | 5,587,460 | 2,702,004 |
| — Investment properties | 121,803 | 10,895 |
| — Capital contributions payable to | | |
| Subsidiaries | 115,000 | 10,003 |
| Associates | 75,000 | 30,060 |
| | 5,952,069 | 2,802,515 |

40. RELATED PARTY TRANSACTIONS

(1) Name and relationship

| Name of related party | Relationship with the Group |
|---|-----------------------------|
| Mr. Huang Qing Ping | The director of the Company |
| 南京佳佑城房地產開發有限公司 (Nanjing Jiayou City Real Estate Co., Ltd.) | Joint venture |
| 南京九城興房地產開發有限公司 (Nanjing Jiuchengxing Real Estate Co., Ltd.) | Joint venture |
| 蘇州恆萬置地有限公司 (Suzhou Hengwan Land Co., Ltd.) | Joint venture |
| 蘇州立泰置業有限公司 (Suzhou Litai Real Estate Co., Ltd.) | Joint venture |
| 無錫天弘利信房地產諮詢有限公司 (Wuxi Tianhonglixin Property Consulting Co., Ltd.) | Joint venture |
| 新城房地產開發(無錫)有限公司 (Xincheng Real Estate (Wuxi) Co., Ltd.) | Joint venture |
| 南京銀嘉泓企業管理有限公司 (Nanjing Yinjiahong Enterprise Management Co., Ltd.) | Joint venture |
| 南京湖濱金陵飯店有限公司 (Nanjing Lakeside Jinling Hotel Co., Ltd.) | Associate |
| 和縣孔雀湖房地產開發有限公司 (He County Peacock Lake Real Estate Co., Ltd.) | Associate |
| 南京旭城房地產開發有限公司 (Nanjing Xucheng Real Estate Co., Ltd.) | Associate |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

| Name of related party | Relationship with the Group |
|--|---|
| 蘇州渝熙房地產開發有限公司 (Suzhou Yuxi Real Estate Co., Ltd.) | Associate |
| 南京易城房地產開發有限公司 (Nanjing Yicheng Real Estate Co., Ltd.) | Associate |
| 南京弘全房地產開發有限公司 (Nanjing Hongquan Real Estate Co., Ltd.) | Associate |
| 南京馬會置業有限公司 (Nanjing Mahui Real Estate Co., Ltd.) | Associate |
| 合肥銀弘房地產開發有限公司 (Hefei Yinhong Real Estate Co., Ltd.) | Associate |
| 銀城地產集團股份有限公司 (Yincheng Real Estate Group Co., Ltd.) | Company controlled by the director of the Company |
| 南京東方頤年養老服務有限公司 (Nanjing Eastern Yinian Pension Service Co., Ltd.) | Company controlled by the director of the Company |
| 南京東方頤和養老服務有限公司 (Nanjing Eastern Yihe Pension Service Co., Ltd.) | Company controlled by the director of the Company |
| 南京弘安房地產開發有限公司 (Nanjing Hongan Real Estate Co., Ltd.) | Company controlled by the director of the Company |
| 南京華中苑酒店有限公司 (Nanjing Huazhongyuan Hotel Co., Ltd.) | Company controlled by the director of the Company |
| 南京薈房網絡科技有限公司 (Nanjing Huifang Network Technology Co., Ltd.) | Company controlled by the director of the Company |
| 南京錦城佳業營銷策劃有限公司 (Nanjing Jincheng Jiaye Marketing Planning Co., Ltd.) | Company controlled by the director of the Company |
| 南京錦城一家文化傳媒有限公司 (Nanjing Jincheng Culture Media Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀城惠美佳家政服務有限公司 (Nanjing Yincheng Huimeijia Home Economics Service Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀城健身有限公司 (Nanjing Yincheng Fitness Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀城科技有限公司 (Nanjing Yincheng Technology Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀城物業服務股份有限公司 (Nanjing Yincheng Property Service Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀嘉安企業管理有限公司 (Nanjing Yinjiaan Enterprise Management Co., Ltd.) | Company controlled by the director of the Company |

