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**Datang Group Holdings Limited**  
**大唐集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2117)**

**ISSUANCE OF US\$283,950,000 12.50%**  
**SENIOR NOTES DUE 2023**  
**OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Please refer to the attached exchange offer memorandum (the “**Exchange Offer Memorandum**”) in relation to the issuance of US\$283,950,000 12.50% senior notes due 2023 by Datang Group Holdings Limited (the “**Company**”), which is available on the website of the Singapore Exchange Securities Trading Limited.

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

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

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

By Order of the Board  
**Datang Group Holdings Limited**  
**Wu Di**  
*Chairman*

Hong Kong, 8 June 2022

*As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, Mr. TANG Guozhong, Ms. ZHANG Jianhua and Ms. CHAN Tan Yee, the non-executive Director is Ms. CHEN Xiaoyun, and the independent non-executive Directors are Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi.*

**STRICTLY CONFIDENTIAL — DO NOT FORWARD**

**THIS EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT, OR ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AND ARE OUTSIDE THE UNITED STATES.**

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

**Confirmation of Your Representation:** You have accessed the attached document on the basis that you have confirmed your representation to Datang Group Holdings Limited (the “**Company**”), the Subsidiary Guarantors (as defined below) and Haitong International Securities Company Limited (the “**Dealer Manager**”) that (1) that you are a holder of or are a custodian or intermediary acting on behalf of the beneficial owner of the 12.50% Senior Notes Due 2022, issued by the Company and guaranteed by certain subsidiaries of the Company (the “**Subsidiary Guarantors**”), (2) you are outside the United States and are not, or are not acting for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”)) and to the extent you participate in the exchange offer as described in the attached exchange offer memorandum, you will be doing so pursuant to Regulation S under the U.S. Securities Act, and (3) that you consent to delivery of the attached exchange offer memorandum and any amendments or supplements thereto by electronic transmission.

The attached document is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.

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

The attached document is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the “**EUWA**”).

**Prohibition of sales to UK retail investors** — The securities 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. 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 of the United Kingdom by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

The communication of the attached document and any other document or materials relating to the issue of the securities offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), or who fall within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, the securities offered hereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Subsidiary Guarantors and the Dealer Manager or any person who controls them or any of their respective directors, employees representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

**THE EXISTING NOTES AND THE NEW NOTES (EACH AS DEFINED IN THE ATTACHED EXCHANGE OFFER MEMORANDUM) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Company, the Subsidiary Guarantors or the Dealer Manager to subscribe for or purchase any of the securities described therein and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be described to be made by the Dealer Manager or its affiliates on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached exchange offer memorandum on the basis that you are a person into whose possession such exchange offer 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 such exchange offer memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

**Actions That You May Not Take:** You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORIZED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED EXCHANGE OFFER MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH EXCHANGE OFFER MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED EXCHANGE OFFER MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

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THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.  
NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO ANY PERSON LOCATED OR  
RESIDENT IN THE UNITED STATES. THIS EXCHANGE OFFER MEMORANDUM IS AVAILABLE  
ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS AND ARE OUTSIDE THE UNITED STATES.



## Datang Group Holdings Limited 大唐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

### Offer to Exchange at least a Minimum Acceptance Amount (as defined below) of the Following Debt Securities

Description of Debt Securities	Outstanding Amount	ISIN / Common Code	Minimum Acceptance Amount	Exchange Consideration per US\$1,000 of Existing Notes (as defined herein) tendered for exchange
12.50% Senior Notes Due 2022 (the “Existing Notes”)	US\$300,000,000	XS2339781325/ 233978132	US\$270,000,000	US\$1,000 in aggregate principal amount of the New Notes (as defined herein) and Accrued Interest (as defined below). See the section entitled “Summary of the Exchange Offer — Exchange Consideration.”

**THIS EXCHANGE OFFER (AS DEFINED HEREIN) WILL EXPIRE AT 4:00 P.M., LONDON TIME ON MAY 30, 2022, UNLESS EXTENDED OR EARLIER TERMINATED AT OUR SOLE DISCRETION (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE “EXPIRATION DEADLINE”). ELIGIBLE HOLDERS (AS DEFINED HEREIN) WHO GIVE INSTRUCTIONS TO EXCHANGE EXISTING NOTES WILL RECEIVE EXCHANGE CONSIDERATION AS DESCRIBED BELOW. INSTRUCTIONS (AS DEFINED HEREIN) MAY NOT BE WITHDRAWN ONCE SUBMITTED.**

Upon the terms and subject to the conditions set forth in this exchange offer memorandum (this “exchange offer memorandum”), we, Datang Group Holdings Limited (the “Company”, and as the context may require, words of similar import, including “we”, “us”, or “our”), are offering to exchange (the “Exchange Offer”) for at least US\$270,000,000, or 90%, of the outstanding principal amount of the Existing Notes (the “Minimum Acceptance Amount”) held by Eligible Holders. For each US\$1,000 principal amount of the outstanding Existing Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, the Exchange Consideration (the “Exchange Consideration”) is consisting of the following:

- (a) US\$1,000 in aggregate principal amount of the Company’s US\$ denominated Senior Notes due 2023 (the “New Notes”) (to be rounded downward to the nearest US\$1); and
- (b) any Accrued Interest (paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

Terms used in this exchange offer memorandum that are not otherwise defined herein have the meanings set forth in the indenture dated as of June 7, 2021 (as amended or supplemented to the date hereof, the “Existing Notes Indenture”), by and among the Company, the subsidiary guarantors named therein (the “Subsidiary 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 “Existing Notes Trustee”). We plan to use our own internal funds to pay the cash components of the Exchange Consideration described above.

The Existing Notes are guaranteed by the Subsidiary Guarantors. We refer to the guarantees by the Subsidiary Guarantors as the “Subsidiary Guarantees”. Under certain circumstances and subject to certain conditions, a limited-recourse guarantee (the “JV Subsidiary Guarantee”) may be provided by certain subsidiaries of the Company or may replace a Subsidiary Guarantee. We refer to the subsidiaries providing JV Subsidiary Guarantees as JV Subsidiary Guarantors.

The New Notes will bear interest at 12.50% per annum. See “Summary of the New Notes”.

Accrued and unpaid interest on any Existing Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date (as defined below), will be payable in cash (such accrued and unpaid interest in cash, the “Accrued Interest”). We plan to use our own internal funds to pay such Accrued Interest. For further details, see the section entitled “Summary of the Exchange Offer — Accrued Interest.”

Instructions to exchange any of the Existing Notes may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Any New Notes to be issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$150,000 and integral multiples of US\$1 in excess thereof. **Any tendering Eligible holder must tender its entire holding of Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders.**

The Exchange Offer is subject to the conditions discussed under “Description of the Exchange Offer — Conditions to the Exchange Offer.” Our obligation to accept for exchange the Existing Notes validly tendered is subject to, and conditioned upon, among other things, the valid tender of Existing Notes for at least the Minimum Acceptance Amount, and we reserve the right, in our sole discretion, to amend any term of, or waive any condition to, the Exchange Offer prior to the Expiration Deadline.

Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer — Conditions to the Exchange Offer” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer or (v) modify the form or amount of the

consideration to be paid pursuant to this Exchange Offer. We will pay, with respect to Existing Notes validly tendered and accepted for exchange, the Exchange Consideration as described above. **If we receive valid tender of the Existing Notes for less than the Minimum Acceptance Amount, we may not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.**

**Only direct participants in Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking S.A. (“Clearstream”) may submit instructions through Euroclear and Clearstream. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an instruction on your behalf to the relevant clearing system prior to the deadline specified by the relevant clearing system. Upon giving instructions with respect to any Existing Notes, those Existing Notes will be blocked and may not be transferred until the Exchange Offer is terminated so as to result in a cancellation of such instructions.**

Instructions in connection with the Exchange Offer are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms herein. You must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an instruction on your behalf to the relevant clearing system prior to the deadlines specified by the relevant clearing system, which may be earlier than the deadline specified in this exchange offer memorandum.

You should carefully consider all the information in this exchange offer memorandum, including, in particular, the “Risk Factors” section in this exchange offer memorandum before you make any decision regarding the Exchange Offer. For more information regarding the New Notes, see the section entitled “Description of the New Notes”.

**YOU MUST MAKE YOUR OWN DECISION WHETHER TO EXCHANGE YOUR EXISTING NOTES IN THE EXCHANGE OFFER. NONE OF THE COMPANY, THE SUBSIDIARY GUARANTORS, THE EXISTING NOTES TRUSTEE, THE EXISTING NOTES AGENTS, THE DEALER MANAGER, THE INFORMATION AND EXCHANGE AGENT (EACH AS DEFINED HEREIN) OR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD EXCHANGE YOUR EXISTING NOTES IN THE EXCHANGE OFFER.**

Application will be made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in principle from, admission to the Official List of and the listing and quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective subsidiaries or associated companies, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$150,000.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered and sold only to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see the section entitled “Transfer Restrictions” in this exchange offer memorandum.

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*Dealer Manager*

**Haitong International**

The date of this exchange offer memorandum is May 23, 2022

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### IMPORTANT NOTICE

**This exchange offer memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this exchange offer 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 exchange offer memorandum or that the information contained in this exchange offer memorandum is correct as of any time after that date.**

**This exchange offer memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.**

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

**This exchange offer memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the “EUWA”).**

**Prohibition of sales to UK retail investors — The securities 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. 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 of the United Kingdom by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.**

**The communication of this exchange offer memorandum and any other document or materials relating to the issue of the securities offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”), or who fall within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the securities offered hereby are only available to, and any investment or investment activity to which this exchange offer memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this exchange offer memorandum or any of its contents.**

**Notification under Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) — Solely in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”) the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the New Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).**

We, having made all reasonable inquiries, confirm that: (i) this exchange offer memorandum contains all information with respect to us, our subsidiaries and affiliates referred to in this exchange offer memorandum, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), that is material in the context of the Exchange Offer and the issue of the New Notes; the statements contained in this exchange offer memorandum relating to us and our subsidiaries are in every material respect true and accurate and not misleading; (ii) the opinions and intentions expressed in this exchange offer 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; (iii) there are no other material facts in relation to us, our subsidiaries, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the Exchange Offer and the issue of the New Notes, make this exchange offer memorandum, as a whole, misleading; and (iv) 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.

No representation or warranty, express or implied, is made by Haitong International Securities Company Limited (the “**Dealer Manager**”), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Existing Notes Trustee**” and the “**New Notes Trustee**”), China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司) (the “**Existing Notes Paying and Transfer Agent**” and “**New Notes Paying and Transfer Agent**”) and as registrar (the “**Existing Notes Registrar**” and the “**New Notes Registrar**”, and the Existing Notes Registrar together with the Existing Notes Paying and Transfer Agent, the “**Existing Notes Agents**”, the New Notes Paying and Transfer Agent, together with the New Notes Registrar, the “**New Notes Agents**”) or Morrow Sodali Limited, being the Information and Exchange Agent (the “**Information and Exchange Agent**”) or any of their respective affiliates, directors or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this exchange offer memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Dealer Manager, the Existing Notes Trustee, the Existing Notes Agents, the Information and Exchange Agent and any of their respective affiliates, directors or advisors has independently verified any of the information contained in this exchange offer memorandum. They can give no assurance that this information is accurate, truthful or complete, and, to the fullest extent permitted by law, none of them accepts any responsibility for the contents of this exchange offer memorandum. This exchange offer memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Company, the Subsidiary Guarantors, the Dealer Manager, the Existing Notes Trustee, the Existing Notes Agents, or the Information and Exchange Agent as to whether Eligible Holders of the Existing Notes should tender the Existing Notes pursuant to the Exchange Offer.

Each person receiving this exchange offer 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 Dealer Manager, the Existing Trustee or any person affiliated with the Dealer Manager in connection with any investigation of the accuracy of such information or its decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the New Notes, the Subsidiary Guarantees or JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of our company and the terms of the Exchange Offer) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Dealer Manager.

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

We are not, and the Dealer Manager is not, making an offer to sell the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this exchange offer memorandum and the Exchange Offer may in certain jurisdictions be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by us and the Dealer Manager to inform itself about and to observe any such restrictions. For a

description of the restrictions on the offer and distribution of the New Notes, including the Subsidiary Guarantees and JV Subsidiary Guarantees (if any), and distribution of this exchange offer memorandum, see the section entitled “Offer and Distribution Restrictions” below.

This exchange offer 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 exchange offer memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the Exchange Offer, including the merits and risks involved. We are not making any representation to you regarding the legality of tendering the Existing Notes pursuant to the Exchange Offer by you under any legal, investment, taxation or similar laws or regulations. You should not consider any information in this exchange offer memorandum to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding tendering the Existing Notes pursuant to the Exchange Offer.

Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, from time to time to redeem or purchase any Existing Notes through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from those of this exchange offer memorandum and could be for cash or other consideration, or to exercise any of our rights (including rights of redemption) under the Existing Notes Indenture.

## OFFER AND DISTRIBUTION RESTRICTIONS

*This exchange offer memorandum does not constitute an offer of securities for sale in any jurisdiction where it is unlawful to do so. The distribution of this exchange offer memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by each of us, the Existing Notes Trustee, the New Notes Trustee, the Dealer Manager and the Information and Exchange Agent or any of their respective affiliates, directors or advisors to inform themselves about and to observe any such restrictions. None of the Exchange Notes Trustee, the New Notes Trustee, the Dealer Manager and the Information and Exchange Agent will incur any liability for their own failure or the failure of any other person or persons to comply with the provisions of any such restrictions. None of the Existing Notes Trustee, the New Notes Trustee, the Dealer Manager and the Information and Exchange Agent will incur any liability for their own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.*

### **United States**

The Exchange Offer will only be made to Eligible Holders who are not U.S. persons (as defined in Regulation S of the Securities Act) and located outside the United States and hold the Existing Notes through the Clearing Systems (as defined herein) or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States and holding the Existing Notes through the relevant Clearing System. The Exchange Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Existing Notes may not be tendered in the Exchange Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the Securities Act, or by a U.S. person (as defined in Regulation S of the Securities Act).

Accordingly, copies of this exchange offer memorandum and any other documents or materials relating to the Exchange Offer is not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported offer of the Existing Notes for purchase or exchange resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer of the Existing Notes for purchase or exchange made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

The New Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act) outside 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 laws of any other jurisdiction.

The purpose of this exchange offer memorandum is limited to the Exchange Offer and this exchange offer memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of the Existing Notes participating in the Exchange Offer will represent that it is not , and not acting for the benefit of, a U.S. Person; it is not located in the United States; and it is not participating in the Exchange Offer from the United States nor acting on a non-discretionary or discretionary basis for a principal located inside the United States.

### **Prohibition of Sales to EEA Retail Investors**

The New Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Prohibition of Sales to UK Retail Investors**

The New Notes may not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the New Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the New Notes in, from or otherwise involving the United Kingdom.

### **Hong Kong**

This exchange offer memorandum has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this exchange offer memorandum may not be issued, circulated or distributed in Hong Kong. A copy of this exchange offer memorandum may, however, be issued to a limited number of prospective applicants for the Exchange Offer or the New Notes in Hong Kong (i) in a manner which does not constitute an offer to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

No advertisement, invitation or document relating to the Exchange Offer or the New Notes may be issued or may be in the possession of any person whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

## Japan

The Exchange Offer and the New Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “FIEA”) and may not be offered or sold directly or indirectly, 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 reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Singapore

The Dealer Manager has acknowledged that this exchange offer memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act 2001 of Singapore (the “SFA”). Accordingly, the Dealer Manager has represented, warranted and agreed that it has not offered or sold any New Notes or caused the New Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Notes or cause the New 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 exchange offer memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities or securities-based derivatives contracts (each term as defined in 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 New Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **The PRC**

No New Notes shall be offered or sold in the PRC (excluding Hong Kong, Macau and Taiwan), directly or indirectly, except in compliance with applicable laws and regulations.

### **Cayman Islands**

No offer or invitation may be made, directly or indirectly, to the public in the Cayman Islands to subscribe for the New Notes. The New Notes have not been and will not be offered or sold in the Cayman Islands.

This Exchange Offer does not constitute, and will not be, an offering of the New Notes to any person in the Cayman Islands.

### **British Virgin Islands**

No offer or invitation may be made to the public, directly or indirectly, in the British Virgin Islands to subscribe for any of the New Notes. The New Notes have not been and will not be offered or sold in the British Virgin Islands.

This Exchange Offer does not constitute, and will not be, an offering of the New Notes to any person in the British Virgin Islands.

## CONVENTION USED IN THIS EXCHANGE OFFER MEMORANDUM

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

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

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

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollar amounts were made at the rate of RMB6.3726 to US\$1.00, the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (“Federal Reserve Board”) on December 30, 2021, and all translations from H.K. dollar amounts into U.S. dollar amounts were made at the rate of HK\$7.7996 to US\$1.00, the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board on December 30, 2021. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts or H.K. dollars 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 “PRC” and “China,” in the context of statistical information and description of laws and regulations in this exchange offer memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC (“Macau”), or Taiwan. “PRC government” or “State” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

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

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

## FORWARD-LOOKING STATEMENTS

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

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



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

## ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

We have been advised by our Cayman Islands legal advisor, Maples and Calder Hong Kong (LLP), that there is uncertainty as to whether the courts of the Cayman Islands would (1) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (2) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, provided such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty; and (iii) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

We have also been advised by our British Virgin Islands legal advisor, Maples and Calder (Hong Kong) LLP, any final and conclusive monetary judgment obtained against any Subsidiary Guarantor incorporated in the British Virgin Islands in the courts of the United States, for a definite sum, may be treated by the courts of the British Virgin Islands as a cause of action in itself so that no retrial of the issues would be necessary

provided that in respect of the foreign judgment: (a) the foreign court issuing the judgment had jurisdiction in the matter and we either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (b) the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations; (c) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the foreign court; (d) recognition or enforcement of the judgment would not be contrary to British Virgin Islands public policy; and (e) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

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

- (i) was obtained by fraud;
- (ii) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);
- (iii) is contrary to public policy or natural justice in Hong Kong;
- (iv) is based on foreign penal, revenue or other public law; or
- (v) falls within Section 3(1) of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong).

We have also been advised by our PRC legal advisor, Jingtian & Gongcheng, that there is uncertainty as to whether the courts of the PRC would (i) enforce judgments of U.S. courts obtained against us, our directors or officers, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) or their 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, the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) or their directors or officers predicated upon the U.S. federal or state securities laws.

## SUMMARY

*This summary highlights information contained elsewhere in this exchange offer memorandum but may not contain all of the information that you should consider before deciding to tender in the Exchange Offer. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this exchange offer memorandum. You should read this entire exchange offer memorandum, including the section entitled “Risk Factors” and the financial statements and related notes, before making an investment decision. Some of the statements in this “Summary” are forward-looking statements.*

### BACKGROUND AND PURPOSE OF THE EXCHANGE OFFER

During the latter half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers' concerns about the ability of property developers to complete projects, has adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed our funding sources to address upcoming maturities.