40. RELATED PARTY TRANSACTIONS (Continued)

(1) Name and relationship (Continued)

| Name of related party | Relationship with the Group |
|--|---|
| 南京銀嘉宸企業管理有限公司 (Nanjing Yinjiachen Enterprise Management Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀龍房地產開發有限公司 (Nanjing Yinlong Real Estate Co., Ltd.) | Company controlled by the director of the Company |
| 南京原谷生態農業有限公司 (Nanjing Yuangu Ecological Agriculture Co., Ltd.) | Company controlled by the director of the Company |
| 南京薈盛行房產經紀有限公司 (Nanjing Hui Shengxing Real Estate Agency Co., Ltd.) | Company controlled by the director of the Company |
| 南京耘初商業管理有限公司 (Nanjing Yunchu Commercial Management Co., Ltd.) | Company controlled by the director of the Company |
| 南京物色網絡科技有限公司 (Nanjing Wuse Network Technology Co., Ltd.) | Company controlled by the director of the Company |
| 重慶蘇逸房地產開發有限公司 (Chongqing Suyi Real Estate Co., Ltd.) | Company controlled by the director of the Company |
| 南京壹城壹品文化傳媒有限公司 (Nanjing Yicheng Yipin Culture Media Co., Ltd.) | Company controlled by the director of the Company |
| 南京銀嘉煌企業管理有限公司 (Nanjing Yinjiahuang Enterprise Management Co., Ltd.) | Company controlled by the director of the Company |

(2) Related party transactions

The following transactions were carried out with related parties during the year:

| | 2018 RMB'000 | 2017 RMB'000 |
|---|-----------------|-----------------|
| Advances from related companies (excluding joint ventures and associates): | | |
| Nanjing Eastern Yinian Pension Service Co., Ltd. | 42,250 | 44,260 |
| Nanjing Hui Shengxing Real Estate Agency Co., Ltd. | 3 | – |
| Chongqing Suyi Real Estate Co., Ltd. | 5,000 | – |
| Nanjing Yincheng Property Service Co., Ltd. | 1,609 | – |
| Nanjing Jincheng Jiaye Marketing Planning Co., Ltd. | 54 | – |
| Yincheng Real Estate Group Co., Ltd. | 6,101,108 | 7,201,185 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions (Continued)

| | 2018 RMB'000 | 2017 RMB'000 |
|--|-----------------|-----------------|
| Repayment of advances from related companies (excluding joint ventures and associates): | | |
| Nanjing Eastern Yinian Pension Service Co., Ltd. | 56,650 | 2,200 |
| Nanjing Hui Shengxing Real Estate Agency Co., Ltd. | 3 | – |
| Chongqing Suyi Real Estate Co., Ltd. | 5,000 | – |
| Nanjing Yincheng Property Service Co., Ltd. | 1,609 | – |
| Nanjing Jincheng Jiaye Marketing Planning Co., Ltd. | 54 | – |
| Yincheng Real Estate Group Co., Ltd. | 6,706,665 | 6,095,239 |
| Advances to related parties (excluding joint ventures and associates): | | |
| Nanjing Yinjiahuang Enterprise Management Co., Ltd. | 10 | – |
| Nanjing Eastern Yinian Pension Service Co., Ltd. | 13,400 | – |
| Nanjing Hongan Real Estate Co., Ltd. | 31 | 112,608 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd. | – | 10 |
| Nanjing Eastern Yihe Pension Service Co., Ltd. | 53,111 | – |
| Repayment of advances to related parties (excluding joint ventures and associates): | | |
| Nanjing Eastern Yinian Pension Service Co., Ltd. | 13,400 | – |
| Nanjing Hongan Real Estate Co., Ltd. | – | 323,800 |
| Nanjing Huazhongyuan Hotel Co., Ltd. | – | 100,000 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd. | 10 | – |
| Nanjing Yinjiachen Enterprise Management Co., Ltd. | 10 | – |
| Nanjing Eastern Yihe Pension Service Co., Ltd. | 53,111 | – |
| Advances from joint ventures and associates: | | |
| Xincheng Real Estate (Wuxi) Co., Ltd. | 818,863 | 158,000 |
| Nanjing Hongquan | – | 47,725 |
| Nanjing Mahui Real Estate Co., Ltd. | – | 263,024 |
| Nanjing Yicheng Real Estate Co., Ltd. | – | 103,335 |
| Nanjing Yinjiahong Enterprise Management Co., Ltd. | 4,970 | 205,100 |
| Wuxi Tianhonglixin | 261,990 | – |
| Suzhou Yuxi Real Estate Co., Ltd. | 19,990 | – |
| Nanjing Xucheng Real Estate Co., Ltd. | 411,600 | – |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions (Continued)