Since the beginning of 2022, the property sector in China has continued to experience volatility. Reduced bank lending for real estate development, coupled with certain negative credit events, have intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased. We also experienced a noticeable decline of our aggregate contracted sales in recent months. In addition, the recent depreciation of renminbi against US dollars negatively affected our ability to repay US dollar denominated debts.

Despite the backdrop of the adverse market conditions, we are working on generating sufficient cash flow to meet our financial commitments, and therefore, as part of these efforts, we are now conducting the Exchange Offer. We are offering Eligible Holders of the Existing Notes an opportunity to exchange their Existing Notes for New Notes with an extended maturity and terms designed to allow us to improve our financial condition and stability.

If the Exchange Offer is not successfully consummated, we may not be able to fully repay the Existing Notes, and our efforts to generate sufficient cash flow to meet our financial commitments may be limited. As a result, we may consider alternative debt restructuring exercise.

### OVERVIEW

We are a property developer in China focusing on the development of residential and commercial properties in selected economic regions. We have expanded our business into mainly six economic regions in China, including the Western Taiwan Strait Economic Region, Beibu Gulf Region and Neighboring Cities, Beijing-Tianjin-Hebei Region, Midstream Parts of the Yangtze River Region, Yangtze River Delta Region and Chengdu-Chongqing Region. We also hold leading market positions in certain local property markets.

We are primarily engaged in the development of residential properties that target customers with a demand for their first homes or first or second home upgrades. We also develop commercial properties, including office buildings, hotels, shopping centers and others, which we believe will help diversify our source of income. We hold a portion of our commercial properties for long-term investment.

As of December 31, 2021, we had 146 property development projects developed by our subsidiaries, joint ventures and associates at various stages of development.

As of the same date, the total GFA of our land bank was approximately 23.71 million sq.m., among which the total completed but undelivered GFA was approximately 0.73 million sq.m., GFA held for property investment was approximately 0.16 million sq.m., and the total GFA under development was approximately 22.83 million sq.m.

We mainly attribute our success to our distinctive property designs, standardized property development process, multiple land acquisition methods and prudent financial policies, all of which enable us to replicate our success as we expand in the PRC market and increase our brand value. Our three residential property series, namely, the Youth Series (大唐果系), Royalty Series (世家系) and Impression Series (印象系), are targeted at the first-time home buyers, the first-time home upgraders and the second-time home upgraders, respectively. Each series has its own positioning and can be tailored for local customers based on specific needs. Depending on the customer preference and architectural history of the local market, we also select and infuse different Chinese design elements into the design of our properties.

Our revenue grew at a CAGR of approximately 17.8% from RMB8,108.0 million in 2019 to RMB11,254.2 million (US\$1,766.0 million) in 2021. Our net profit grew at a CAGR of of 27.9% from approximately RMB627.4 million in 2019 to RMB1,025.8 million (US\$161.0 million) in 2021.

## **RECENT DEVELOPMENT**

### **Unaudited Operating Figures for the three months ended March 31, 2022**

Our accumulated contracted sales decreased from RMB9.35 billion for the three months ended March 31, 2021 to RMB6.43 billion for the same period of 2022, our accumulated sales area decreased from 908,000 sq.m. for the three months ended March 31, 2021 to 640,300 sq.m. for the same period of 2022, and our average selling price increased from RMB10,297 for the three months ended March 31, 2021 to RMB10,055 per sq.m. for the same period of 2022.

### **The COVID-19 Outbreak**

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected our business operation and financial condition. However, the PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. 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. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details, please see “Risk Factors — We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, we could be materially and adversely affected by the COVID-19 pandemic in China.”

## **GENERAL INFORMATION**

We were incorporated in the Cayman Islands on December 14, 2018, as an exempted company with limited liability. Our shares have been listed on the SEHK since November 27, 2020 under stock code 2117. Our principal place of business in the PRC is located in Tower B, Dynasty Center No.2001, Lvling Street, Siming District, Xiamen, Fujian Province, China. Our place of business in Hong Kong is located at 40/F,

Sunlight Tower, 248 Queen's Road East, Wanchai. Our registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108. Our website is [www.dyna888.com](http://www.dyna888.com). Information contained on our website does not constitute part of this offering memorandum.

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary financial data as of and for each of the years ended December 31, 2019, 2020 and 2021 (except for EBITDA data and amounts presented in U.S. dollars) have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2021, as audited by PricewaterhouseCoopers, Certified Public Accountants and included elsewhere in this exchange offer memorandum. Our consolidated financial statements for the years ended December 31, 2020 and 2021 have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The summary consolidated financial data below should be read in conjunction with our consolidated financial statements, and the notes thereto included elsewhere in this exchange offer memorandum.

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

	Year ended December 31,			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
				<i>(unaudited)</i>
<b>Revenue</b> . . . . .	8,108,026	10,588,379	11,254,171	1,766,025
Cost of sales . . . . .	<u>(5,922,653)</u>	<u>(7,892,454)</u>	<u>(8,554,974)</u>	<u>(1,342,462)</u>
<b>Gross profit</b> . . . . .	2,185,373	2,695,925	2,699,197	423,563
Selling and marketing costs . . . . .	(444,185)	(482,694)	(528,925)	(83,000)
Administrative expenses . . . . .	(454,868)	(522,226)	(705,654)	(110,733)
Net reversal of impairment/impairment (losses) on financial and contract assets	2,858	7,918	(63,160)	(9,911)
Other income . . . . .	39,152	42,257	39,674	6,226
Other expenses . . . . .	(35,575)	(11,763)	(13,750)	(2,158)
Other gains – net <sup>(3)</sup> . . . . .	<u>129,176</u>	<u>51,543</u>	<u>192,973</u>	<u>30,282</u>
<b>Operating profit</b> . . . . .	1,421,931	1,780,960	1,620,355	254,269
Finance income . . . . .	25,539	28,799	33,470	5,253
Finance costs . . . . .	<u>(48,466)</u>	<u>(48,374)</u>	<u>(81,586)</u>	<u>(12,803)</u>
Finance costs – net . . . . .	(22,927)	(19,575)	(48,116)	(7,550)
Share of results of joint ventures and associates . . . . .	<u>8,860</u>	<u>(45,730)</u>	<u>136,203</u>	<u>21,373</u>
<b>Profit before income tax</b> . . . . .	1,407,864	1,715,655	1,708,442	268,092
Income tax expenses . . . . .	<u>(780,451)</u>	<u>(765,706)</u>	<u>(682,668)</u>	<u>(107,126)</u>
<b>Profit and total comprehensive income for the year</b> . . . . .	<u>627,413</u>	<u>949,949</u>	<u>1,025,774</u>	<u>160,966</u>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company . . . . .	710,256	715,372	726,438	113,994
Non-controlling interests . . . . .	<u>(82,843)</u>	<u>234,577</u>	<u>299,336</u>	<u>46,972</u>
	<u>627,413</u>	<u>949,949</u>	<u>1,025,774</u>	<u>160,966</u>
<b>Other financial data (unaudited)</b>				
EBITDA <sup>(1)</sup> . . . . .	2,169,390	2,772,730	3,154,378	494,991
EBITDA margin <sup>(2)</sup> . . . . .	26.8%	26.2%	28.0%	28.0%

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*Notes:*

- (1) EBITDA for any period consists of gross profit, selling and marketing costs, administrative expenses, capitalized interest, depreciation of property, plant and equipment and right-of-use assets and amortization of costs for obtaining contracts and intangible assets. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the New Notes. Interest expense excludes amounts capitalized. See "Description of the New Notes—Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the New Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.
- (3) Other gains-net include fair value and revaluation gains on investment properties.



## SUMMARY OF CONSOLIDATED BALANCE SHEETS

	As of December 31,			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000) (unaudited)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	745,701	741,255	727,041	114,089
Investment properties	1,550,540	1,566,730	1,399,540	219,618
Intangible assets	17,320	15,310	10,808	1,696
Right-of-use assets	33,941	169,640	148,369	23,282
Properties under development	14,140	14,140	-	-
Investments accounted for using the equity method	1,506,998	4,768,998	5,664,959	888,956
Financial assets at fair value through profit or loss	200,806	217,841	-	-
Deferred income tax assets	656,905	804,192	776,644	121,872
Total non-current assets	<u>4,726,351</u>	<u>8,298,106</u>	<u>8,727,361</u>	<u>1,369,513</u>
<b>CURRENT ASSETS</b>				
Inventories	2,599	1,214	21,437	3,364
Properties under development	21,343,530	23,429,576	28,332,047	4,445,916
Completed properties held for sale	1,926,651	2,134,716	3,021,622	474,158
Contract assets and contract acquisition costs	278,334	438,332	851,607	133,636
Trade and other receivables	3,949,303	6,721,652	14,106,901	2,213,681
Prepaid income taxes	717,022	571,369	528,104	82,871
Cash and bank deposits	4,095,171	5,660,333	5,509,422	864,549
Total current assets	<u>32,312,610</u>	<u>38,957,192</u>	<u>52,371,140</u>	<u>8,218,175</u>
Total assets	<u>37,038,961</u>	<u>47,255,298</u>	<u>61,098,501</u>	<u>9,587,688</u>
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	70	87,216	89,164	13,992
Share premium	508,442	1,677,903	1,645,296	258,183
Other reserves	758,445	1,147,588	1,364,134	214,062
Retained earnings	1,610,225	1,987,465	2,524,168	396,097
	2,877,182	4,900,172	5,622,762	882,334
<b>Non-controlling interests</b>	<u>207,111</u>	<u>3,021,806</u>	<u>4,582,225</u>	<u>719,051</u>
Total equity	<u>3,084,293</u>	<u>7,921,978</u>	<u>10,204,987</u>	<u>1,601,385</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	5,468,682	7,647,463	6,962,536	1,092,574
Lease liabilities	1,372	133,954	120,824	18,960
Deferred income tax liabilities	1,203,899	1,217,226	1,300,365	204,056
Total non-current liabilities	<u>6,673,953</u>	<u>8,998,643</u>	<u>8,383,725</u>	<u>1,315,590</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10,709,986	14,581,655	18,884,058	2,963,321
Contract liabilities	13,273,377	11,694,527	18,421,640	2,890,757
Borrowings	2,301,763	2,666,675	3,817,631	599,070
Lease liabilities	1,749	9,256	12,207	1,916
Current income tax liabilities	993,840	1,382,564	1,374,253	215,650
Total current liabilities	<u>27,280,715</u>	<u>30,334,677</u>	<u>42,509,789</u>	<u>6,670,714</u>
Total liabilities	<u>33,954,668</u>	<u>39,333,320</u>	<u>50,893,514</u>	<u>7,986,303</u>
<b>NET ASSETS</b>	<u>3,084,293</u>	<u>7,921,978</u>	<u>10,204,987</u>	<u>1,601,385</u>
<b>NET CURRENT ASSETS</b>	<u>5,031,895</u>	<u>8,622,515</u>	<u>9,861,351</u>	<u>1,547,461</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>9,758,246</u>	<u>16,920,621</u>	<u>18,588,712</u>	<u>2,916,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>37,038,961</u>	<u>47,255,298</u>	<u>61,098,501</u>	<u>9,587,688</u>

## SUMMARY OF THE EXCHANGE OFFER

*This summary contains basic information about the Exchange Offer. It may not contain all of the information that is important to you in deciding to accept the Exchange Offer and it is qualified in its entirety by the more detailed information included in this exchange offer memorandum. You should carefully consider the information contained in this exchange offer memorandum, including the “Risk Factors.” In addition, certain statements include forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.”*

*The material terms of the Exchange Offer is summarized below. In addition, we urge you to read the detailed descriptions in the section of this exchange offer memorandum titled “Description of the Exchange Offer.”*

Company . . . . . Datang Group Holdings Limited

The Exchange Offer . . . . . Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange at least the Minimum Acceptance Amount of our outstanding Existing Notes held by Eligible Holders for the Exchange Consideration. As of the date of this exchange offer memorandum, US\$300,000,000 in aggregate principal amount of our Existing Notes is outstanding.

Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the Exchange Consideration) and will release and discharge us from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

Purpose of the Exchange Offer . . . . . The purpose of the Exchange Offer is to improve our overall financial condition, extend our debt maturity profile, strengthen our balance sheet and improve cash flow management.

Whether or not the Exchange Offer is consummated, we expressly reserve our absolute right, at our sole discretion, from time to time redeem or purchase any Existing Notes through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration.

If the Exchange Offer is not successfully consummated, the Company may not be able to repay the Existing Notes upon maturity in June 2022.

Minimum Acceptance Amount . . .	<p>The minimum aggregate principal amount of the Existing Notes, being US\$270,000,000, or 90%, of the outstanding principal amount of the Existing Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer.</p> <p><b>If we receive valid tender of the Existing Notes for less than the Minimum Acceptance Amount, we may not, at our sole discretion, proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.</b></p>
Exchange Consideration . . . . .	<p>For each US\$1,000 principal amount of the outstanding Existing Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of such Existing Notes will receive the Exchange Consideration consisting of:</p> <ul style="list-style-type: none"> <li>(a) US\$1,000 in aggregate principal amount of the New Notes (to be rounded downward to the nearest US\$1); and</li> <li>(b) any Accrued Interest (paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards)</li> </ul>
Interest Rates of the New Notes . .	The New Notes will bear interest at 12.50% per annum.
Accrued Interest . . . . .	<p>The Existing Notes bear interest at the rate of 12.50% per annum.</p> <p>Accrued and unpaid interest on the Existing Notes validly tendered and accepted for exchange, up to but not including the Settlement Date (“<b>Accrued Interest</b>”), will be included in the Exchange Consideration (paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).</p>
Minimum Denominations of New Notes . . . . .	Each of the New Notes will be issued in minimum denominations of US\$150,000 and integral multiples of US\$1 in excess thereof.
Expiration Deadline . . . . .	4:00 p.m., London Time on May 30, 2022, unless extended or earlier terminated at our sole discretion and notified to the Existing Notes Trustee.
Settlement Date . . . . .	We anticipate that the Settlement Date will occur on or about June 1, 2022, unless the Exchange Offer is extended or earlier terminated which shall be notified to the Existing Notes Trustee in writing.
Transaction Website . . . . .	<a href="https://bonds.morrowsodali.com/datang">https://bonds.morrowsodali.com/datang</a> , the website set up by the Information and Exchange Agent for the purposes of hosting the documents relating to the Exchange Offer.

Eligible Holders . . . . . The Exchange Offer will only be made to, and the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) are being offered and will be issued only to, eligible holders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the Securities Act) in exchange for their Existing Notes through Euroclear and Clearstream or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined in Regulation S under the Securities Act) with the Existing Notes held through Euroclear and Clearstream (the “**Eligible Holders**”).

By giving Instructions, Eligible Holders of the Existing Notes will be deemed to make a series of representations, warranties and undertakings, which are set out in “Description of the Exchange Offer — Representations, Warranties and Covenants of Eligible Holders of Existing Notes.”

**Only Eligible Holders who have, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees have, completed the procedures described in, and required by, this exchange offer memorandum are eligible to participate in the Exchange Offer.**

For a description of restrictions on resale or transfer of the New Notes, see “Transfer Restrictions”.

Conditions to the Exchange Offer . Our obligation to consummate the Exchange Offer is conditional upon the following:

- there being no material adverse change in the market from the date of this exchange offer memorandum to the Settlement Date;
- an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and
- the satisfaction of the other conditions described in “Description of the Exchange Offer — Conditions to the Exchange Offer”.

Subject to applicable law, we may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by us by the Settlement Date. We may also extend the Exchange Offer from time to time until the conditions are satisfied or waived. Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Procedures for Tendering

Existing Notes . . . . .

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes for exchange pursuant to the Exchange Offer prior to the Expiration Deadline pursuant to the procedures described herein.

If you are an Eligible Holder holding the Existing Notes through Euroclear and Clearstream or through a fiduciary holding accounts and you wish to participate in the Exchange Offer, you must tender your Existing Notes pursuant to the procedures described herein by way of an electronic instruction, which must be submitted or delivered through the relevant Clearing System by each Eligible Holder of the Existing Notes who is shown in the records of such Clearing System as a holder of an interest in the Existing Notes, authorizing delivery of your tender to exchange the Existing Notes that are the subject of such electronic instruction (the “**Instruction**”).

No guaranteed delivery procedures are being offered in connection with the Exchange Offer. You must tender your Existing Notes for exchange prior to the Expiration Deadline in order to participate and receive the Exchange Consideration.

Only direct participants in Euroclear or Clearstream may submit Instructions. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an Instruction on your behalf to the relevant Clearing System prior to the deadline specified by the relevant Clearing System.

Any tendering Eligible holder must tender its entire holding of Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders.

Any Instructions must be given with respect to Existing Notes in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Upon giving Instructions with respect to any Existing Notes, those Existing Notes will be blocked and may not be transferred until the Exchange Offer is modified or terminated so as to result in a cancellation of such Instructions.

**PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.**

Minimum Aggregate Principal  
Amount of the Existing Notes to  
be Tendered . . . . .

The Existing Notes being tendered for exchange may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The aggregate principal amount of the New Notes to be issued to any Eligible Holder will be in a minimum principal amount of US\$150,000 and integral multiples of US\$1 in excess thereof; provided that, if an Eligible Holder shall elect to partially exchange its Existing Notes into New Notes, the principal amount of each retained Exchange Note must be in a minimum principal amount of US\$200,000.

Withdrawal and Revocation . . . . .

**Instructions in connection with the Exchange Offer is irrevocable, unless withdrawal thereof is required by applicable law.**

Acceptance of Tenders; Delivery of  
Exchange Consideration . . . . .

Subject to the terms and conditions described herein, we will accept Instructions that are validly tendered prior to the Expiration Deadline. Upon our determination that the conditions to the Exchange Offer have been satisfied, participants in the Exchange Offer who validly gave Instructions, and which Instructions are accepted by us, will receive the Exchange Consideration on the Settlement Date.

Extensions, Amendments and  
Terminations . . . . .

To the extent that it is legally permitted so to do, we expressly reserve our absolute right to (i) waive any condition to the Exchange Offer; (ii) amend any of the terms of the Exchange Offer; and (iii) modify the consideration offered. Any amendment to the Exchange Offer will apply to all Existing Notes tendered, regardless of when and in what order such Existing Notes were tendered. If we make a material change in the terms of the Exchange Offer, we will disseminate additional offer materials or, if appropriate, issue a press release setting forth such changes, and will extend the Exchange Offer as we consider appropriate or if required by law. We have the right, at our sole discretion, to extend the Expiration Deadline or Settlement Date.

Additionally, we expressly reserve the right, at our absolute discretion, to terminate the Exchange Offer at any time if the conditions to the Exchange Offer is not met prior to the Settlement Date.

In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated prior to the Settlement Date, no consideration will be paid or become payable and no New Notes will be issued or become issuable to Eligible Holders who have validly tendered their Existing Notes pursuant to the Exchange Offer. In any such event, the Existing Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders.

Consequences of Failure to Exchange Existing Notes . . . . .	For a description of the consequences of failing to exchange your Existing Notes, see “Risk Factors”.
Brokerage Commissions . . . . .	No brokerage commissions are payable by the holders of the Existing Notes to us, the Dealer Manager or the Information and Exchange Agent.
Dealer Manager . . . . .	Haitong International Securities Company Limited
Information and Exchange Agent . . . . .	Morrow Sodali Limited has been appointed as the Information and Exchange Agent. You can find the address and telephone number for the Information and Exchange Agent on the back cover of this exchange offer memorandum.
Existing Notes Trustee . . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Existing Notes Registrar, Existing Notes Paying and Transfer Agent . . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
New Notes Trustee . . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
New Notes Registrar, New Notes Paying and Transfer Agent . . . . .	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Clearing Systems . . . . .	Euroclear and/or Clearstream (each a “ <b>Clearing System</b> ”)
Use of Proceeds . . . . .	We will not receive any cash proceeds from the Exchange Offer.
Further Information . . . . .	<p>Questions about the terms of the Exchange Offer should be directed to the Dealer Manager and the Information and Exchange Agent.</p> <p>If you have questions regarding tender or offer procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent.</p> <p>Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.</p> <p>All documents related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website.</p>

## SUMMARY OF THE NEW NOTES

*The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. You should read the full text and more specific details contained elsewhere in this exchange offer memorandum. See “Description of the New Notes.” The information contained in “Description of the New Notes” shall prevail to the extent of any inconsistency with the information set forth in this section. Terms used in this summary and not defined shall have the same meanings given to them in “Description of the New Notes.”*

<b>Issuer</b> . . . . .	Datang Group Holdings Limited (大唐集團控股有限公司) (the “ <b>Company</b> ”)
<b>Notes Offered</b> . . . . .	US\$ denominated 12.50% Senior Notes due 2023 (the “ <b>New Notes</b> ”).
<b>Issue Date</b> . . . . .	June 1, 2022 (the “ <b>Original Issue Date</b> ”).
<b>Maturity Date</b> . . . . .	May 31, 2023
<b>Interest</b> . . . . .	The New Notes will bear interest from and including the Original Issue date at the rate of 12.50% per annum, payable in arrear.
<b>Interest Payment Dates</b> . . . . .	December 1, 2022 and May 31, 2023
<b>Ranking of the New Notes</b> . . . . .	The New Notes are: <ul style="list-style-type: none"><li>• general obligations of the Company;</li><li>• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes;</li><li>• at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);</li><li>• guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations below under “Description of the New Notes — The Subsidiary Guarantees and JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;</li><li>• 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</li><li>• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.</li></ul>



**Subsidiary Guarantees and JV**

**Subsidiary Guarantee . . . . .**

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

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

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Datang Investment Limited, Dynasty Development International Limited and Dynasty Management International Limited. See “Description of the New Notes.” All of the Subsidiary Guarantors are holding companies that do not have significant operations.

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

Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (such Restricted Subsidiaries that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the Indenture, the “Other Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary; provided that after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15% of Total Assets.

A Subsidiary Guarantee may be released or replaced in certain circumstances. See “Description of the New Notes — The Subsidiary Guarantees — Release of the Subsidiary Guarantees or JV Subsidiary Guarantees.” In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, provided that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Other Non-Guarantor Subsidiaries do not account for more than 15% of the Total Assets.

**Ranking of Subsidiary**

**Guarantees . . . . .**

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

**Ranking of JV Subsidiary**

**Guarantees . . . . .**

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

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

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

**Use of Proceeds** . . . . . We will not receive any cash proceeds from the Exchange Offer.

**Optional Redemption** . . . . . At any time prior to May 31, 2023, the Company will be entitled at its option to redeem the New Notes in whole but not in part, at a redemption price equal to 100% of the principal amount of the New Notes redeemed plus accrued and unpaid interest, if any, to (but not including), the redemption date.

**Redemption for Taxation**

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

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

**Withholding Taxes, Additional**

**Amount** . . . . .

All payments of principal of, and premium (if any) on and interest on the New Notes or under the Subsidiary Guarantees and the JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption “—Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a “Relevant Jurisdiction”), or any jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “Taxing Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required. See “Description of the New Notes — Additional Amounts.”

**Carve-out to Events of Default** . . . . .

The events of default provision under the New Notes will carve out any of the existing Notes under the cross-default events, certain final judgments and orders, certain insolvency proceedings and voluntary insolvency cases. See “Description of the New Notes—Events of Default” and “Risk Factors—Risks Relating to the Exchange Offer Generally—The events of default provision under the New Notes will carve out certain events arising directly or indirectly from any defaults or events of default under the Existing Notes.”

**Covenants** . . . . .

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

- incur additional indebtedness and issue disqualified or preferred stock;
- make investments, dividend payments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;

- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

**Amendments and Waivers of the Indenture . . . . .**

Certain major terms of the Indenture may be modified, amended or waived with the consent of holders of not less than 85% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Notes, the release of 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. See “Description of the New Notes—Amendments and Waiver—Amendments With Consent of Holders” and “Risk Factors—Risks Relating to the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees—Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 85% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of such New Notes and increase the credits risks of the New Notes.

**Transfer Restrictions . . . . .**

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

**Form, Denomination and Registration . . . . .**

The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$150,000 and integral multiples of US\$1 in excess thereof and will be initially represented by one or more global notes registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

**Book-Entry Only . . . . .**

The New Notes will be issued in book-entry from through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see “Description of the New Notes — Book-Entry; Delivery and Form.”

<b>Trustee</b> . . . . .	China Construction Bank (Asia) Corporation Limited.
<b>Principal Paying Agent</b> . . . . .	China Construction Bank (Asia) Corporation Limited.
<b>Registrar and Transfer Agent</b> . . . . .	China Construction Bank (Asia) Corporation Limited.
<b>ISIN</b> . . . . .	XS2483266115
<b>Common Code</b> . . . . .	248326611
<b>Legal Entity Identifier</b> . . . . .	549300L7B4SYG984HS75.
<b>Listing and trading</b> . . . . .	Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$150,000.
<b>Governing Law</b> . . . . .	The New Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture will be governed by and will be constructed in accordance with the laws of the State of New York.
<b>Risk Factors</b> . . . . .	For a discussion of certain factors that should be considered in evaluating an investment in the New Notes, see the section entitled “Risk Factors.”

## SUMMARY TIMETABLE

*The following summarizes the current schedule for the Exchange Offer. Please note that the expiration of the Exchange Offer and the settlement of the New Notes, as well as the other events listed below, may be earlier or later than indicated below. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this exchange offer memorandum.*

*In relation to the time and dates indicated below, Eligible Holders of the Existing Notes should note the particular practices and policies of the relevant Clearing System regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Notes for exchange may be delivered to the relevant Clearing System (which may be earlier than the deadlines set forth below) so that they are received by the Information and Exchange Agent within the deadlines set forth below.*

*All notices to Eligible Holders of the Existing Notes will be released through delivery to the Clearing Systems for communication to direct participants.*

<u>Date</u>	<u>Event</u>
May 23, 2022 . . . . .	Commencement of the Exchange Offer and announcement via the websites of The Hong Kong Stock Exchange Limited (the “SEHK”) and the Transaction Website and through Euroclear or Clearstream, as applicable.  Exchange offer memorandum will be made available to Eligible Holders of the Existing Notes on Transaction Website.
May 30, 2022 (4:00 p.m., London time) . . . . .	Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.
As soon as practicable after the Expiration Deadline . . . . .	Announcement of the amount of tenders for exchange received prior to the Expiration Deadline, and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged.
On or about June 1, 2022 . . . . .	Subject to satisfaction of the conditions as set forth under “The Exchange Offer — Conditions to the Exchange Offer,” settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.
On or about June 2, 2022 . . . . .	Listing of the New Notes on the SGX-ST.

All references in this exchange offer memorandum to times are to London time, unless we state otherwise. The above dates are indicative only.

We reserve the right to extend the Expiration Deadline at our sole discretion. In such a case, the date on which the notice of the results of the Exchange Offer will be delivered and the Settlement Date may be adjusted accordingly. Eligible Holders of the Existing Notes should inform themselves of any earlier deadlines that may be imposed by the Clearing Systems and/or any intermediaries, which may affect the timing of the submission of a notice of exchange.

The Company intends to publicly announce the commencement date of the Exchange Offer, any extensions of the Expiration Date, other notifications or amendments relating to the Exchange Offer, and the results of the Exchange Offer, by the issue of a press release and/or a notice sent via the Euroclear or Clearstream and announcement on the websites of the SEHK and the Transaction Website.



## RISK FACTORS

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

### **Risks Relating to the Exchange Offer Generally**

#### ***Failure to obtain tenders of the Minimum Acceptance Amount could increase our default risk under the Existing Notes***

If the Minimum Acceptance Amount is not tendered, or if any of the other conditions as described in “Description of the Exchange Offer — Conditions to the Exchange Offer” is not satisfied or waived, we will not be able to refinance the Existing Notes pursuant to the Exchange Offer as currently described in this exchange offer memorandum.

#### ***The events of default provision under the New Notes will carve out certain events arising directly or indirectly from any defaults or events of default under the Existing Notes***

As the purpose of the Exchange Offer is to improve our overall financial condition, extend our debt maturity profile, strengthen our balance sheet and improve cash flow management, the events of default provision under the New Notes carves out any cross-default events and final judgments and orders arising directly or indirectly from any defaults or events of default under the Existing Notes. In addition, the events of default provision under the New Notes also carves out any involuntary case or proceeding commenced based on the Existing Notes under any applicable bankruptcy, insolvency or other similar law, and such events upon the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any significant subsidiary or for all or substantially all of the property and assets of the Company or any significant subsidiary solely for the purpose of defending against any remedy exercised under the Existing Notes by any holder or the trustee thereof. Holders of the New Notes may face more uncertainty and potentially higher credit risk in this regard if any default occurs with respect to the Existing Notes, because the Existing Notes and certain of our other indebtedness could become immediately due and payable upon occurrence of such events, and we would have to settle or repay such indebtedness, but payment of the New Notes would not be accelerated and holders of the New Notes would continue to hold the New Notes without recourse upon occurrence of such events. See “Description of the New Notes – Events of Default.”

#### ***We are experiencing difficulty in maintaining and raising sufficient cash, including through financing activities, to meet our obligations as they come due and to continue funding our on-going business operations and investments.***

We are experiencing difficulty in maintaining and raising sufficient cash to meet our obligations as they come due and to continue funding our on-going business operations and investments. There has been significant negative news recently on difficulties experienced by the Chinese property sector and companies in that sector, including us. See “Summary — Background and Purpose of the Exchange Offer.”

We continue to examine various options to improve our liquidity and cash position. However, there can be no assurance that we will be able to continue generating sufficient cash through operations and financing activities to meet our obligations as they come due (including any Existing Notes not exchanged even if the Exchange Offer is consummated), as well as to continue funding its significant operational cash flow needs and ongoing investments and other commitments. Failure by us to generate such cash could have a material adverse effect on our business, results of operations and financial condition, on the trading price of the New Notes, and ultimately on our ability to repay its obligations under the New Notes on a timely basis, or at all.

***Upon consummation of the Exchange Offer, liquidity of the market for outstanding Existing Notes may be substantially reduced, and market prices for outstanding Existing Notes may decline as a result.***

The trading market for Existing Notes that are not exchanged for New Notes could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the principal amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes. If a market for Existing Notes that are not exchanged exists or develops, the Existing Notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in the Existing Notes will exist, develop or be maintained, or as to the prices at which the Existing Notes may trade, after the Exchange Offer is consummated.

***Upon consummation of the Exchange Offer, the New Notes will be listed on the SGX-ST, which corporate disclosure standards may be different from those applicable to debt securities listed in certain other countries.***

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

***We expressly reserve the right to purchase any Existing Notes that remain outstanding after the consummation of the Exchange Offer.***

Whether or not the Exchange Offer is consummated, we expressly reserve our absolute right, at our sole discretion, from time to time to redeem or purchase any Existing Notes through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration, or to exercise any of our other rights, including redemption rights, under the relevant Existing Notes Indenture.

***The Exchange Offer may be cancelled, delayed or amended.***

We are not obligated to complete the Exchange Offer under certain circumstances and unless and until certain conditions are satisfied or waived, the Exchange Offer may be terminated, as described more fully below in “Description of the Exchange Offer — Conditions to the Exchange Offer.” Even if the Exchange Offer is completed, it may not be completed on the schedule described in this exchange offer memorandum. Accordingly, participating Eligible Holders may have to wait longer than expected to receive their Exchange Consideration (or to have their Existing Notes returned to them in the event that we terminate the Exchange Offer), during which time those Eligible Holders will not be able to effect transfers of their Existing Notes tendered in the Exchange Offer. In addition, subject to applicable laws, we have the right to amend the terms of the Exchange Offer prior to the Expiration Deadline.

We may choose to terminate or amend certain parts of the Exchange Offer, but retain other aspects unchanged. In particular, we amend the terms of the Exchange Offer with respect to the Existing Notes, including the relevant timing of the Exchange Offer. In such event, we will issue announcements of such decisions accordingly.

***The Exchange Consideration to be received in the Exchange Offer does not reflect any market valuation of the Existing Notes or the New Notes.***

We have made no determination that the consideration to be received in the exchange offer represents a fair valuation of the Existing Notes or the New Notes. The Exchange Consideration should not be construed as assurance or an indication of, and may not accurately reflect, the current or future market value of the Existing Notes or the New Notes. We have not obtained a fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by holders of the Existing Notes. Accordingly, none of us, our board of directors, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Dealer Manager, the Information and Exchange Agent, the Existing Notes Trustee, the New Notes Trustee, the Existing Notes Agents, the New Notes Agents or any of their respective affiliates, directors and agents and any other person is making any recommendation as to whether you should tender any Existing Notes for exchange in the Exchange Offer.

***Your decision to tender any Existing Notes for the Exchange Consideration may expose you to the risk of nonpayment for a longer period of time.***

The Existing Notes will mature on June 6, 2022. The New Notes will mature on May 31, 2023. We also have a significant amount of indebtedness with a maturity prior to the maturity of the New Notes. If you tender Existing Notes for New Notes and, following the maturity date of your tendered Existing Notes but prior to the maturity date of the New Notes, we were to become subject to bankruptcy or similar proceedings, holders of such earlier-maturing indebtedness including the holders of the Existing Notes who did not exchange their Existing Notes for New Notes could be paid in full prior to such event and there would exist a risk that holders of the New Notes would not be paid in full, if at all. Your decision to tender your Existing Notes for later-maturing New Notes should be made with the understanding that the lengthened maturity of such New Notes exposes you to the risk of nonpayment for a longer period of time.

***Eligible Holders of the Existing Notes may not withdraw their instructions except as required by applicable law.***

Instructions in connection with the Exchange Offer is irrevocable. Eligible Holders who tender their Existing Notes may not withdraw their instructions to exchange for the Exchange Consideration except in limited circumstances as required by applicable law as described in this exchange offer memorandum. Withdrawal rights will only be provided as, and if, required by applicable law.

***You are responsible for complying with the procedures of the Exchange Offer. The Existing Notes you tendered will not be accepted for exchange and you may not receive Exchange Consideration in the Exchange Offer if the procedures for the Exchange Offer is not followed***

Eligible Holders are responsible for complying with all of the procedures for offerings to exchange the Existing Notes. We will issue New Notes in exchange for your Existing Notes only if you tender the applicable Existing Notes and deliver a properly submitted electronic instruction through Euroclear or Clearstream, as applicable. You should allow sufficient time to ensure timely delivery of the electronic instruction and the necessary documents. None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Dealer Manager and the Information and Exchange Agent assumes any responsibility for informing the holders of the Existing Notes of irregularities in any electronic instruction to Euroclear or Clearstream, as applicable, or with respect to the acceptance of offers to exchange. Prior to the

Settlement Date, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Upon giving a blocking instruction relating to the securities account where Existing Notes are held in a relevant Clearing System, Eligible Holders should be aware that they may not transfer title to such Existing Notes to other persons and may suffer losses if the market price of the Existing Notes changes and the Exchange Offer, in respect of that holder or generally, is not completed for whatever reason.

Eligible Holders holding the Existing Notes in Euroclear or Clearstream should note the particular practices and policies of Euroclear or Clearstream, as applicable, regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Notes for exchange may be delivered to Euroclear or Clearstream (which may be earlier than the deadlines set forth in this exchange offer memorandum), as applicable, so that they are received by the Information and Exchange Agent in respect of the Exchange Offer within the deadlines set forth in this exchange offer memorandum. None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Dealer Manager and the Information and Exchange Agent will be responsible for the communication of acceptances and corresponding instruction notices by

- beneficial owners to the direct participant through which they hold the Existing Notes; or
- the direct participant to the Euroclear or Clearstream, as applicable.

If you are the beneficial owner of the Existing Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the Exchange Offer, you should promptly contact the person in whose name your Existing Notes are registered and instruct that person to tender on your behalf and to properly follow the procedures. Additionally, it is important to note that all references in this exchange offer memorandum to times are to Hong Kong times, unless we state otherwise.

***Your Existing Notes generally will be blocked from the date of instruction until the earlier of (i) consummation and (ii) termination of the Exchange Offer***

Participating Eligible Holders should be mindful that they are authorizing the relevant Clearing System to block their position in the Existing Notes until the Settlement Date, or termination or withdrawal of the Exchange Offer, as applicable. Participating Eligible Holders will not be able to sell or otherwise transfer their interests in such tendered Existing Notes during such time.

***Eligible Holders are responsible for compliance with the exchange and transfer restrictions***

Each Eligible Holder of the Existing Notes is referred to the restrictions herein relating to the Exchange Offer and any transfer of the New Notes. Non-compliance with these restrictions could result in, among other things, the rejection to exchange, unwinding of trades and/or heavy penalties.

***We did not perform any tax analysis regarding the tax consequences of the Exchange Offer to investors***

This exchange offer memorandum does not discuss the tax consequences to Eligible Holders and beneficial owners of the Exchange Offer. Eligible Holders and beneficial owners are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Exchange Offer (including the exchange of Existing Notes for New Notes) to them under the laws of any relevant jurisdiction. Such Eligible Holders and beneficial owners are liable for their own taxes and have no recourse to us, the Subsidiary Guarantors, the Dealer Manager, the Information and Exchange Agent and the Existing Notes Trustee, the New Notes Trustee, the Existing Notes Agents, the New Notes Agents or any of their

respective affiliates, directors or advisors or agents with respect to taxes arising in connection with the Exchange Offer. For certain tax consequences of the ownership and disposition of the New Notes, see the section entitled “Taxation”.