| | 2018 RMB'000 | 2017 RMB'000 |
|--|-----------------|-----------------|
| Repayment of advances from joint ventures and associates: | | |
| Xincheng Real Estate (Wuxi) Co., Ltd. | 837,675 | – |
| Nanjing Hongquan Real Estate Co., Ltd. | 47,726 | – |
| Nanjing Mahui Real Estate Co., Ltd. | 263,024 | – |
| Nanjing Yicheng Real Estate Co., Ltd. | 103,335 | – |
| Nanjing Lakeside Jinling Hotel Co., Ltd. | – | 136 |
| Nanjing Yinjiahong Enterprise Management Co., Ltd. | 20,531 | 11,069 |
| Suzhou Yuxi Real Estate Co., Ltd. | 19,990 | – |
| Nanjing Xucheng Real Estate Co., Ltd. | 9,800 | – |
| Advances to joint ventures and associates: | | |
| Nanjing Jiayou City | 500,039 | 1,022,500 |
| Nanjing Jiuchengxing | – | 163,289 |
| Wuxi Tianhonglixin | 124,420 | 881,500 |
| Suzhou Hengwan | 126,435 | – |
| Suzhou Litai | 60,280 | – |
| Hefei Yinhong Real Estate Co., Ltd. | 173,543 | – |
| He County Peacock Lake Real Estate Co., Ltd. | 310,919 | – |
| Suzhou Yuxi Real Estate Co., Ltd. | 69,091 | – |
| Repayment of advances to joint ventures and associates: | | |
| Nanjing Jiayou City | 933,788 | – |
| Nanjing Jiuchengxing | 367,029 | 518,879 |
| Wuxi Tianhonglixin | 1,314,420 | 45,000 |
| Suzhou Hengwan | 88,246 | – |
| Suzhou Litai | 20,144 | – |
| Suzhou Yuxi Real Estate Co., Ltd. | 50,245 | – |
| Rental income from a related party: | | |
| Nanjing Yincheng Fitness Co., Ltd. | 2,324 | 5,797 |
| Rental fees to a related party: | | |
| Yincheng Real Estate Group Co., Ltd. | 4,966 | 4,959 |
| Software transferred from a related party: | | |
| Yincheng Real Estate Group Co., Ltd. | 6,922 | – |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions (Continued)

| | 2018 RMB'000 | 2017 RMB'000 |
|---|-----------------|-----------------|
| Property management fee to a related party: | | |
| Nanjing Yincheng Property Service Co., Ltd. | 14,010 | 26,775 |
| Project management fee to a related party: | | |
| Yincheng Real Estate Group Co., Ltd. | 105 | 82,946 |
| Project management income from related parties: | | |
| Nanjing Xucheng Real Estate Co., Ltd. | 21,857 | – |
| Nanjing Jiayou City Real Estate Co., Ltd. | 13,278 | – |
| Suzhou Hengwan Land Co., Ltd. | 156 | – |
| Suzhou Litai Real Estate Co., Ltd. | 668 | – |
| Suzhou Yuxi Real Estate Co., Ltd. | 585 | – |
| Xincheng Real Estate (Wuxi) Co., Ltd. | 18,132 | – |
| Service fees from related parties: | | |
| Nanjing Huazhongyuan Hotel Co., Ltd. | 1,923 | – |
| Nanjing Yincheng Huimeijia Home Economics Service Co., Ltd. | 31 | – |
| Nanjing Yincheng Technology Co., Ltd. | 4 | – |
| Nanjing Jincheng Culture Media Co., Ltd. | – | 554 |
| Nanjing Jincheng Jiaye Marketing Planning Co., Ltd. | 1,320 | 264 |
| Nanjing Hui Shengxing Real Estate Agency Co., Ltd. | 2,422 | – |
| Nanjing Huifang Network Technology Co., Ltd. | 2,390 | 1,490 |
| Nanjing Wuse Network Technology Co., Ltd. | 316 | 416 |
| Nanjing Yicheng Yipin Culture Media Co., Ltd. | 179 | – |
| Nanjing Yunchu Commercial Management Co., Ltd. | 1,880 | – |
| Nanjing Yuangu Ecological Agriculture Co., Ltd. | 380 | 6,131 |
| Guarantee provided for bank and other borrowings by related companies: | | |
| Yincheng Real Estate Group Co., Ltd. | 4,688,722 | 4,161,721 |
| Mr. Huang Qing Ping | 198,683 | 498,375 |
| Yincheng Real Estate Group Co., Ltd. and Mr. Huang Qing Ping jointly | 2,525,649 | 1,000,000 |

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(3) Other transactions with related parties

- (i) The company controlled by the director of the Company has guaranteed certain of the Group's bank loans of up to RMB7,214,371,000 as at 31 December 2018 (31 December 2017: RMB5,161,721,000).
- (ii) The guarantee made in favour of related parties by the Group was of RMB871,651,000 as at 31 December 2018 (31 December 2017: RMB885,000,000). For further details, please refer to note 37.

(4) Outstanding balances with related parties

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|---|--------------------------------|--------------------------------|
| Due from related parties: | | |
| Balances relating to non-operating activities: | | |
| He County Peacock Lake Real Estate Co., Ltd. | 310,919 | – |
| Nanjing Hongan Real Estate Co., Ltd. | 31 | – |
| Hefei Yinhong Real Estate Co., Ltd. | 173,543 | – |
| Nanjing Jiayou City Real Estate Co., Ltd. | 588,750 | 1,022,500 |
| Nanjing Jiuchengxing Real Estate Co, Ltd. | – | 367,029 |
| Wuxi Tianhonglixin | – | 1,190,000 |
| Nanjing Yinjiachen Enterprise Management Co., Ltd. | – | 10 |
| Nanjing Yinjiaan Enterprise Management Co., Ltd. | – | 10 |
| Suzhou Hengwan | 38,189 | – |
| Suzhou Litai | 40,136 | – |
| Suzhou Yuxi Real Estate Co., Ltd. | 18,846 | – |
| Nanjing Yinjiahuang Enterprise Management Co., Ltd. | 10 | – |
| | 1,170,424 | 2,579,549 |
| Due from related parties: | | |
| Balances relating to operating activities: | | |
| Nanjing Jincheng Jiaye Marketing Planning Co., Ltd. | 58 | – |
| Nanjing Jiayou City Real Estate Co., Ltd. | 6,347 | – |
| Nanjing Yincheng Fitness Co., Ltd. | 7,752 | 5,428 |
| | 14,157 | 5,428 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS (Continued)

(4) Outstanding balances with related parties (Continued)

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Due to related parties: | | |
| Balances relating to non-operating activities: | | |
| Yincheng Real Estate Group Co., Ltd. | 560,667 | 1,166,224 |
| Nanjing Eastern Yinian Pension Service Co., Ltd. | 36,460 | 50,860 |
| Nanjing Yicheng Real Estate Co., Ltd. | – | 103,335 |
| Nanjing Mahui Real Estate Co., Ltd. | – | 263,024 |
| Nanjing Hongquan | – | 47,726 |
| Nanjing Xucheng Real Estate Co., Ltd. | 401,800 | – |
| Nanjing Yinjiahong Enterprise Management Co., Ltd. | 178,470 | 194,031 |
| Wuxi Tianhonglixin | 261,990 | – |
| Xincheng Real Estate (Wuxi) Co., Ltd. | 139,189 | 158,000 |
| | 1,578,576 | 1,983,200 |
| | | |
| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
| Due to related parties: | | |
| Balances relating to operating activities: | | |
| Nanjing Huazhongyuan Hotel Co., Ltd. | – | 187 |
| Nanjing Huifang Network Technology Co., Ltd. | – | 41 |
| Nanjing Yincheng Property Service Co., Ltd. | 19,009 | 15,362 |
| Yincheng Real Estate Group Co., Ltd. | 17,831 | 14,877 |
| | 36,840 | 30,467 |