## **RISKS RELATING TO OUR BUSINESS**

### **We are susceptible to adverse movements in the PRC real estate market, particularly in regions and cities where we have property development projects.**

We intend to continue growing our market share, which may involve undertaking property development projects in provinces and cities where we have no existing or limited business operations. Our profitability is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and closely monitored by the PRC government. Since September 2021, there has been negative news relating to certain Chinese property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such developments may have an adverse impact on the ability of Chinese property developers, management companies and potential property purchasers to obtain financing a decrease in consumer confidence and demand in China real estate and increased market volatility.

The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial conditions, government policies, protests or political unrest, natural disasters, epidemics and hostilities, among others. Although demand for residential and commercial properties in China generally grew in recent years, we cannot guarantee that the real estate market in regions and cities where we have undertaken, or will undertake, property development projects will continue to grow or that market downturns will not occur. The PRC government has sought to stabilize the real estate market by promulgating various control measures. As they are designed to curb excessive interest in real estate investment, there can be no assurance that such measures will not materially and adversely affect our ability to conduct business in the PRC.

### **We may fail to identify desirable locations and acquire land use rights for future property development projects on favorable terms, or at all.**

We believe that our ability to identify desirable locations and acquire necessary land use rights is key to the sustainable growth of our business. However, our success in carrying out these business operations may be subject to factors beyond our control, such as economic conditions and changes in the PRC regulatory landscape. The PRC government may promulgate laws and regulations that effectively reduce the availability of new land suitable for development and hinder our ability to obtain land use rights, thereby intensifying competition between us and other property developers. For more information, see “— Risks Relating to the Real Estate Industry — We may fail to compete effectively against other property developers.”

Moreover, there is no assurance that we will be able to consistently capitalize on our knowledge of and experience in the PRC real estate market to identify desirable locations. To the extent that we are unable to obtain land use rights on favorable terms or at all, we may fail to achieve higher returns on the sale and lease of our properties, and thereby experience material adverse effects on our business, financial condition and results of operations.

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

We intend to continue growing our market share, possibly expanding property development projects into new regions and cities where we have no existing business operations. See “Business — Our Business Strategies” for more information. However, expanding into new regions and cities involve uncertainties and

challenges, as we may be less familiar with local regulatory practices and customs, customer preferences and behaviors, 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, greater access to local labors, or more in-depth expertise and knowledge than we do. Competitive pressures may compel us to reduce prices and increase our costs, thus lowering our profit margins. There is no guarantee that we will be able to pass any additional costs onto our customers. Furthermore, the construction, market and tax-related regulations in the new regions and 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. Certain cities may also subject us to higher land acquisition costs.

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 regions and cities. For example, we may have difficulty in accurately predicting market demand for our properties in the regions and cities into which we expand. We may also have difficulty in promoting and maintaining occupancy rates and/or rental rates in the investment properties that we are currently developing after these properties are completed and commence operations.

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

**The timing of our property sales and progress of our property development projects may cause our results of operations to fluctuate from period to period, making it difficult to predict our future financial performance.**

We derived a major portion of our revenue from sales of our properties. In 2019, 2020 and 2021, our revenue generated from sale of properties amounted to approximately RMB7,772.4 million, RMB10,109.3 million and RMB10,653.1 million (US\$1,671.5 million), respectively, contributing to approximately 95.9%, 95.5% and 94.7% of our total revenue in the same periods, respectively. We recognize revenue when the control of property is transferred to the customer. Depending on the terms of the purchase contract and the applicable laws and regulations, the transfer of control may take place at a point in time. Our revenue is recognized at a point in time when the customer obtains control of the property. Accordingly, our revenue may fluctuate depending on the timing of completion and delivery of our properties. Periods in which we make a significant number of pre-sales may not be the periods during which we generate corresponding levels of revenue.

The combination of the above signifies that our results of operations may vary from period to period depending on the number of properties being delivered in the relevant period. Our results of operations of any given period may not be indicative of our future financial performance although they may influence our share prices from time to time. The effect of timing on our results of operations is accentuated by the fact that, given the capital-intensive nature of our business, the number of projects we can take on at a time is limited, and the delivery timing of a limited number of projects could have a potentially significant impact on our financial performance. Moreover, our construction timetables are always subject to change due to factors beyond our control, such as market or economic conditions, natural disasters, adverse weather conditions and delays in obtaining the requisite permits, licenses and certificates from the relevant

government authorities. If our results of operations do not meet market expectations, we may experience material adverse effects on our share prices, particularly as it may be difficult for investors to predict our future financial performance.

**We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, we could be materially and adversely affected by the COVID-19 pandemic in China.**

We are vulnerable to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics and other catastrophes, which may materially and adversely affect our business. For example, since late 2019, a novel strain of coronavirus, or COVID-19, was reported to have spread throughout China and globally. The Chinese central government and local governments have introduced various temporary measures to contain the COVID-19 pandemic, such as quarantine measures and travel restrictions, which could impact national and local economy to different degrees. The construction and sales activities of all of our property projects were suspended from February 9, 2020 to March 10, 2020.

In addition, our business operations could be disrupted if any of our employees is suspected of contracting the COVID-19 or any other epidemic disease, since our employees could be quarantined and/or our offices be shut down for disinfection. Our business operations may also be materially adversely affected if our suppliers, including construction material suppliers and construction contractors, or other business partners are affected by the COVID-19. Nevertheless, our business, financial condition, results of operations and prospects could be materially and adversely affected directly, as well as to the extent that the COVID-19 or any other epidemic harms the Chinese economy in general.

**We may fail to complete our property development projects on time, or at all.**

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

- changes in market conditions, economic downturns and/or decline in customer interest;
- availability and cost of financing;
- delays in or failure to obtain the requisite permits, licenses and certificates from relevant government authorities;
- changes in government policies, rules or regulations;
- increases in the prices of our raw materials;
- shortages of materials, equipment, contractors and skilled labor;
- latent geographical or environmental conditions giving rise to the need to modify initial plans for our property development projects;
- unforeseen problems related to engineering and design;
- construction accidents, labor disputes and strikes; and
- natural disasters or adverse weather conditions.

Before we are affected by one or more of the above factors and must modify our plans, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for business operations to do with land acquisition and construction. Consequently, any failure to complete property development projects on time or at all may adversely affect our business and results of operations.

In addition, our customers may be entitled to claim compensation for late delivery or terminate pre-sale agreements. We may suffer material adverse effects on our reputation and access to future business opportunities in the long term. We are also unable to guarantee that any legal proceedings or renegotiations resulting from delays or failures to deliver will have a favorable outcome. See “— We may be involved in claims, disputes, legal proceedings and negative publicity, which may adversely affect our financial condition, divert management attention and harm our reputation” below.

**We are exposed to contractual and legal risks related to pre-sales.**

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and the relevant PRC laws and regulations provide remedies for breach of these undertakings. For example, if we fail to deliver the properties which we have pre-sold, we will be liable to purchasers to their losses. Also, should we fail to complete pre-sold properties on time, we may be liable to our customers for damages for late delivery. Our customers may opt to claim damages should our delay extend beyond a specified period or terminate pre-sale contracts. We have, in the past paid compensation to purchasers for late delivery of properties. In addition, we may face claims from or disputes with customers in the event where the pre-sold properties are not delivered in the conditions or according to the specifications set out in the pre-sale contracts, including, for example, if the GFA of the relevant property unit as delivered deviates from by more than a certain percentage from the GFA of that unit as set out in the pre-sales contract. As a result, we may need to pay compensation to customers. Although we may be entitled to claim compensation from our contractors pursuant to the terms of our contracts with them if such breach is caused by our contractors, we also cannot assure you that we will successfully recoup full compensation from our contractors. We cannot guarantee that such instance will not occur in the future, or that we will not breach the terms of our pre-sale contracts at all, particularly as they may be due to factors beyond our control. In the event that multiple or major projects are delayed or involved in disputes with customers at a time, we may experience material adverse effects on our business and results of operations.

Additionally, we make certain warranties as to the quality of our properties in accordance with the Regulations on the Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) which was implemented on July 20, 1998 and last amended on November 29, 2020. The Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》) which became effective on January 30, 2000 and amended on October 7, 2017 and April 23, 2019. Customers in our pre-sales may allege that we did not fulfill our representations and warranties in the subsequent planning and development of our property development projects. In dealing with such occurrences, we may suffer damage to our brand value as well as monetary losses.

In addition, under the current PRC laws, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and the use and deposit of pre-sales proceeds are also restricted. If we fail to deposit certain of the pre-sales proceeds into the designated custodial accounts in accordance with the relevant PRC laws and any relevant local requirements, we may be subject to certain disciplinary measures, including suspending the allocation of supervisory funds, suspending the qualification of commercial housing online contracting for the project and recording it in the credit files of real estate development enterprises. According to the Notice of the Ministry of Housing and Urban-Rural Development on Further Strengthening the Supervision of the Real Estate Market to Improve the Pre-sale System of Commodity Housing (住房和城鄉建設部關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), the pre-sale proceeds of commercial housing shall be fully included in the supervision account,



and the supervisory authority shall be responsible for the supervision and control to ensure that the pre-sale funds are used for the construction of commercial housing projects; the pre-sale funds may be appropriated according to the construction progress, but sufficient funds must be retained to ensure the completion and delivery of the construction projects. Local regulations governing the domestic Subsidiaries further regulate the supervision of pre-sale proceeds. See “Business — Our Property Development Management — Sales and Marketing — Pre-sale” for more details on our pre-sale activities and compliance with the relevant pre-sale laws and regulations. However, there can be no assurance that the PRC government and local authorities will not ban or impose further restrictions on pre-sales. If we fail to comply with the relevant regulations and requirements, we may face fines which could have a material adverse effect on our financial conditions and results of operations.

**We had negative net operating cash flows in 2020.**

We had negative net cash flows from operating activities of RMB2,498.6 million (US\$382.9 million) in 2020. In particular, our net cash flows used in operating activities in 2020 was primarily due to (i) an increase in contract liabilities of RMB1,578.9 million (US\$242.0 million); (ii) an increase in trade and other receivables of RMB1,358.8 million (US\$208.2 million) and (iii) an increase in prepayment for acquisition of land use rights of RMB956.2 million (US\$146.5 million), partially offset by an increase in trade and other payables of RMB1,797.4 million (US\$275.5 million). We cannot assure you that we will not experience negative net cash flows from our operating activities in the future. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

**We may not be able to obtain additional financing.**

Our business operations are highly capital intensive and require a significant amount of liquidity. We maintained a substantial level of borrowings to finance our operations, and expect to incur additional indebtedness in the future to fund our property projects. However, we cannot guarantee that the PRC government will not introduce new laws or regulations on certain financing related financial ratios, which could materially adversely affect our ability to incur additional indebtedness.

For example, recently, there was news mentioning that the PBOC plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers. The proposed standard sets out limits for three financial ratios of property developers. In particular, under such new standard, for a property developer, (i) its liability asset ratio (excluding contract liabilities), calculated as dividing total liabilities (excluding contract liabilities) by total assets (excluding contract liabilities), shall not exceed 70%; (ii) its net gearing ratio shall not exceed 100%; and (iii) its ratio of cash and bank balances divided by the current portion of interest-bearing bank and other borrowings shall not be lower than 1.0.

The proposed standard further stipulates that (i) for property developers which comply with all the abovementioned three limits, their annual growth rate of interest-bearing debts shall not exceed 15%; (ii) for property developers which only comply with two of the abovementioned three limits, their annual growth rate of interest-bearing debts shall not exceed 10%; (iii) for property developers which only comply with one of the abovementioned three limits, their annual growth rate of interest-bearing debts shall not exceed 5%; and (iv) for those property developers which fail to comply with any of the abovementioned three limits,

their amount of interest-bearing debts shall not exceed their amount of interest-bearing debts as of June 30, 2019. In the event that the abovementioned standard proposed by the PBOC comes into effect and if we fail to comply with any of the abovementioned three limits, and our ability to obtain additional financing may be materially adversely affected. In December 2020, PBOC and CBIRC jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of Renminbi loans extended by such financial institution. See “— PRC economic, political and social conditions as well as government policies could affect our business” for details.

Failure to secure sufficient external financing may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects. In addition, if we were to be limited the annual growth rate of interest-bearing debts, we may not be able to draw down on credit facilities before we repay existing debts, and may need to slow down our land acquisition activities to ensure that we would have sufficient cash to complete the existing property projects. As such, our business, financial condition and results of operations may be materially adversely affected.

**We may fail to obtain or experience delays in obtaining or completing the relevant PRC governmental approvals, licenses, permits or procedures for our property development projects.**

We are required to obtain various permits, approvals, licenses and certificates or complete necessary procedures throughout multiple stages of our property development projects, including but not limited to, obtaining land use rights certificates, planning permits or approvals, construction work commencement permits and pre-sales permits (and renewal of the relevant approvals, licenses or permits for on-going operations) and completing relevant construction completion procedures prior to delivery. Generally, such approvals, licenses, permits or certificates are only issued or renewed and procedures are only completed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining, or result in our failure to obtain, the required approvals, or complete the necessary procedures. If we fail to obtain, renew, complete or encounter significant delays in obtaining, renewing the necessary approvals, licenses, permits or procedures for our property projects, we will not be able to follow our property development plans, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, as the real estate industry is closely monitored by the PRC government, we anticipate that new policies will be promulgated from time to time in relation to the conditions for issuance or renewal of such approvals, licenses or permits or completion of such procedures. We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses, certificates and procedures or that we will be able to overcome these obstacles in a timely manner, or at all. Loss of or failure to renew our permits, licenses and certificates or complete the necessary procedures may stall the progress of our property development projects. For more information, see “— We may fail to complete our property development projects on time, or at all.”

**We have indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.**

We maintain a substantial level of borrowings to finance our operations. As of December 31, 2019, 2020 and 2021, our total borrowings amounted to approximately, RMB7,770.4 million, RMB10,314.1 million and RMB10,780.2 million (US\$1,691.6 million), respectively.

Our indebtedness could have an adverse effect on us, for example, by increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate. We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

In the future, we expect to incur additional indebtedness to complete our properties under development and properties held for future development and we may also utilize proceeds from additional debt financing to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

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

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

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

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

We recorded deferred income tax assets of RMB656.9 million, RMB804.2 million and RMB776.6 million (US\$121.8 million), respectively, as of December 31, 2019, 2020 and 2021. Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefits through future taxable profits is probable. We periodically assess the probability of the realization of deferred income tax assets, using significant judgments and estimates with respect to, among other things, historical

operating results, expectations of future earnings and tax planning strategies. In particular, deferred income tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred income tax assets which thereby could have an adverse effect on our results of operations.

**We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associates, and our investments in joint ventures and associates are subject to liquidity risk.**

We have established a number of joint ventures and associates to jointly develop property projects. The performance of such joint ventures and associates may affect our results of operations and financial position. In 2020, our share of losses of joint ventures and associates was RMB45.7 million. In 2019 and 2021, our share of profit of joint ventures and associates were RMB8.9 million and RMB136.2 million (US\$21.4 million).

The success of a joint venture or an associate depends on a number of factors, some of which are beyond our control. We may not be able to force our partners to fully perform their obligations to us pursuant to our cooperation agreements. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associates or even suffer losses. In addition, since we may not have full control over the business and operations of our joint ventures and associates, we cannot assure you that they will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associates or our joint ventures and associates will not violate PRC laws and regulations, which may have an adverse effect on our business, results of operation and financial condition.

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

**We are a holding company and rely primarily on dividends paid by its subsidiaries, joint venture and associates to fund any cash and financing requirements. Our Company's ability to pay dividends and utilize cash resources in our subsidiaries, joint ventures and associates therefore 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 in the PRC. Our ability to make dividend payments and other distributions in cash, to pay expenses and finance other subsidiaries depends upon the receipt of dividends, distributions or advances from its subsidiaries, joint ventures and associates. The ability of the subsidiaries, joint ventures and associates to pay dividends or other distributions may in turn be subject to their earnings, financial

position, cash requirements, availability of cash and applicable PRC laws and regulations. Under the equity accounting, we may not receive any dividend payment even though the joint ventures and/or associates report profits, and therefore our investments in joint ventures and associates are not as liquid as other investment products. Our subsidiaries, joint ventures or associates incur indebtedness in their own name. In certain financial instruments and agreements entered into by our subsidiaries, joint ventures or associates, there are restrictions on payment of dividends or other distributions to shareholders, including us. These restrictions could reduce the amount of dividends or other distributions that we receive, which could in turn restrict our ability to fund our business operations, pay dividends to our shareholders and repay our indebtedness, including the New Notes.

In addition, declaration of dividends by our subsidiaries, joint ventures and associates is at the discretion of the shareholders of such subsidiaries, joint ventures and associates in accordance with their respective articles of association. Payments of dividends by its subsidiaries joint ventures and associates are also subject to restrictions under the PRC laws. In addition, if the subsidiaries, joint ventures or associates obtained loan from banks, they may be restricted from making distributions to us due to restrictive financial covenants contained in relevant loan and banking facilities agreements. Any of the above factors may affect our cash inflow and ability to pay dividends. As we expect to continue to invest in subsidiaries, joint ventures and associates for our property development projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries, joint ventures or associate companies, which may in turn could materially and adversely affect our ability to conduct our business.

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

Changes in interest rates generally affect our customers' mortgage rates and our financing costs. In the wake of the financial crisis, the PBOC began reducing benchmark interest rates from June 2012 onwards. While the PRC economy grows and the U.S. Federal Reserve increases its own benchmark interest rates, we anticipate that the PBOC may adjust benchmark interest rates upward. Any hike in benchmark interest rates is likely to increase our customer's mortgage rates and our financing costs. Increases in mortgage rates may slow down the growth of the real estate market, while increases in our financing costs may materially and adversely affect our results of operations.

**We rely on contractors during the construction and development stages of our property development projects, who may not perform in accordance with our expectations.**

We rely on contractors during the construction and development stage of our property development projects, selecting them based on factors such as market reputation, qualifications, prices and track record. However, we cannot guarantee that the services rendered or construction materials provided will always meet our expectations. For example, in the event that our contractors fail to deliver properties that are safe for habitation or use on schedule, this may affect our own timelines for delivery to our customers. There can also be no assurance that our contractors will not encounter financial or other difficulties that cause delays, create quality defects or force them to stop working altogether. We may also be sued in the event where our contracted construction contractor is sued by contractor or sub-contractors engaged by them, if there are any disputes, such as missed payments, between our contracted construction contractor and the contractor or sub-contractor engaged by them. For more information, see “— We may fail to complete our property development projects on time, or at all” above. Additionally, it is possible that we do not discover quality defects until after delivery and there is resulting damage to person or property. We may incur additional costs while taking remedial measures such as replacing contractors, purchasing new construction materials and paying compensation. Any or all of them may materially and adversely affect our business, results of operations, market reputation and access to future business opportunities.

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

Our suppliers are mainly construction contractors, construction material suppliers and design firms. We maintained a number of suppliers for the operation of our businesses. In general, we have maintained relationships ranging from two to eight years with our five largest suppliers. If a large number of our current major suppliers decide to terminate business relationships with us or, if the services or construction materials supplied by our current suppliers fail to meet our standards, or if our current service or construction materials supplies are interrupted for any reasons, then we may not be able to easily switch to other qualified suppliers in a timely fashion. In such events, our business, financial condition and results of operations may be materially and adversely affected.