Balances with the above related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

40. RELATED PARTY TRANSACTIONS *(Continued)*

(5) Compensation of key management personnel of the Group

| | 2018 RMB'000 | 2017 RMB'000 |
|--|-----------------|-----------------|
| Short term employee benefits | 10,372 | 6,868 |
| Share-based payment | 82,600 | – |
| Pension scheme contributions and social welfare | 782 | 714 |
| Total compensation paid to key management personnel | 93,754 | 7,582 |

Further details of directors' emoluments are included in note 8 to the financial statements.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2018

Financial assets

| | Loans and receivables RMB'000 | Total RMB'000 |
|--|-------------------------------------|------------------|
| Financial assets included in prepayments, deposits and other receivables (note 23) | 556,280 | 556,280 |
| Trade receivables | 2 | 2 |
| Due from related companies (note 40) | 1,184,581 | 1,184,581 |
| Restricted cash (note 24) | 122,820 | 122,820 |
| Pledged deposits (note 24) | 7,441 | 7,441 |
| Cash and cash equivalents (note 24) | 1,589,181 | 1,589,181 |
| | 3,460,305 | 3,460,305 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

31 December 2018 *(Continued)*

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 |
|---|--|
| Trade and bills payables (note 25) | 2,250,325 |
| Financial liabilities included in other payables and accruals (note 26) | 2,684,506 |
| Interest-bearing bank and other borrowings (note 29) | 10,191,404 |
| Due to related companies (note 40) | 1,615,416 |
| | 16,741,651 |

31 December 2017

Financial assets

| | Loans and receivables RMB'000 | Available-for-sale financial assets RMB'000 | Total RMB'000 |
|--|----------------------------------|--|------------------|
| Financial assets included in prepayments, deposits and other receivables (note 23) | 1,553,419 | – | 1,553,419 |
| Trade receivables | 1,992 | – | 1,992 |
| Due from related companies (note 40) | 2,584,977 | – | 2,584,977 |
| Restricted cash (note 24) | 138,625 | – | 138,625 |
| Available-for-sale investments (note 20) | – | 321,008 | 321,008 |
| Cash and cash equivalents (note 24) | 1,171,303 | – | 1,171,303 |
| | 5,450,316 | 321,008 | 5,771,324 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2017 (Continued)

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 |
|--|--|
| Trade and bills payables (note 25) | 917,403 |
| Financial liabilities included in other payables, deposits received and accruals (note 26) | 1,176,863 |
| Interest-bearing bank and other borrowings (note 29) | 5,660,097 |
| Financial guarantee contracts (note 30) | 25,156 |
| Due to related companies (note 40) | 2,013,667 |
| | 9,793,186 |

42. 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 | |
|--|------------------|-----------------|-----------------|-----------------|
| | 2018 RMB'000 | 2017 RMB'000 | 2018 RMB'000 | 2017 RMB'000 |
| Financial assets | | | | |
| Available-for-sale investments | – | 321,008 | – | 321,008 |
| Financial liabilities | | | | |
| Interest-bearing bank and other borrowings | 10,191,404 | 5,660,097 | 10,055,728 | 5,522,388 |

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of financial guarantee contracts are approximate to their carrying amounts based on Management assessment.

For the fair values of the available-for-sale investments, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the available-for-sale investments is categorised within Level 3 of the fair value hierarchy.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the 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 chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of the reporting period:

| | | | | |
|--------------------------------|--|---|----------------------|---|
| Available-for-sale investments | Valuation technique Discounted cash flow method | Significant unobservable input 2017 3.45% to 3.55% | Range 1% increase | Sensitivity of fair value to the input An increase (decrease) in discount rate would result in the decrease (increase) in fair value of by RMB101,000 as at 31 December 2017 |
|--------------------------------|--|---|----------------------|---|

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and 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, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately and RMB5,881,000 for the year ended 31 December 2018 (31 December 2017: RMB1,144,000).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk

Under IAS 39

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Exposure to credit risk arises primarily from its financing activities to customers.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the year 2017.

The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments as at 31 December 2017.

Under IFRS 9

The carrying amounts of restricted cash, pledged deposits, cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2018.

As at 31 December 2018, all restricted cash, pledged deposits and cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group classified 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 from one to 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.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporate forward-looking information based on key economic variables such as the per capita disposable income of urban residents and central bank base rate.



NOTES TO FINANCIAL STATEMENTS

31 December 2018

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group has established a policy to perform an assessment for the period beginning on 1 January 2018, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its other receivables and amounts due from related companies into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 When other receivables and amounts due from related companies are first recognised, the Group recognises an allowance based on 12 months' ECLs.

Stage 2 When other receivables and amounts due from related companies have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.

Stage 3 When other receivables and amounts due from related companies are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

Management makes periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related companies as well as individual assessment on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, deposits and other receivables and amounts due from related companies in stage 1 and continuously monitors their credit risk. The Company uses the expected credit loss rate of 0.17%, considering the default probability and recovery probability, to estimate the impairment of financial assets included in prepayments, deposits and other receivables, and amounts due from related companies, and 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, deposits and other receivables and amounts due from related companies and no provisions were recognised.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and senior notes. 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 RMB'000 | Less than 3 months RMB'000 | 3 to 12 months RMB'000 | Over 1 year RMB'000 | Total RMB'000 |
|--|----------------------|----------------------------------|------------------------------|---------------------------|-------------------|
| 31 December 2018 | | | | | |
| Interest-bearing bank and other borrowings | 1,601,800 | 308,332 | 3,868,414 | 5,228,925 | 11,007,471 |
| Financial guarantee contracts | – | – | – | 871,651 | 871,651 |
| Trade and bills payables | – | 2,250,325 | – | – | 2,250,325 |
| Other payables | – | 2,684,506 | – | – | 2,684,506 |
| Due to related companies | – | 1,615,416 | – | – | 1,615,416 |
| | 1,601,800 | 6,858,579 | 3,868,414 | 6,100,576 | 18,429,369 |
| | On demand RMB'000 | Less than 3 months RMB'000 | 3 to 12 months RMB'000 | Over 1 year RMB'000 | Total RMB'000 |
| 31 December 2017 | | | | | |
| Interest-bearing bank and other borrowings | 733,800 | 78,697 | 844,461 | 4,553,991 | 6,210,949 |
| Financial guarantee contracts | – | – | – | 885,000 | 885,000 |
| Trade and bills payables | – | 917,403 | – | – | 917,403 |
| Other payables | – | 1,176,863 | – | – | 1,176,863 |
| Due to related companies | – | 2,013,667 | – | – | 2,013,667 |
| | 733,800 | 4,186,630 | 844,461 | 5,438,991 | 11,203,882 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, other payables, deposits received and accruals and amounts due to related companies less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

| | 31 December 2018 RMB'000 | 31 December 2017 RMB'000 |
|--|--------------------------------|--------------------------------|
| Trade and bills payables | 2,250,325 | 917,403 |
| Other payables, deposits received and accruals | 2,908,338 | 1,219,012 |
| Interest-bearing bank and other borrowings | 10,191,404 | 5,660,097 |
| Due to related companies | 1,615,416 | 2,013,667 |
| Less: Cash and cash equivalents | (1,589,181) | (1,171,303) |
| Net debt | 15,376,302 | 8,638,876 |
| Equity attributable to owners of the Company | 1,568,599 | 1,330,859 |
| Capital and net debt | 16,944,901 | 9,969,735 |
| Gearing ratio | 91% | 87% |

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets the financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches of the financial covenants would permit to banks to immediately call borrowings. There were breaches of the financial covenants of interest-bearing borrowings amounting to RMB1,601,800,000 as at 31 December 2018 (31 December 2017: RMB733,800,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2018

44. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2018

| | Percentage of equity interest held by non-controlling interests % | (Loss)/profit for the year allocated to non-controlling interests RMB'000 | Accumulated balances of non-controlling interests RMB'000 |
|-------------------------------|---|---|---|
| Wuxi Yifeng | 65 | (24,550) | 79,231 |
| SUNAC Real Estate | 50 | (10,492) | 139,481 |
| Nanjing Eastern Senior Living | 25* | 130,766 | 330,223 |

* On 28 May 2018, the Group acquired another 24.17% equity interest in Nanjing Eastern Senior Living from the other two shareholders, after which the Group owned 75% equity interest in it.