**Actual development costs for our property development projects may deviate from our initial estimates.**

We prepare a budget prior to commencing our property development projects, taking into account costs of land acquisition, construction and borrowing, among others. While we have internal procedures to monitor our property development projects, factors beyond our control may force us to deviate from our plans. For example, we expect that our construction costs will increase and that interest rates may rise. For more information, see “– We may experience fluctuations in our construction costs” and “– We are susceptible to the effects that interest rate hikes may have on our customers’ mortgage rates and our financing costs” above. Additionally, the PRC government closely monitors the PRC real estate industry and modifies the regulatory landscape from time to time. For example, it may impose additional conditions for issuance or renewal of certain permits, licenses and certificates required at various stages of our property development projects. We may experience delays and cost increases while seeking to meet the new conditions in a timely and effective manner. As we cannot anticipate when or what new policies will be promulgated, our ability to make appropriate provision beforehand is limited. Substantial increases in our development costs may lead to lower profit margins and therefore materially and adversely affect our results of operations.

**We may experience fluctuations in our construction costs.**

We believe that our ability to control construction costs is key to our continued success. Our construction costs primarily relate to the costs of employing our contractors and the prices for our construction materials. As living standards in China improve and the PRC government seeks to increase the wages of workers, we expect that the costs of employing our contractors will continue to grow going forward. Furthermore, we rely on our contractors to procure construction materials such as steel and cement, and are generally obliged to increase payments to them in the event that the market prices of construction materials fluctuate beyond a pre-determined range. There can be no assurance that we will be able to obtain construction materials on favorable terms or at all, or that shortages or disruptions in supply will not occur in the future. The price of construction materials has generally increased over the past three years based on the construction materials price index from the China Iron and Steel Association and China Cement Association. Significant price increases lead to higher cost of sales, and there is no guarantee that we will be able to obtain alternative supplies of construction materials of similar quantity or quality in a timely manner, or at all. We cannot guarantee that we will be able to limit our exposure to price fluctuations or pass on additional costs to our customers. Our ability to pass on additional costs to our customers is limited as our costs may increase after we have dealt with customers in pre-sales of properties before their completion. Failure to manage our construction costs may materially and adversely affect our business and results of operations.

**Constructing resettlement housing may continue to be a prerequisite for us to acquiring certain land parcels, which may adversely affect our profitability.**

In connection with our development of certain projects, as specified in the relevant land grant contracts or related agreements, we have cooperated or agreed to cooperate with the local governments in constructing resettlement housing. The construction of such resettlement housing was set as a prerequisite for acquiring related parcels of land by property developers. Our revenue derived from provision of construction services accounted for 2.7%, 2.3% and 1.9% of our total revenue in 2019, 2020 and 2021. As such arrangements are common in certain regions where we operated, we expect that we may continue to be required by certain local governments to construct resettlement housing in order to acquire relevant land parcels. If the proportion of our revenue derived from provision of construction services increases while the profit margin of provision of construction services remains stable, our overall profitability may be adversely affected.

**Our results of operations, financial condition and prospects may be adversely affected by provision of impairment for properties under development and completed properties held for sale.**

The real estate market volatility may subject us to risks in connection with possible provision of impairment for properties under development and completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Provision of impairment may arise when the carrying value of a property exceeds its recoverable amount in the market. We cannot assure you that we may not make any provision of impairment in the future or incur any impairment losses, if any or at similar level, during adverse market conditions in the future. In 2019, 2020 and 2021, we made provision of write down for properties under development and completed properties held for sale in an amount of RMB131.1 million, nil and RMB290.5 million, respectively. If we make additional provision of impairment and incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

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

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. Accordingly, the valuation techniques adopted by the external valuers involve uncertainties relating to the use of unobservable inputs. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods in which they arise and the impact may be significant. We recorded fair value gains on our investment properties in 2019, 2020 and 2021, RMB42.2 million, RMB47.6 million and RMB5.6 million (US\$0.9 million), respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

**Net changes in fair value of financial assets are linked to performance of invested companies or projects and market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of material unobservable inputs in the valuation techniques.**

We made investment in certain project companies. Such investment is recorded as noncurrent assets in our consolidated balance sheets and measured at fair value as of each balance sheet date as determined by independent valuations. We recorded fair value gains of financial assets at fair value through profit or loss (FVTPL) of RMB24.2 million, RMB17.0 million in 2019 and 2020, respectively. We recorded fair value loss of financial assets at fair value through profit or loss (FVTPL) of RMB6.4 million in 2021. Such financial assets are measured at fair value with material unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our consolidated statements of comprehensive income, therefore directly affecting our results of operations. There is no assurance that we will not incur any fair value losses in the future. If we incur significant fair value net changes, our results of operations, financial condition and prospects may be adversely affected.

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

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We leased certain properties from independent third-party landlords mainly for our office premises and failed to register certain lease agreements. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. 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 hotel industry is dependent on the levels of business and leisure travel, demand for and supply of hotel rooms and other factors.**

A number of factors, many of which are common to the hotel industry and are beyond our control, could affect our business, including the following:

- adverse development in general economic conditions;
- dependence on business, commercial and leisure travelers and tourism;
- dependence on meeting and conference business;
- the impact of acts of war or increased tensions between certain countries, increased terrorism threats, terrorist events, impediments to means of transportation (including airline strikes, road closures and border closures), extreme weather conditions, natural disasters, outbreaks of diseases and health concerns, rising fuel costs or other factors that may affect travel patterns and reduce the number of business and leisure travelers;



- adverse effects of general market conditions, which may diminish the demand for first class and luxury leisure travel or the need for business travel, as well as national, regional and local political, economic and market conditions where our hotels operate and where our customers live;
- increased competition and periodic local oversupply of guest accommodation, which may adversely affect occupancy rates and room rates;
- increases in operating costs due to inflation, labor costs (including the impact of unionization), workers' compensation and health-care related costs, utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs such as acts of nature and their consequences and other factors that may not be offset by increased room rates;
- seasonality in travel patterns;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in tax and governmental regulations that influence wages, prices, interest rates or construction and maintenance procedures and costs;
- the ability of third-party internet and other travel intermediaries to attract and retain customers; and
- changes in governmental laws and regulations (including trade restrictions), fiscal policies and zoning ordinances and the related costs of compliance.

These factors could have a material adverse effect on our hotel operations, which in turn will affect our financial condition and results of operations.

**Our hotel operations may be subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition.**

Our hotel business is seasonal in nature. The periods during which our hotel properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. In addition, the hotel business is cyclical and demand generally follows, on a lagged basis, the general economy of the region or city. The seasonality and cyclicity of our hotel operations may, to a certain extent, contribute to fluctuations in our results of operations and financial condition.

**We may be liable for losses and damages suffered on our premises or at our hotels.**

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

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

Certain portions of our property development projects and investment properties are designated as civil air defense properties. According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (《人民防空工程平時開發利用管理辦法》) promulgated by the House Civil Air Defense Office on November 1, 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties at other time and generate profits from such use. We had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material 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. The civil air defense areas of our projects are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

**The illiquid nature of property limits our ability to respond to any adverse movements in the performance of our investment portfolio.**

We hold certain properties for investment purposes, strategically selecting them based on their potential for appreciation in value and rental income. However, the performance of the real estate market is affected by several factors, many of which are beyond our control. For more information, see “– We are susceptible to adverse movements in the PRC real estate market, particularly in provinces and cities where we have property development projects” above. As property investments are inherently illiquid, our ability to sell our properties in response to global, national, regional and/or local conditions, financial or otherwise, is limited. In such circumstances we cannot guarantee that we will be able to divest of properties in our investment portfolio on favorable terms or at all. We may suffer material adverse effects on our business and financial condition, particularly as we may have expended significant capital resources in building up our investment portfolio.

**There is uncertainty about the recoverability of our amounts due from related parties and amounts due from non-controlling interests, which may affect our financial position and results of operations in the future.**

We had amounts due from related parties of RMB1,819.2 million, RMB1,175.7 million and RMB4,552.8 million (US\$714.4 million) as of December 31, 2019, 2020 and 2021, respectively. We also had amounts due from non-controlling interests of RMB702.2 million, RMB3,392.4 million and RMB6,780.7 million (US\$1,064.0 million) as of the same dates, respectively. Amounts due from related parties mainly represent current accounts with certain entities controlled by our shareholders and our joint ventures and associates, and the amounts due from non-controlling interests mainly represent current accounts with the non-controlling interests of certain of our subsidiaries. We conduct assessments on the recoverability of amounts due from related parties and non-controlling interests based on, among others, our historical settlement records, past experiences, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment in which our related parties or holders of the non-controlling interests operate, which involve the use of various judgements, assumptions and estimates by our management. However, there is no guarantee that our expectations or estimates will be entirely accurate for the future, as

we are not in control of all the underlying factors affecting the amounts due from related parties or amounts due from non-controlling interests. Accordingly, there is uncertainty about the recoverability of our amounts due from related parties and amounts due from non-controlling interests. Therefore, if we are not able to recover the amounts due from related parties and/or amounts due from non-controlling interests, we may experience an adverse effect on our financial position and results of operations.

**We guarantee the mortgage loans provided by financial institutions to our customers and consequently, we are liable to the mortgagees if our customers default.**

Our customers may apply for mortgages to purchase our properties. As consistent with market practice, we guarantee these mortgages for up to and until the issuance of the relevant property ownership certificates or equivalent and the registration of the mortgage in favor of the mortgage bank. The guarantee period generally range from one to three years, and we normally deposit with the mortgage bank a sum equal to or less than five percent of the mortgage amount. In the event that a customer defaults on the mortgage payment, the mortgage bank may deduct the deposited sum from the payment due and demand our immediate payment of the outstanding balance. Once we have satisfied our obligations under the guarantee, the bank would then assign its rights under the mortgage to us and we would have full recourse to the property.

As we generally rely on credit assessments conducted by banks on our customers in making our guarantees, we cannot guarantee that they will be sufficient. Yet even if we were to conduct our own, we cannot guarantee that one or more of our customers will not default on us going forward, particularly as there is limited financial or public information on many of them. There can also be no assurance that we will be able to estimate and make appropriate provision for defaults. Furthermore, any significant decline of the economic condition of the PRC or local markets in which we operate may lead to lowered income of our customers and, subsequently, an increased risk of default on loans. In the event that a substantial number of guarantee payment obligations arise at a time, we may experience material adverse effects on our business, financial condition and results of operations, especially if the market value of our properties depreciates substantially or the prevailing conditions prevent us from reselling our properties on favorable terms.

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

Properties that we develop for sale are subject to a Land Appreciation Tax (“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 China are subject to LAT at rates ranging from 30% to 60% on the appreciated value of the properties. LAT is calculated based on the proceeds received from the sale of properties less deductible expenditures. We make provision for the estimated full amount of applicable LAT in accordance with relevant PRC tax laws and regulations. Our estimates are based on, among other factors, our own apportionment of deductible expenses, which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT.

As of the date of this exchange offer memorandum, we had not had any disagreements with the relevant authorities respecting our LAT calculations. However, we cannot assure you that this will always be the case going forward. The relevant authorities may conclude that we are liable for more substantial LAT payments with respect to past liabilities and present obligations. Furthermore, as we expand into provinces and cities in which we have no existing business operations, we may find that our original provisions for LAT will be insufficient to cover our actual LAT obligations due to lack of experience in and knowledge of our new markets. We may experience material adverse effects on our cash flow, financial condition and results of operations while seeking to pay the shortfall amount to relevant authorities, which may in turn lead to restrictions on our ability to implement our business strategies.

**Future investments or acquisitions may have a material adverse effect on our ability to manage our business.**

We make strategic investments or acquisitions from time to time. However, our success in such ventures depend on our ability to identify suitable acquisition targets, obtain financing on favorable terms and acquire the necessary 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 that may lead to material adverse effects on our business, financial condition and results of operations. These may include, among others:

- failure to identify suitable targets;
- difficulties with integrating the operations and personnel of the target corporation with our own;
- potential disruption to our business operations and the diversion of management attention;
- dilution of our shareholders, in the event that we seek and obtain additional equity financing;
- failures to detect non-compliance incidents and financial or other issues during our due diligence procedures; and
- failures to reap the expected benefits of the acquisition and take advantage of potential synergies, to the detriment of our own financial well-being.

We have completed a number of acquisitions in the past. Various factors affect the chance of a successful integration and continuous management of the acquired businesses. These include, but are not limited to, complexity and size of the acquired business, risk of operating in a new market or environment, difficulties in navigating new regulatory regimes, overcoming differences in corporate cultures, and inability to retain the personnel from the acquired business, in addition to additional costs, resources and penalties that may incur with the acquired businesses. There can be no assurance that the acquisitions that are already made or will be undertaken by us would achieve the desired strategic objectives, business integration goals or expected return on investments without negative side effects or unexpected penalties. It follows that, if the results of operations of the acquired businesses do not meet our expectations or we incur unexpected negative results, we may be required to recognize an operating loss in our consolidated financial statements and impairment changes on goodwill or other assets. Further, we cannot assure you that we will be able to make acquisitions or investments on favorable terms or within a desired time frame. There is also no assurance that such acquisitions or investment would yield the expected level of return. In addition, we may require additional financing in order to make such acquisitions and investments, which may result in an increase in the level of our indebtedness while equity financing may result in dilution of ownership of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

**Failure to protect our intellectual property rights may materially and adversely affect our brand value.**

We rely on our trade name and trademarks to build brand value and recognition, which we believe are integral to consolidating and building our market presence. However, brand value is based largely on public perception. It may diminish in the event that we fail to deliver properties that are safe for habitation or in accordance with the relevant pre-sale contracts or applicable PRC laws and regulation, are subjected to

negative publicity, offer consistently negative experiences to third parties that deal with us or are perceived as unethical or socially irresponsible. Even isolated incidents may lower market trust and reduce demand for our properties in the long term.

In particular, unauthorized use or infringement of our trade name or trademarks by third parties may impair our brand value or recognition. Third parties may use our intellectual property in ways that damage our brand name and reputation in the real estate industry. We cannot guarantee that our measures to protect our intellectual property will be sufficient. We primarily rely on contracts with our employees and business partners under trademark and copyright laws and regulations to protect our intellectual property rights. For more information, see “Business — Intellectual Property.” In addition, we and certain other companies may use certain common terms in the company names, including but not limited to “Datang.” Although we have obtained the relevant intellectual property rights for the use of such terms or names and that the other companies sharing such term in their names may belong in industries that are entirely different from us, we cannot guarantee that there will not be any potential intellectual property issues in the future as we are not in a position to control or influence the conduct of the other parties that share such name with us. Despite the precautions taken, there can be no assurance that we will be able to detect all misappropriation or unauthorized use of our trade name and trademarks in a timely manner, or at all. There is also no guarantee that we will be successful in any enforcement proceedings that we undertake. Litigation and/or relevant legal process needed to protect our intellectual property may be very time-consuming, costly and divert our resources and management attention from our operations. We may experience material adverse effects on our business, financial condition and results of operation in the short term, while failures to protect our intellectual property rights may diminish our competitiveness and market share in the long term.

**We rely on external real estate agents to sell and market some of our property development projects, who may not perform in accordance with our expectations.**

We rely on external real estate agents to sell and market some of our property development projects. We select and employ property agents based on factors such as market reputation, qualifications of the agents, proposed sales and marketing plans prices and track record. As the external real estate agents we employ are independent third parties, we cannot assure you that they have complied in all material respects with PRC laws and regulations relevant to property sales. In the event that our property agents fail to comply with such PRC laws and regulations, particularly in relation to representations and warranties or sales and marketing campaigns, we may suffer material adverse effects on our brand value. We may also lose a portion of our customers and therefore our market share in the long term. Additionally, there is no guarantee that our property agents will perform up to our standards of professionalism and effectiveness. We may suffer material adverse effects on our business and results of operations, as well as incur additional costs while seeking to replace property agents unsuited to the task of selling and marketing our properties.

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

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. There were certain non-compliance incidents relating to the failure to comply with certain requirements of the PRC Advertising Law. Any inappropriate or false advertising may cast doubt on our other disclosure, advertisements, filings and publications; may deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations. In addition, if any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisements, correct the previous false advertisements and clarify the truth.

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

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

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

We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factor, we may lose the opportunity to develop the project as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

**We may be subject to fines or penalties if we fail to effectively implement and/or enforce our internal control policies.**

Historically, we experienced certain non-compliance incidents. We have implemented certain internal control measures to enhance our internal control and risk management systems to prevent such non-compliance incidents from happening again in the future. However, we cannot assure you that our internal control measures will be effective or there will not be any non-compliance incidents in the future. In addition, PRC

laws, regulations or rules governing our industry is complex and has been changing rapidly, particular at the local level, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents or others if we fail to adopt to the changes in the regulatory environment in a timely manner, or at all. If we fail to do so, the results and consequences of such failure may have a material adverse effect on our business, financial condition and results of operations.

**Compliance with PRC laws and regulations regarding environmental protection and the preservation of antiquities and monuments may delay the progress of our property development projects and create additional costs.**

We are subject to various laws and regulations concerning environmental protection and the preservation of antiquities and monuments, which effectively prohibit and restrict property development in certain regions. While navigating this regulatory regime, we may incur additional compliance costs, leading to lower profit margins and material adverse effects on our results of operations. We may also be forced to delay our construction plans and fail to complete properties on time, suffering damage to our reputation and access to future business opportunities. For more information, see “— We may fail to complete our property development projects on time, or at all” above.

As environmental awareness grows in China, we anticipate that the PRC Government will continue to promulgate increasingly stringent environmental laws and regulations. We also believe that we, and our environmental impact assessment reports, will be evaluated against higher standards for compliance with the regulatory regime. We anticipate that these developments will increase our project development costs in general. Moreover, should the public perceive us as socially irresponsible on environmental issues, the consequent damage to our reputation may diminish our brand value. For more information, see “— Failure to protect our intellectual property rights may materially and adversely affect our brand value” above.

**Our success depends on our ability to retain members of our senior management team and key personnel.**

Our continuing and future success depends on the efforts of our senior management team. As they possess industry expertise, know-how or experience in key areas such as property development, construction, design, sales and marketing, losing their services may have a material adverse effect on our ability to grow and sustain our business. Members of our senior management team collectively have an average of over 15 years in the real estate industry. Should any or all members of our senior management team join or form a competing business with their expertise, business relationships and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for such damage. Unexpected resignations may also leave key operations without supervisors and materially and adversely affect the implementation of our business strategies. There can no assurance that we will be able to recruit personnel with equivalent qualifications in a timely manner or at all, as competition for experienced management is intense in our industry.