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

| | Wuxi Yifeng RMB'000 | Nanjing Eastern Senior Living RMB'000 | SUNAC Real Estate RMB'000 |
|---|---------------------|---------------------------------------|---------------------------|
| Revenue | – | 3,381,261 | – |
| Total expenses | (37,770) | (2,436,333) | (27,831) |
| Income tax expense | – | (418,495) | 6,847 |
| (Loss)/profit and total comprehensive (expense)/income for the year | (37,770) | 526,433 | (20,984) |
| Current assets | 1,690,909 | 2,158,292 | 1,181,133 |
| Non-current assets | 55 | 1,085,207 | 7,078 |
| Current liabilities | (1,029,070) | (1,907,614) | (534,249) |
| Non-current liabilities | (540,000) | (14,993) | (375,000) |
| Net cash flows from/(used in) operating activities | (392,842) | 179,003 | (552,970) |
| Net cash flows from/(used in) financing activities | 600,000 | (905,119) | 543,750 |
| Net increase/(decrease) in cash and cash equivalents | 207,158 | (726,116) | (9,220) |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

44. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

31 December 2017

| | Percentage of equity interest held by non-controlling interests % | Profit for the year allocated to non-controlling interests RMB'000 | Accumulated balances of non-controlling interests RMB'000 |
|-------------------------------|--|--|---|
| Nanjing Eastern Senior Living | 49.17 | (11,968) | 416,533 |
| Nanjing Hongyou | 49 | 4,264 | 123,949 |

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

| | Nanjing Eastern Senior Living RMB'000 | Nanjing Hongyou RMB'000 |
|---|---|-------------------------------|
| Revenue | – | 52,545 |
| Total expenses | (31,272) | (33,890) |
| Income tax expense | 6,933 | (9,952) |
| Profit/(loss) and total comprehensive income for the year | (24,339) | 8,703 |
| Current assets | 4,751,278 | 427,343 |
| Non-current assets | 637,025 | 41,717 |
| Current liabilities | (3,848,492) | (216,101) |
| Non-current liabilities | (692,682) | – |
| Net cash flows from operating activities | 76,485 | 68,155 |
| Net cash flows from/(used in) investing activities | (176,043) | 135,500 |
| Net cash flows from/(used in) financing activities | 826,111 | (200,000) |
| Net increase in cash and cash equivalents | 726,553 | 3,655 |

NOTES TO FINANCIAL STATEMENTS

31 December 2018

45. 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:

| | 31 December 2018 RMB'000 |
|--|--------------------------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | – |
| Prepayments, deposits and other receivables | 340 |
| Total current assets | 340 |
| NON-CURRENT ASSETS | |
| Investments in subsidiaries | 82,600 |
| Total non-current assets | 82,600 |
| CURRENT LIABILITIES | |
| Due to a subsidiary | 1,874 |
| Total current liabilities | 1,874 |
| NET CURRENT LIABILITIES | (1,534) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 81,066 |
| NET ASSETS | 81,066 |
| EQUITY | |
| Equity attributable to owners of the parent | |
| Share capital (note 31) | 347 |
| Treasury shares (note 31) | (7) |
| Reserves | 80,726 |
| TOTAL EQUITY | 81,066 |



NOTES TO FINANCIAL STATEMENTS

31 December 2018

46. SUBSEQUENT EVENT

Pursuant to a written resolution of the shareholders of the Company passed on 6 March 2019, a total of approximately 1,058,534,993 shares of HK\$0.1 each ("**Shares**") were allotted and issued at par value to the shareholders as of the date immediately before the listing date of 6 March 2019 (the "**Listing Date**") on a pro rata basis by way of capitalisation of approximately HK\$105,854,000 from the Company's share premium account on the Listing Date.

On 6 March 2019, upon its listing on the Stock Exchange, the Company issued 354,262,000 new Shares at HK\$2.38 each.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2019.

OUR REGISTERED OFFICE AND PLACES OF BUSINESS

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|---|--|--|
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