**We may be involved in claims, disputes, legal proceedings and negative publicity, which may adversely affect our financial condition, divert management attention and harm our reputation.**

We may be directly or indirectly involved in claims, disputes and legal proceedings with various parties involved in our property development projects, such as contractors, regulatory bodies, business partners and customers. Such claims, disputes and legal proceedings may relate to, among other issues, contractual warranty disputes, employment and intellectual property. For example, earlier purchasers of our properties may allege that we did not fulfill our representations and warranties in the subsequent planning and development of our property development projects. We may also be subject to claims, disputes and legal proceedings with our purchasers or other third parties in respect of the pricing practice of our properties and/or related work. We cannot assure you that we will not be involved in any major dispute or legal

proceedings in the future, and any involvement in such disputes or proceedings may materially and adversely affect our business, financial condition and brand name. Any claims, disputes and legal proceedings brought against us, with or without merit, could result in substantial costs and divert capital resources and management attention. In addition, negatively publicity about us, our shareholders and related parties, our brand, management, business partners and products may arise from time to time. Negative comments on properties developed by us, products and services offered by us, our business operations and management may appear in internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. Such negative publicity may cause customers to lose confidence or damages to our brand images. In addition, there are certain other companies sharing the name such as “Datang” with us. Despite the fact that such companies may not be in the same industry with us, we cannot guarantee that any negative news about such companies will not adversely affect us based on the limited name similarity. Any of the above negative publicity events, regardless of veracity, may have material adverse effects on our business and brand value.

**Failure to make adequate contributions to various employee benefit plans and schemes as required by the PRC regulations may subject us to penalties.**

Companies operating in the PRC are required to participate in various employee benefit plans, such as pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their businesses. In the past, we failed to set up social insurance accounts for certain of our eligible employees; and timely make full social insurance contributions for certain of our eligible employees. We also failed to set up housing provident fund accounts for certain of our eligible employees; and timely make full housing provident fund contributions for certain of our eligible employees. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late fees or fines on us, which may materially and adversely affect our financial condition and results of operation.

**Our insurance coverage may not sufficiently cover the risks related to our business.**

We purchase and maintain insurance policies that we believe are customary with the standard commercial practice in our industry and as required under the relevant PRC laws and regulations. We normally do not insure our property development projects against disruptions or damage caused by natural disasters, wars, civil unrest, acts of terrorism and other instances giving rise to force majeure. We cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our financial condition and results of operations.

**We may not continue to receive government grants or subsidies.**

Our profitability may be affected by government grants or subsidies that we receive. We received certain one-off government grants in the amount of RMB0.8 million, RMB4.2 million and RMB8.1 million (US\$1.3 million) in 2019, 2020 and 2021, respectively. As these government grants and subsidies are granted in the sole and absolute discretion of the relevant government authorities and subject to the relevant PRC laws, regulations and policies, we cannot assure you that we will be able to receive government grants or subsidies in the future, if at all. The fluctuation of the granting of the government grants or subsidies to us may have a material impact on our profitability and, in turn, our financial condition and results of operations.



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

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

**RISKS RELATING TO THE REAL ESTATE INDUSTRY**

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

The PRC government closely monitors the real estate industry and promulgates new laws and regulations that are relevant to our business from time to time. Among other measures, the PRC government may reduce the land available for property development, impose foreign exchange restrictions on cross-border investment and financing and restrict foreign investment. Such policies, which may be introduced to curb overheating in the real estate industry, may reduce market demand for our properties. Laws and regulations promulgated to regulate other sectors of the economy may also indirectly affect our industry; for example, the PRC government may raise benchmark interest rates in parallel with national economic growth. This could effectively increase mortgage rates for our customers and our financing costs. For more information, see “— Risks Relating to Our Business — We are susceptible to the effects that interest rate hikes may have on our customers’ mortgage rates and our financing costs.” There can also be no assurance that the PRC government will not promulgate new and evermore restrictive measures in the future, nor that we will be able to anticipate and make provision for such developments in advance. We may fail to adapt to and navigate the regulatory landscape in ways that are profitable to our business.

**In the event that the PRC government restricts our ability to conduct pre-sales, we may lose a major source of funding for our property development projects.**

Our proceeds from pre-sales is a major source of funding for our property development projects. However, in August 2005, the PBOC issued the “2004 Real Estate Financing Report” recommending that the practice of pre-selling properties be discontinued. The reasoning was that pre-sales may create market risks and transactional irregularities. We cannot guarantee that the PRC Government will not adopt this recommendation or impose additional restrictions on pre-sales going forward. Under current PRC laws and regulations, we are required to fulfill certain conditions prior to commencing pre-sales. Additionally, we are also only able to use our proceeds to finance construction of properties to which individual pre-sales relate. In the event that the PRC government imposes bans or further restrictions on the conduct of pre-sales, we may be forced to seek alternative sources of funding to finance our property development projects. Alternative sources of funding may not be available to us on favorable terms or at all, and we may suffer material adverse effects on our business and results of operations.

**Restrictions on foreign investment may materially and adversely affect our ability to invest in our PRC subsidiaries.**

In order to curtail overheating in the real estate industry, the PRC government has sought to regulate foreign investment in property. There can be no assurance that the PRC government will not promulgate laws and regulations that materially and adversely affect our ability to invest in our PRC subsidiaries going forward. The PRC government may impose additional conditions toward establishing foreign-invested real estate enterprises and tighten foreign exchange controls. Such measures may materially and adversely affect our ability to invest in our PRC subsidiaries, and therefore hamper the growth of our business. Our PRC subsidiaries may be forced to search for other sources of financing, which may not be available on favorable terms or at all.

**We may fail to compete effectively against other property developers.**

The real estate market in provinces and cities where we have existing operations, or plan to have existing operations, is intensely competitive. Our competitors include property developers who operate on a national, regional and local scale. They may have stronger capital resources, wider sales and distribution networks, greater brand or name recognition, greater expertise in regional and local markets and greater financial, technical, marketing and public relations resources than we do. Such property developers may be better positioned than we are to compete for land, financing, raw materials, skilled management and labor resources, especially in certain of our core cities in China. We may find that there are fewer contractors with successful track records available at a time and experience difficulties with selling our properties, delays in the issuance and renewal of our government approvals and higher costs in attracting or retaining talented employees. Our efforts to achieve market acceptance and brand recognition may require us to reduce prices for our properties, while competitive pressures steadily increase our cost of sales. There is no assurance that we will be able to pass additional costs on to our customers. Indeed, our ability to do so is limited as our costs may not increase until after our pre-sales, at which time the purchase prices have already been agreed with our pre-sale customers and cannot be changed. Failures to compete effectively may diminish our sales and erode our market share, which could in turn materially and adversely affect our business, financial condition, results of operations and competitive position.

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

As the real estate industry in China is yet in the adjustment and optimization stage, investors may be discouraged from acquiring properties as rapid changes, whether regulatory or market, can take place in a short amount of time. Investors may not have sufficient or accurate information regarding the changes or the changing market to make an fully informed decision. Other factors that may discourage investment in real estate include the limited number of mortgage financing options available, legal uncertainties to do with enforcement of title and the lack of an insufficiently liquid secondary market for residential properties. Though demand for private residential property has grown in recent years, the real estate market has experienced volatility and price fluctuations. The risk of over-supply may surface in some markets as investments in real estate can be, and are often, made for speculative reasons. We are exposed to risks associated with operating in such a business environment. Any of the above-named factors may reduce demand for our properties. We may be forced to lower our prices, and the resulting decrease in our profit margins may materially and adversely affect our business and results of operations.

**There have been increasing difficulties for property developers to generate cash flow and obtaining financing and we may not be able to meet our obligations as they become due and to continue funding our on-going business operations and investments**

There has been significant negative news recently on difficulties experienced by the Chinese property sector and companies in that sector, including us, including the increasing difficulties for property developers to generate cash flow and obtaining financing. We continue to examine various options to improve our liquidity and cash position. However, there can be no assurance that we will be able to continue generating sufficient cash through operations and financing activities to meet our obligations as they come due (including any Existing Notes not tendered and accepted even if the Offer to Purchase is consummated), as well as to continue funding our significant operational cash flow needs and ongoing investments and other commitments. Failure by us to generate such cash could have a material adverse effect on our business, results of operations and financial condition, on the trading price of the New Notes, and ultimately on our ability to repay our obligations under the New Notes on a timely basis, or at all.

**RISKS RELATING TO THE PRC**

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

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but we cannot assure you that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC; (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies; (iii) measures which may be introduced to control inflation or deflation; (iv) changes in the rate or method of taxation; and (v) imposition of additional restrictions on currency conversion and remittances abroad.

In May 2017, Moody's downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. The full impact of the Moody's downgrade remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. In September 2017, S&P Global Ratings downgraded China's sovereign credit rating for the first time since 1999, citing similar concerns. The full impact of such actions by international rating agencies remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or

if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment. Our business, financial condition and results of operations may be adversely affected by:

- changes in the PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to our business segments;
- changes in laws and regulation or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other important restrictions.

On December 28, 2020, PBOC and CBIRC jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution exceeded 2% of the legal proportion based on the statistical data relating to such financial institution as of December 31, 2020. Under the notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period.

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

**Restrictions on currency exchange under PRC laws and regulations may limit our ability to satisfy obligations denominated in foreign currencies.**

Currently, the Renminbi cannot be freely converted into foreign currencies, and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Substantially all of our revenue is denominated in Renminbi. Under our current corporate structure, we derive our income primarily from dividend payments made by our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to pay dividends or other payments to us or satisfy other foreign currency-denominated obligations, if any. Additionally, the PBOC has adjusted the Renminbi deposit

reserve ratio for major banks several times since 2010, first upward (to a peak of 21.5%) and more recently downwarded to its present level of 13.0% for large institutions and 11.0% for smaller banks effective from September 16, 2019.

Under existing PRC foreign exchange regulations, the Renminbi is convertible without prior approval from SAFE for current account transactions so long as certain procedures are complied with. Examples of such current account transactions include profit distributions and interest payments. However, prior approval and registration with SAFE is required for capital account transactions. Examples of capital account transactions include foreign direct investment and the repayment of loan principal. There can be no assurance that the PRC government, in seeking to regulate the economy, will not restrict access to foreign currencies for current account transactions in the future. Such restrictions may limit our ability to convert cash from our operating activities into foreign currencies to make dividend payments or satisfy any foreign currency-denominated obligations we may have. Moreover, limitations on the flow of funds between us and our PRC subsidiaries may restrict our ability to provide financing to our PRC subsidiaries and take advantage of business opportunities in response to market conditions.

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

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn affected the PRC real estate industry and many other industries. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union (“Brexit”). The United Kingdom ceased to be a member of the European Union (the “EU”) on January 31, 2020 (“Brexit”). During the period from that date to December 31, 2020, certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the “TCA”). On December 29, 2020, the Council of the European Union adopted a decision authorizing the signature of the TCA and its provisional application in the EU for a limited period (the “Provisional Period”), pending ratification of the TCA by the European Parliament. The TCA was subsequently signed on behalf of the EU on December 30, 2020; and the Provisional Period commenced on January 1, 2021, and is expected to end no later than April 30, 2021. Legislation to implement the TCA in the UK came into effect beginning on December 31, 2020. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK’s future economic, trading and legal relationships with the EU and with other countries. In addition, it is possible that the TCA may not be ratified by the European Parliament prior to the end of the Provisional Period, or at all, which would lead to further uncertainty as to the nature and terms of any subsequent relationships between the EU and the UK, and disruption may arise as a result. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets. The effect of such potential events on us or the New Notes is impossible to predict; but they could significantly impact volatility, liquidity and/or the market value of securities, including the New Notes, and could have a material adverse effect on our ability to make payments on the New Notes.

China's economic growth may slowdown due to weakened exports and nationwide structural reforms. Moreover, as the PRC is transitioning to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past thirty years. The recent developments surrounding the trade war with the United States may also weaken exports and impact China's economic growth negatively. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US\$550 billion worth of Chinese products. In retaliation, the Chinese government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. In addition, as Joe Biden inaugurated as the U.S. President in January 2021, his administration may bring further uncertainties to the enforcement of the Phase I Agreement and the global economy in general. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the PRC industry remains uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected.

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

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

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

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

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. But we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

**Inflation in China could negatively affect our profitability and growth.**

Economic growth in China has, in the past, been accompanied by periods of high inflation. In response, the PRC government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The PRC government may take similar measures in response to future inflationary pressures. Rampant inflation without the PRC government's mitigation policies would likely increase our costs, thereby materially reducing our profitability. There is no assurance that we will be able to pass any additional costs to our customers. On the other hand, such control measures may also lead to slower economic activity and we may see reduced demand for our properties.

**Uncertainties with respect to the PRC legal system could limit the legal protection available to you.**

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

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

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

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

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

**PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.**

A number of PRC laws and regulations, including the Rules of the MOFCOM on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部關於外國投資者併購境內企業的規定》) re-issued by the MOFCOM on June 22, 2009, the Anti-Monopoly Law of the People’s Republic of China (《中華人民共和國反壟斷法》), and the Rules of the MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by the MOFCOM on August 25, 2011 and effective from September 1, 2011 (“**Security Review Rules**”), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in China more time-consuming and complex. These include requirements in some instances to notify the MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic



enterprise, or to obtain approval from the MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licenses, confiscating our income and requiring us to restructure or unwind our restructuring activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial condition and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

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

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

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

the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect the State Administration of Taxation's criteria for determining the tax residence of foreign enterprises in general. All members of our senior management are currently based in China; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

## **RISKS RELATING TO THE NEW NOTES, THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES**

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

We are a holding company with no material operations. We conduct substantially all of our operations through our PRC subsidiaries. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this exchange offer memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. The New Notes will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors and certain Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the New Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the New Notes. As a result, our payment obligations under the New 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 New Notes. As of December 31, 2021, our Non-Guarantor Subsidiaries had total debt of approximately RMB10,780.2 million (US\$1,691.6 million), capital commitments of approximately RMB20.0 million (US\$3.1 million) and contingent liabilities of approximately RMB16,562.3 million (US\$2,599.0 million). The New 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 New Notes.

Under the terms of the New Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of equity interest of no less than 20% in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal

year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the New Notes.

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

We now have, and will continue to have after the offering of the New Notes, a substantial amount of indebtedness. As of December 31, 2021, our total borrowings (including current and noncurrent interest-bearing bank and other borrowings) amounted to RMB10,780.2 million (US\$1,691.6 million). Subsequent to December 31, 2021, we also incurred other indebtedness for our general business operation. As of December 31, 2021, we had borrowings amounting to RMB3,817.6 million (US\$599.1 million) due within one year. As a result, we are subject to refinancing risks against such maturing indebtedness. We cannot assure you that we would be able to refinance our indebtedness, in a timely manner on acceptable terms after Non-Guarantor Subsidiaries are available or at all. The risk is exacerbated by the current volatility in the global capital and credit markets.

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

- limit our ability to satisfy our obligations under the New Notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

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

lease” before the adoption of HKFRS 16 and (iii) interest expense arising from pre-sale receipts in advance from customers, our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

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

In addition, the terms of the Indenture prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratio requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by events beyond our control. We cannot assure you that we will be able to meet these ratios. Certain of our financing arrangements also impose operating and financial restrictions on our business. See the section entitled “Description of Material Indebtedness and Other Obligations” and “— Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of loans or advances to us and our subsidiaries.” Such restrictions in the Indenture and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the New Notes and other debt.

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

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the New Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. Pursuant to the loan agreements with PRC banks or financial institutions, certain of our PRC subsidiaries are subject to dividend distribution limitations. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the New Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the New 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 HKFRS in certain significant respects, including the use of different bases of recognition of

revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. 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 New 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 New Notes at maturity or as required for any early redemption.

Furthermore, we may resort to such offshore shareholder 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 New Notes. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any shareholder loan. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

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

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the New 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.

**Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 85% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of such New Notes and increase the credits risks of the New Notes.**

Typically certain major terms of an indenture may only be modified, amended or waived with the consent of all holders of the outstanding notes. However, as part of the purpose of the Exchange Offer is to improve our overall financial condition, the New Notes Indenture allows modification, amendments or waivers of certain major terms to be made with the consent of holders of not less than 85% in aggregate principal amount of the outstanding New Notes, including the waiver of payment defaults, the reduction of the principal amount of, or premium, if any, or interest on, any New Note, and the release of the Subsidiary Guarantee or JV Subsidiary Guarantee (if applicable). Such provisions would reduce the protection afforded to the holders of the New Notes and potentially increase the credits risks of the New Notes.

**The New Notes are subject to optional redemption by us.**

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

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

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

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a “Restricted Payment,” which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the New Notes, we may pay dividend on our Capital Stock, without satisfying the Fixed Charge Coverage Ratio, with respect to any fiscal year ending after December 31, 2020, in an aggregate amount not to exceed 20% of our profit and total comprehensive income for the year. With such an exception, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the New Notes.

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

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

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

If we are required to withhold PRC tax on interest payable to our foreign noteholders that are “non-resident enterprises,” we will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the New Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the New Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

In the event we are treated as a PRC “resident enterprise”, we may be required to withhold PRC tax on interest payable to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under “Description of the New Notes — Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of certain changes in specified tax law or certain other circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC “resident enterprise,” we may redeem the New Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

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

We must offer to purchase the New Notes upon the occurrence of a Change of Control, at a purchase price equal to 101% of the principal amount plus any accrued and unpaid interest. See “Description of the New Notes — Repurchase of Notes Upon a Change of Control.” 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 New 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 New 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 New Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control 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 New Notes and the ability of a holder of the New Notes to require us to purchase its Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

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

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

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

If we are unable to comply with the restrictions and covenants in the Indenture or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the New 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 New 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 New 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 up to an aggregate amount equal to 25% of our total assets, without satisfying the Fixed Charge Coverage Ratio requirement. See the definition of "Permitted Investment" in "Description of the New Notes."

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

Although application will be made to the SGX-ST for listing of the New Notes by way of debt issues to Professional Investors only as described in this exchange offer memorandum, we cannot assure you that we will obtain or be able to maintain a listing on the SGX, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the New Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the New Notes are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See the section entitled “Transfer Restrictions.” No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the New Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the New Notes could be adversely affected.

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

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

The “Limitation on Transactions with shareholders and Affiliates” covenant in the New 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 New 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 New Notes for any such transactions.

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

The price and trading volume of the New 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 New Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the New 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 exchange offer memorandum has been prepared in accordance with HKFRS, 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 exchange offer memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between HKFRS and other GAAPs and how those differences might affect the financial information contained in this exchange offer memorandum.

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

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

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

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

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the New 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 exchange offer memorandum) are

attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Moreover, the New Notes will not be guaranteed by certain of our offshore subsidiaries upon issuance. In addition, certain of our future offshore subsidiaries will not be required to guarantee the New Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the New Notes (other than Exempted Subsidiaries and Listed Subsidiaries) do not exceed 15.0% of our total assets. As a result, the New Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See “Description of the New Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries.

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

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

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

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

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

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that

can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the New 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 New Notes.

**The Trustee may request that the holders of the New 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 New Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of holders of the New 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 New Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the New Notes to take such actions and/or steps and/or institute proceedings directly.

## **USE OF PROCEEDS**

We will not receive any cash proceeds from the Exchange Offer. Any Existing Notes exchanged in connection with the Exchange Offer will be cancelled.

## QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

**Q: Why is the Company conducting the Exchange Offer?**

**A:** We are conducting the Exchange Offer to refinance the Existing Notes. The purpose of the Exchange Offer is to improve our overall financial condition, extend our debt maturity profile, strengthen our balance sheet and improve cash flow management See “Summary — Background and Purpose of the Exchange Offer.”

**Q: What will I receive if I tender my Existing Notes in the Exchange Offer?**

**A:** For each US\$1,000 principal amount of outstanding Existing Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder will receive the Exchange Consideration consisting of: (a) US\$1,000 in aggregate principal amount of the New Notes (to be rounded downward to the nearest US\$1) and (b) Accrued Interest (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

The Company reserves the right, in its sole discretion, to accept less than the Minimum Acceptance Amount of the Existing Notes, or to accept none of such Existing Notes, for exchange pursuant to the Exchange Offer.

See “Summary of the Exchange Offer” and “Description of the Exchange Offer — Exchange Consideration” for further details.

**Q: What are the consequences of not tendering in the Exchange Offer?**

**A:** Non-exchange noteholders will not receive the Exchange Consideration if the Exchange Offer is consummated. See “Summary of the Exchange Offer”.

In addition, the trading market for Existing Notes that are not exchanged could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes. See the section entitled “Risk Factors — Risks Relating to the Exchange Offer Generally — Upon consummation of the Exchange Offer, the liquidity of the market for outstanding Existing Notes may be substantially reduced, and market prices for outstanding Existing Notes may decline as a result” for additional risk disclosure.

**Q: How do the Existing Notes differ from the New Notes to be issued in the Exchange Offer?**

**A:** The interest rate of the Existing Notes is 12.50% per annum and will mature on June 6, 2022.

The New Notes will mature on May 31, 2023. The New Notes will bear interest at 12.50% per annum. For details of the terms of the New Notes, see “Summary of the New Notes” and “Description of the New Notes”.

**Q: Are there any conditions to the consummation of the Exchange Offer?**

**A:** Our obligation to complete the Exchange Offer is conditioned upon, among other things, the following conditions: (i) not less than the Minimum Acceptance Amount of the Existing Notes shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline; (ii) there being no material adverse change in the market from the date of this exchange offer memorandum to

the Settlement Date; (iii) an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and (iv) the satisfaction of the other conditions described in “Description of the Exchange Offer — Conditions to the Exchange Offer”.

Subject to applicable law, we may terminate or withdraw the Exchange Offer if any of the conditions is not satisfied or waived by the Settlement Date. We may also extend the Exchange Offer from time to time until all conditions are satisfied or waived.

Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Any tendering Eligible holder must tender its entire holding of Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders.

**Q: When will the Exchange Offer expire?**

**A:** The Exchange Offer will expire at 4:00 p.m., London time on May 30, 2022, subject to our right to extend or earlier terminate that time and date at our absolute discretion.

**Q: Under what circumstances can the Exchange Offer be extended, amended or terminated?**

**A:** We reserve the right to extend the Exchange Offer at our absolute discretion for any reason. We expressly reserve the right, at any time, to amend the terms of the Exchange Offer in any respect, prior to the Expiration Deadline, subject to applicable law. Further, we may extend the Exchange Offer if we make a material change in the terms of the Exchange Offer or in the information contained in this exchange offer memorandum or waive a material condition to the Exchange Offer. During any extension of the Exchange Offer, Existing Notes that were previously tendered for exchange will remain subject to the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration, will apply to all Existing Notes previously validly tendered. We reserve the right to terminate the Exchange Offer at any time prior to the Settlement Date if any conditions are not met. For more information regarding our right to extend, amend or terminate the Exchange Offer, see “Description of Exchange Offer — Expiration Deadline; Extensions; Amendments; Termination”.

**Q: When will the Company issue the New Notes?**

**A:** Assuming the conditions to the Exchange Offer is satisfied or waived, we anticipate that we will issue the New Notes and settle the Exchange Offer, including the delivery and payment of the Exchange Consideration, on or about June 1, 2022, unless the Exchange Offer is extended or earlier terminated.

**Q: What are my rights if I change my mind after I tender my Existing Notes?**

**A:** Tenders of Existing Notes may not be withdrawn or revoked once submitted unless we are required by law to permit such withdrawal or revocation.

**Q: Will the Company receive any cash proceeds from the Exchange Offer?**

**A:** No. See “Use of Proceeds”.



**Q: When will the Company purchase or redeem the Existing Notes?**

**A:** Existing Notes tendered in the Exchange Offer pursuant to valid and accepted instructions will be exchanged on the Settlement Date and subsequently canceled.

Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, from time to time to redeem or purchase any Existing Notes through open market or privately negotiated transactions, one or more additional tenders or Exchange Offers or otherwise, on terms that may differ from the Exchange Offer and could be for cash or other consideration, or to exercise any of our redemption rights, including redemption rights, under the Existing Notes Indenture.

**Q: Can I transfer my Existing Notes after submitting an instruction to exchange?**

**A:** Upon giving instructions with respect to any Existing Notes, an Eligible Holder will agree that its Existing Notes will be blocked from transferring in the relevant account in the relevant Clearing System from the date the relevant instruction is submitted until the Settlement Date or the date of termination of the Exchange Offer (including where such Existing Notes are not accepted by the Company for exchange), whichever is earlier.

**Q: What happens if some or all of my Existing Notes are not accepted?**

**A:** If we decide not to accept some or all of your Existing Notes because of an invalid tender, the occurrence of the other events set forth in this exchange offer memorandum or otherwise, the Existing Notes not accepted by us for the Exchange Offer will be credited back to the tendering holder's account at Euroclear or Clearstream, as applicable.

**Q: Will I have to pay any fees or commissions if I tender my Existing Notes in the Exchange Offer?**

**A:** If your Existing Notes are held through a broker or other nominee who tenders the Existing Notes on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges apply. Otherwise, you will not be required to pay any fees or commissions to us, the Dealer Manager or the Information and Exchange Agent in connection with the Exchange Offer.

**Q: How do I tender my Existing Notes for exchange in the Exchange Offer?**

**A:** Please see "Description of Exchange Offer — Procedures for Tendering Existing Notes." For further information, please contact Morrow Sodali Limited, who has been retained by us as the Information and Exchange Agent for the Exchange Offer, or consult your broker, dealer, commercial bank, trust company or other nominee or custodian for assistance.

PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO HOLDERS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. TO PARTICIPATE IN THE EXCHANGE OFFER, A HOLDER OF EXISTING NOTES MUST EITHER HOLD SUCH EXISTING NOTES THROUGH A DIRECT PARTICIPANT IN EUROCLEAR OR CLEARSTREAM OR ARRANGE FOR THE TRANSFER OF ITS EXISTING NOTES SO THAT THEY ARE HELD THROUGH SUCH A DIRECT PARTICIPANT. U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

**Q: Will the New Notes be freely tradable?**

**A:** Transfer of the New Notes will be restricted. The New Notes will not be registered under, and we are not obligated to register the New Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.” We have not agreed to or otherwise undertaken to register the New Notes, and have no intention to do so. There can be no assurance as to the development or liquidity of any market for the New Notes.

**Q: What is the Company’s plan if the Exchange Offer fails?**

**A:** If the Exchange Offer is not successfully completed, the Company may not be able to repay the Existing Notes upon maturity.

**Q: To whom should I direct any questions?**

**A:** Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent, as appropriate. If you have questions regarding exchange procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this exchange offer memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees or custodians for assistance concerning the Exchange Offer. All documents related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website.

## DESCRIPTION OF THE EXCHANGE OFFER

### General

We intend to conduct the Exchange Offer in accordance with the applicable rules and regulations of any jurisdiction where the offer of the New Notes and the exchange of the Existing Notes are permitted. The Exchange Offer will only be made to, and the New Notes are being offered and will be issued only to, Eligible Holders of Existing Notes who have complied with the procedures set out herein, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees or custodians have complied with the procedures herein and confirmed and represented that such holders are non-U.S. persons located outside the United States, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States, as those terms are defined in Regulation S under the Securities Act.

### Purpose of the Exchange Offer

The purpose of the Exchange Offer is to improve our overall financial condition, extend our debt maturity profile, strengthen our balance sheet and improve cash flow management. See “Summary — Background and Purpose of the Exchange Offer”.

### Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange at least the Minimum Acceptance Amount of our outstanding Existing Notes (due June 6, 2022 with ISIN: XS2339781325) held by Eligible Holders, and to the execution by the Company, the Existing Notes Subsidiary Guarantors and the Existing Notes Trustee, for the Exchange Consideration as set forth below. As of the date of this exchange offer memorandum, US\$300,000,000 in aggregate principal amount of our Existing Notes is outstanding. Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the relevant components of the applicable Exchange Consideration) and will release and discharge us from any and all claims such holder may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

Any tendering Eligible holder must tender its entire holding of Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders.

Existing Notes accepted pursuant to the Exchange Offer will be exchanged on the Settlement Date and will subsequently be cancelled.

### Exchange Consideration

Eligible Holders of the outstanding Existing Notes that are validly tendered prior to the Expiration Deadline and accepted for exchange will receive the Existing Notes Exchange Consideration.

The Existing Notes Exchange Consideration consists of: (a) US\$1,000 in aggregate principal amount of the New Notes (to be rounded downward to the nearest US\$1), and (b) Accrued Interest (to be paid in cash, rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

We plan to use our own internal funds to pay the cash components of the Exchange Consideration described above.

The interest rate of the Existing Notes is 12.50% per annum and will mature on June 6, 2022. Accrued and unpaid interest on any Existing Notes validly tendered and accepted for exchange will be payable in cash.

**Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer — Conditions to the Exchange Offer” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline and/or the Settlement Date, (iv) amend the terms of the Exchange Offer or modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. If we receive valid tender of the Existing Notes for less than the Minimum Acceptance Amount, we may not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.**

If all or any of the Existing Notes tendered for exchange by any holder has not been accepted, you will receive (i) the Exchange Consideration in relation to the amount of the Existing Notes validly tendered and accepted in the Exchange Offer; and (ii) in relation to those Existing Notes not accepted in the Exchange Offer, such Existing Notes will be returned to such holder.

No other holders of the Existing Notes will be entitled to receive the Exchange Consideration.

#### **Interest or Coupon on the New Notes**

The New Notes will bear interest at 12.50% per annum. See “Summary of the New Notes”

#### **Eligibility for Acceptance of the Exchange Offer**

By submitting an electronic Instruction with respect to any Existing Notes to Euroclear or Clearstream, as applicable, you shall be deemed to certify that you are an Eligible Holder.

#### **Expiration Deadline; Extensions; Amendments; Termination**

For purposes of the Exchange Offer, the Expiration Deadline will be 4:00 p.m., London time, on May 30, 2022, subject to our right to extend or earlier terminate that time and date at our absolute discretion, in which case the Expiration Deadline means the latest time and date to which such time and date is extended or earlier terminated.

We reserve the right, at our absolute discretion, by giving written notice to the Dealer Manager, the Existing Notes Trustee and the Information and Exchange Agent to:

- extend the Exchange Offer;
- terminate the Exchange Offer if any condition to our obligation to consummate the exchange offer is not satisfied or waived prior to the Settlement Date, or if we determine that accepting the transactions contemplated hereby are not in our best interests; and
- amend or modify the Exchange Offer, or waive any condition to the Exchange Offer.

If we make a material change in the terms of the Exchange Offer or the information concerning the Exchange Offer, or waive a material condition to the Exchange Offer, we will promptly disseminate disclosure regarding the changes to the Exchange Offer and we may extend the Exchange Offer as we consider appropriate or if required by law.

During any extension of the Exchange Offer, Existing Notes that were previously tendered for exchange will remain subject to the Exchange Offer. Any waiver, amendment or modification of the Exchange Offer, including any change in the Exchange Consideration will apply to all Existing Notes previously validly tendered for such waiver, amendment or modification.

We will promptly announce any extension, amendment or termination of the Exchange Offer by issuing an announcement via the websites of the SEHK and the Transaction Website, and through Euroclear and Clearstream. We will announce any extension of the Expiration Deadline no later than 9:00 a.m., Hong Kong time, on the next business day after the previously scheduled Expiration Deadline.

### **Acceptance of the Existing Notes**

Subject to the terms and conditions of the Exchange Offer, and assuming we do not otherwise terminate the Exchange Offer, we will be deemed to accept validly tendered Existing Notes when, and if, we give written notice of acceptance to the Dealer Manager and the Information and Exchange Agent. If any tendered Existing Notes are not accepted for any reason described in the terms and conditions of the Exchange Offer, such unaccepted Existing Notes will be returned to the tendering holder at our expense promptly after the expiration or termination of the Exchange Offer. Any unaccepted Existing Notes will be credited back to the tendering holder's account at the relevant Clearing System. Under no circumstances will we be required to accept Existing Notes for exchange that have not been validly tendered prior to the Expiration Deadline in accordance with the procedures set forth in this exchange offer memorandum. We reserve the absolute right to reject any and all tenders of the Existing Notes not in proper form or any Existing Notes the acceptance for exchange of which may, in the opinion of counsel, be unlawful. See “— Procedures for Tendering Existing Notes”.

### **Settlement Date; Delivery of Consideration**

The Settlement Date will occur promptly after the Expiration Deadline. We anticipate that the Settlement Date will occur on or about June 1, 2022, unless the Exchange Offer is extended.

Subject to the terms and conditions of the Exchange Offer, and assuming that the Exchange Offer is not otherwise terminated by us, on the Settlement Date, Eligible Holders of Existing Notes who validly tendered in accordance with the procedures set forth in this exchange offer memorandum prior to the Expiration Deadline that are accepted by us will receive the Exchange Consideration.

Any cash payments for the Exchange Offer will be made by deposit of funds with Euroclear or Clearstream. Euroclear or Clearstream will transmit the New Notes to the holders and Euroclear or Clearstream will also transmit the cash payments to holders.

### **Conditions to the Exchange Offer**

Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under this section have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline and/or the Settlement Deadline (iv) amend the terms of the Exchange Offer or (v) modify the form or amount of the consideration to be paid pursuant to the Exchange Offer.

### ***Combined General Conditions***

Notwithstanding any other provisions of the Exchange Offer, or any extension of the Exchange Offer, we will not be required to deliver any consideration (and we may terminate the Exchange Offer or, at our option, modify, extend or otherwise amend the Exchange Offer), unless each of the following conditions, which we refer to as the combined general conditions, are satisfied or waived:

- (1) not less than the Minimum Acceptance Amount of the Existing Notes, not including any Existing Notes subject to repurchase, shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline;
- (2) we have made an affirmative determination that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests;
- (3) no action or event shall have occurred or to our knowledge, been threatened (including a default under an agreement, indenture or other instrument or obligation to which we or one of our subsidiaries is a party or by which we or one of our subsidiaries is bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either:
  - (i) challenges the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer; or
  - (ii) in our reasonable judgment, could materially affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects, or materially impair the contemplated benefits to us of the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might be material to holders of the Existing Notes in deciding whether to accept the Exchange Offer;
- (4) there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us or our or subsidiaries that, in our sole judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;
- (5) none of the following has occurred:
  - (i) any general suspension of or limitation on trading in securities on the PRC, the United States, London, Singapore or Hong Kong securities or financial markets, or in the over-the-counter market (whether or not mandatory);
  - (ii) any material decrease in the trading price of the Existing Notes in the PRC, the United States, London, Singapore or Hong Kong or other major securities or financial markets;
  - (iii) a material impairment in the general trading market for debt securities;

- (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the PRC, the United States, London, Singapore or Hong Kong or other major financial markets (whether or not mandatory);
  - (v) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to the PRC, the United States, London, Singapore or Hong Kong;
  - (vi) any limitation (whether or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in our reasonable judgment, of affecting, the extension of credit by banks or other lending institutions in the PRC, the United States, London, Singapore or Hong Kong;
  - (vii) any material disruption has occurred in securities settlement or clearance services in the PRC, the United States, London, Singapore or Hong Kong;
  - (viii) any amalgamation, merger, acquisition or other business combination proposal involving us or our subsidiaries shall have been proposed, announced or made by any person or entity;
  - (ix) any material adverse change in the PRC, the United States, London, Singapore or Hong Kong securities or financial markets generally'
  - (x) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; and
- (6) the Existing Notes Trustee shall not have objected in any respect to, nor have taken any action that could in our reasonable judgment adversely affect the consummation of, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer nor shall the Existing Notes Trustee have taken any action that challenges the validity or effectiveness of the procedures used by us in making the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer.

***Waiver, Termination and Modification***

The foregoing conditions are for our sole benefit and may be waived by us, in whole or in part, at our absolute discretion. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding. Our failure at any time to exercise any of our rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If any of the combined general conditions is not satisfied, we may, at any time prior to the Settlement Date, subject to applicable law:

- terminate the Exchange Offer and return all tendered Existing Notes;
- modify, extend or otherwise amend the Exchange Offer and retain all tendered Existing Notes until the Expiration Deadline may be extended; or
- waive any unsatisfied conditions with respect to the Exchange Offer, and accept all Existing Notes tendered and delivered. If we receive valid tender of the Existing Notes for less than the Minimum Acceptance Amount, we may not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.

### ***Representations, Warranties and Covenants of Eligible Holders of the Existing Notes***

Upon instruction to tender the Existing Notes, which will be irrevocable, and subject to the terms and conditions of the Exchange Offer generally, each Eligible Holder will be deemed, among other things, to:

- (1) irrevocably sell, assign and transfer to or upon our order or the order of our nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder of, all Existing Notes tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or in equity against the Company, the Existing Notes Trustee, the Existing Notes Agents or any fiduciary, trustee, fiscal agent, security agent or other person connected with the Existing Notes arising under, from or in connection with such Existing Notes;
- (2) waive any and all rights with respect to the Existing Notes tendered thereby (including, without limitation, any existing or past defaults and their consequences in respect of such Existing Notes); and
- (3) release and discharge us, each Subsidiary Guarantor, each JV Subsidiary Guarantor (if any), the Existing Notes Trustee, the Existing Notes Agents and any fiduciary, trustee, fiscal agent, security agent and other person connected with the Existing Notes from any and all claims such holder may have (now or in the future), arising out of or relating to the Existing Notes tendered thereby, including, without limitation, any claims that such holder is entitled to receive additional principal or interest payments with respect to the Existing Notes tendered thereby (other than as expressly provided in this exchange offer memorandum) or to participate in any redemption or defeasance of the Existing Notes tendered thereby.

In addition, such Eligible Holder of the Existing Notes will be deemed to represent, warrant and undertake that:

- (1) it has received and reviewed this exchange offer memorandum including the terms of the New Notes set out herein;
- (2) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more such beneficial owners of, the Existing Notes tendered thereby;
- (3) it (i) has not received or been sent copies of this exchange offer memorandum or any related documents in, into or from the United States, (ii) is not a "U.S. person" and is not located in the United States, (iii) is not an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal who has given instructions with respect of the Exchange Offer from within the United States or from a U.S. person, (iv) has not otherwise utilized in connection with the Exchange Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (v) is offering to exchange the Existing Notes from outside the United States;
- (4) it acknowledges that the Exchange Offer is subject to the restrictions set out in the section entitled "Offer and Distribution Restrictions";
- (5) it acknowledges that the New Notes to be exchanged for the Existing Notes tendered for exchange hereby have not been registered under the Securities Act and may only be sold or otherwise transferred subject to the restrictions set out in the section entitled "Transfer Restrictions";



- (6) it acknowledges that this Exchange Offer is subject to the restrictions set out in “Offer and Distribution Restrictions”;
- (7) the Existing Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;
- (8) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered thereby and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (9) in evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Notes, such holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) the Dealer Manager, the Information and Exchange Agent or the Existing Notes Trustee or the Existing Notes Agents other than those contained in this exchange offer memorandum (as amended or supplemented to the Expiration Deadline);
- (10) the delivery of an electronic instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer, in each case on and subject to the terms and conditions set out or referred to in this exchange offer memorandum;
- (11) the delivery of an electronic instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer generally) the appointment of the Information and Exchange Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Existing Notes tendered thereby in favor of the Company or such other person or persons as the Company may direct and to deliver such form(s) of transfer and other document(s) in the attorney’s and agent’s discretion and/or the certificate(s) and other documents of title relating to such Existing Notes’ registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Company or its nominees such Existing Notes;
- (12) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the electronic instruction, which shall be read and construed accordingly;
- (13) by delivering an electronic instruction with respect to its Existing Notes through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning the direct participant’s identity, the aggregate principal amount of such Existing Notes and their account details to the Information and Exchange Agent and the Existing Notes Trustee;
- (14) it has not distributed or forwarded this exchange offer memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer.
- (15) it is not (i) a person that is, or is owned or controlled by a person that is, identified as a “specially designated national” or “blocked person” in the most current U.S. Treasury Department list of “Specially Designated National and Blocked Persons” or included in the U.S. Treasury Department’s

Sectoral Sanctions Identifications List (which can be found at: <https://sanctionssearch.ofac.treas.gov/>), or in the European Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia's actions destabilising the situation in Ukraine; or (ii) a person that is organised, resident or located in a country or territory subject to comprehensive/country-wide economic sanctions; (iii) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, Her Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organisations and individuals under the European Union's Common Foreign and (iv) acting for or on behalf of any of the foregoing parties (a "Sanctions Restricted Person").

- (16) none of the Company, the Subsidiary Guarantor, the JV Subsidiary Guarantors (if any), any of their respective affiliates, the Information and Exchange Agent or the Existing Notes Trustee has given the holders of the Existing Notes any information with respect to the Exchange Offer save as expressly set out in this exchange offer memorandum, nor have any of these parties made any recommendation to it as to whether it should participate in the Exchange Offer and it has made its own decision with regard to participating in the Exchange Offer based on any legal, tax or financial advice it has deemed necessary to seek;
- (17) the tendering holder has not relied on the Information and Exchange Agent, the Existing Notes Trustee or any person affiliated with any of them in connection with its investigation of the accuracy of this exchange offer memorandum;
- (18) it empowers, authorizes, and requests the Existing Notes Trustee to do all such other things as may be necessary or expedient to carry out and give effect to this Exchange Offer;
- (19) it does remise, release and forever discharge the Existing Notes Trustee and its employees, officers, directors, affiliates, agents, predecessors and successors, of and from any and all manner of actions, causes of actions, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever such that thereafter it shall have no contractual or other rights in law or in equity arising from and relating to any transactions contemplated in connection with this exchange offer memorandum.
- (20) the Existing Notes Trustee, the Existing Notes Agents and the Information and Exchange Agent will not be held responsible for any liabilities or consequences arising as a result of acts taken by it or pursuant to the terms of this exchange offer.

Each holder of the Existing Notes that submits an electronic instruction will also be deemed to represent, warrant and agree with respect to the transfer restrictions as set forth under the section entitled "Transfer Restrictions".

The representations and warranties and agreements of a holder tendering Existing Notes shall be deemed to be repeated and reconfirmed on and as of the Expiration Deadline and the Settlement Date. For the purposes of this exchange offer memorandum, the "beneficial owner" of any Existing Notes shall mean any holder that exercises sole investment discretion with respect to such Existing Notes.

## **Procedures for Tendering Existing Notes**

### ***General***

To participate in the exchange offer, an Eligible Holder must validly tender its Existing Notes for exchange pursuant to the Exchange Offer prior to the Expiration Deadline pursuant to the procedures described below.

To meet the deadlines referred to in this exchange offer memorandum, custodians, nominees and the relevant Clearing System may require you to act on a date prior to the Expiration Deadline. Additionally, they may require further information in order to process all requests to tender. Eligible Holders are urged to contact their custodians or the relevant Clearing System as soon as possible to ensure compliance with their procedures and deadlines.

The method of delivery of the Existing Notes and all other required documents to the Information and Exchange Agent is at the election and risk of the holder. Eligible Holders of the Existing Notes should allow sufficient time to assure delivery to and receipt by the Information and Exchange Agent prior to the Expiration Deadline.

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent, as applicable. If you have questions regarding tender procedures or require additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent. Contact information for the Dealer Manager and the Information and Exchange Agent are set forth on the back cover of this exchange offer memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee or custodian for assistance concerning the Exchange Offer.

### ***Valid Tender of the Existing Notes***

If you are an Eligible Holder of Existing Notes and you wish to tender your Existing Notes for exchange pursuant to the Exchange Offer, you may accept the Exchange Offer prior to the Expiration Deadline by submitting a valid electronic instruction to the relevant Clearing System in accordance with the requirements of the relevant Clearing System.

By submitting an electronic instruction in accordance with the requirements of the relevant Clearing System, you shall be deemed to represent, warrant and undertake the following to the Company, the Dealer Manager, the Information and Exchange Agent and the Existing Notes Trustee and the Existing Notes Agents on each of the Expiration Deadline and the Settlement Date:

- that you wish to receive the New Notes under the terms of the Exchange Offer;
- that you are a person located outside the United States and not a U.S. person (within the meaning of Regulation S under the Securities Act);
- the accuracy of your name and securities account number at the relevant Clearing System in which you hold the Existing Notes and to which the New Notes are to be credited;
- you have authorized the relevant Clearing System to block your position in the Existing Notes until the Settlement Date or termination or withdrawal of the Exchange Offer;
- the accuracy of the cash account number at the relevant Clearing System to which the cash portion of the Exchange Consideration should be credited; and

- that you consent to the disclosure by Euroclear or Clearstream of certain details concerning your identity, the aggregate principal amount of such Existing Notes and the account details to the Information and Exchange Agent.

Your acceptance of the Exchange Offer will constitute a binding agreement between you and us in accordance with the terms, and subject to the conditions, set forth herein and in the electronic instruction. Such acceptance will be binding upon receipt by the relevant Clearing System of a valid electronic instruction in respect of all matters except your tender of the Existing Notes for exchange, which will be binding immediately.

By submitting a valid electronic instruction to the relevant Clearing System, you are deemed to represent, warrant and undertake to the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Dealer Manager, the Information and Exchange Agent and the Existing Notes Trustee and the Existing Notes Agents that:

- you have received, reviewed and accepted the terms of this exchange offer memorandum, the terms of the New Notes and the “Transfer Restrictions.”;
- you currently hold the Existing Notes at the time of submission of an electronic instruction, and will continue to hold the Existing Notes, until the time of settlement on the Settlement Date or the termination of the Exchange Offer;
- you have blocked the Existing Notes (and they will remain blocked) in the securities account to which such Existing Notes are credited in the relevant Clearing System with effect from, and including, the date on which the relevant Clearing System receives the electronic instruction until the time of settlement on the Settlement Date or termination of the Exchange Offer, all in accordance with the normal procedures of the relevant Clearing System and after taking into account the deadlines imposed by the relevant Clearing System;
- you will transfer the Existing Notes which are the subject of the electronic instruction, on the Settlement Date, with full title, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same; and
- (i) you are the beneficial owner of, or are a duly authorized representative of one or more such beneficial owners of, the Existing Notes and you are not a U.S. person and are not located in the United States of America at the time you submitted the electronic instruction and (ii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (x) you have full investment discretion with respect to the Existing Notes covered by the electronic instruction or (y) the person on whose behalf you are acting is a non-U.S. person located outside the United States of America at the time he or she instructed you to accept the Exchange Offer.

If you are unable to give any of the representations and warranties described above, please contact the Dealer Manager. Do not send Existing Notes or electronic instructions to the Dealer Manager, the Company or the Information and Exchange Agent.

#### **Procedures for Participating in the Exchange Offer**

To tender Existing Notes pursuant to the Exchange Offer, a beneficial owner should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream, as applicable, and in accordance with the requirements of Euroclear or Clearstream, as applicable, a valid tender instruction that is received by the

Information and Exchange Agent by the Expiration Deadline. Tender instructions must be submitted in respect of no less than a minimum nominal amount of Existing Notes (being US\$200,000), and may thereafter be submitted in integral multiples of US\$1,000.

Beneficial owners are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes when such intermediary would need to receive instructions from a beneficial owner in order for that beneficial owner to be able to participate in the Exchange Offer by the Expiration Deadline specified in this exchange offer memorandum. *The deadlines set by any such intermediary and Euroclear or Clearstream, as applicable, for the submission of tender instructions will be earlier than the deadlines set forth in this exchange offer memorandum.*

### **Tender Instructions**

Only direct participants of Euroclear and Clearstream may submit tender instructions. Each beneficial owner of Existing Notes that is not a direct participant must arrange for the direct participant through which such beneficial owner holds its Existing Notes to submit a valid tender instruction on its behalf to Euroclear or Clearstream, as applicable, before the deadlines specified by Euroclear or Clearstream, as applicable.

### ***Euroclear and Clearstream Participants***

A beneficial owner wishing to participate in the Exchange Offer must submit, or arrange to have submitted on its behalf, at or before the Expiration Deadline and before the deadlines set by Euroclear or Clearstream, as applicable (unless the Exchange Offer is terminated earlier), a duly completed electronic instruction to the Euroclear or Clearstream, as applicable.

The submission of Existing Notes for exchange will be deemed to have occurred upon receipt by Euroclear or Clearstream, as applicable, of a valid electronic instruction in accordance with the requirements of Euroclear or Clearstream, as applicable. The receipt of such electronic instruction by Euroclear or Clearstream, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, as applicable, and will result in the blocking of such Existing Notes in Euroclear or Clearstream, as applicable, so that no transfers may be effected in relation to such Existing Notes.

By submitting an electronic instruction in respect of the Exchange Offer, the relevant holder will be deemed to have confirmed (i) that such holder wishes to participate in the Exchange Offer for the aggregate principal amount of the Existing Notes specified in the electronic instruction, (ii) the relevant direct participant and the securities account number at Euroclear or Clearstream, as applicable, in which the Existing Notes are held, and (iii) that the New Notes and any cash payments are to be credited to the securities account and cash account numbers, respectively, at Euroclear or Clearstream, as applicable, in which the Existing Notes are held.

### **Determination of Validity**

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Existing Notes pursuant to any of the procedures described above, and the form and validity of all documents will be determined by us at our sole discretion, which determination will be final and binding absent a finding to the contrary by a court of competent jurisdiction. We reserve the absolute right to reject any or all tenders of any Existing Notes determined by us not to be in proper form, or if the acceptance of or exchange of such Existing Notes may, in the opinion of our counsel, be unlawful or result in a breach of contract. A waiver of any defect or irregularity with respect to the tender of one Exchange Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Existing Notes.

Your tender of the Existing Notes will not be deemed to have been validly made until all defects or irregularities in your tender and delivery have been cured or waived. None of us, the Dealer Manager, the Information and Exchange Agent, the Existing Notes Trustee, the New Notes Trustee, the Existing Notes Agents, the New Notes Agents or any of their respective affiliates, directors or advisors or agents or any other person or entity is under any duty to give notification of any defects or irregularities in any tender of any Existing Notes, or will incur any liability for failure to give any such notification.

### **No Participation by the Company**

The Company may not submit any electronic instructions.

### **No Guaranteed Delivery**

There are no guaranteed delivery procedures provided by the Company or any other entity making payments on behalf of the Company in connection with the Exchange Offer. Eligible Holders must tender their Existing Notes in accordance with the procedures set forth herein.

### **The Existing Notes Trustee and Existing Notes Agents**

In accordance with normal practice, the Existing Notes Trustee and Existing Notes Agents expresses no opinion on the terms of the Exchange Offer. The Existing Notes Trustee and Existing Notes Agents have not been involved in formulating the terms of the Exchange Offer, and makes no representation that all relevant information has been disclosed to holders of the Existing Notes herein or that the information contained herein is accurate or complete. Each holder of the Existing Notes is responsible for assessing the merits of the Exchange Offer. Accordingly, each of the Existing Notes Trustee and Existing Notes Agents recommends that the holders of the Existing Notes seek their own independent financial, tax or legal advice with regard to the impact of the implementation of the Exchange Offer.

### **Information and Exchange Agent**

Morrow Sodali Limited has been appointed as the Information and Exchange Agent for the Exchange Offer. Questions concerning tender procedures and requests for additional copies of this exchange offer memorandum should be directed to the Information and Exchange Agent at the address and telephone numbers listed on the back cover of this exchange offer memorandum. Holders of the Existing Notes may also contact their broker, dealer, commercial bank, trust company or other nominee or custodian for assistance concerning the Exchange Offer. We will pay the Information and Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses. We have agreed to indemnify the Information and Exchange Agent against certain liabilities, including liabilities arising under the U.S. federal securities laws.

### **Dealer Manager**

We have retained Haitong International Securities Company Limited to act as the Dealer Manager for the Exchange Offer. We have agreed to pay the Dealer Manager reasonable and customary fees for its services and we will reimburse the Dealer Manager for its reasonable out-of-pocket expenses, including the reasonable expenses and disbursements of its legal counsel. The obligations of the Dealer Manager to perform its functions are subject to various conditions. We have agreed to indemnify the Dealer Manager against various liabilities, including various liabilities under the U.S. federal securities laws. Questions regarding the terms of the Exchange Offer may be directed to the Dealer Manager at its applicable address and telephone number listed on the back cover of this exchange offer memorandum.

The Dealer Manager or certain of its affiliates have provided, from time to time, and in the future may provide, certain investment banking and financial advisory services to us and our affiliates, for which they have received, or in the future will receive, customary fees. In addition, the Dealer Manager or certain of its affiliates may have owned, currently own or may own, equity or equity-like securities of ours.

In the ordinary course of their businesses, the Dealer Manager or certain of its affiliates may at any time hold long or short positions, and may trade for their own account or the accounts of customers, in our securities, including in the Existing Notes. To the extent that the Dealer Manager or certain of its affiliates own Existing Notes during the Exchange Offer, they may tender such Existing Notes pursuant to the terms of the Exchange Offer. Such participation, if any, will be on the same terms and subject to the same conditions set forth in this exchange offer memorandum applicable to other holders of the Existing Notes.

### **Announcements**

The announcement of the commencement of the Exchange Offer, the final aggregate principal amount of the Existing Notes tendered and accepted for exchange, the final total aggregate principal amount of the New Notes and the settlement of the Exchange Offer will be released via the websites of the SEHK and the Transaction Website, and made through Euroclear or Clearstream, and will occur as specified in the section entitled “Summary Timetable” unless otherwise extended or amended. All other announcements will be made through Euroclear or Clearstream. Significant delays may be experienced in publishing notices through Euroclear or Clearstream and the holders of the Existing Notes are urged therefore to contact the Dealer Manager or the Information and Exchange Agent for the relevant announcements. All announcements will be made available upon release at the offices of the Information and Exchange Agent in London and Hong Kong.

The Company and the Information and Exchange Agent will announce the outcome of the Exchange Offer on the dates set out in the section entitled “Summary Timetable” and the section entitled “Description of the Exchange Offer.”

### **Other Fees and Expenses**

We will bear the fees and expenses of soliciting tenders for the Exchange Offer and pay the fees and expenses of the Existing Notes Trustee and their respective agents and counsel, and indemnify them against certain liabilities in connection with such services in connection with the Exchange Offer. Tendering holders of the Existing Notes will not be required to pay any fee or commission to the Dealer Manager, the Existing Notes Trustee or the Information and Exchange Agent. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other nominee or custodian, that holder may be required to pay brokerage fees or commissions to such broker, dealer, commercial bank, trust company or other nominee or custodian.

### **Transfer Taxes**

We will pay all transfer taxes, if any, applicable to the exchange of the Existing Notes pursuant to the Exchange Offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing the Existing Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Existing Notes tendered;
- tendered Existing Notes are registered in the name of any person other than the person signing; or

- a transfer tax is imposed for any reason other than the exchange of the Existing Notes under the Exchange Offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the tendered Existing Notes, the amount of any transfer taxes will be billed to the tendering holder.

Notwithstanding anything else contained in this exchange offer memorandum or any other document in connection hereto, the Information and Exchange Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law (including any economic or financial sanctions law (and including sanctions enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively “Sanctions”))) of any state or jurisdiction (including but not limited to the United States of America or any jurisdiction forming a part of it, the European Union and England and Wales) or any directive or regulation (including any economic or sanctions directive or regulation (and including Sanctions)) of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

#### **Source of Funds for the Exchange Offer**

We plan to use our own internal funds to pay the cash components of the Exchange Consideration described above.



## EXCHANGE RATE INFORMATION

### CHINA

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

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

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

Period	Noon buying rate			
	Period end	Average <sup>(1)</sup>	High	Low
	(RMB per US\$1.00)			
2016 . . . . .	6.9430	6.6549	6.9580	6.9430
2017 . . . . .	6.5063	6.7530	6.9575	6.4773
2018 . . . . .	6.8755	6.6292	6.9737	6.2649
2019 . . . . .	6.9618	6.9014	7.1786	6.6822
2020 . . . . .	6.5250	6.8878	7.1348	6.5250
2021 . . . . .	6.3726	6.4508	6.5716	6.3435
November . . . . .	6.3640	6.3889	6.4061	6.3640
December . . . . .	6.3726	6.3693	6.3772	6.3435
2022				
January . . . . .	6.3610	6.3556	6.3822	6.3206
February . . . . .	6.3084	6.3436	6.3660	6.3084
March . . . . .	6.3393	6.3446	6.3720	6.3116
April . . . . .	6.6080	6.4310	6.6243	6.3590
May (through May 13, 2022)	6.7880	6.6899	6.7880	6.6079

Source: Federal Reserve H.10 Statistical Release

Note:

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

## HONG KONG

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

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

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

Period	Noon buying rate			
	Period end	Average <sup>(1)</sup>	High	Low
		(HK per US\$1.00)		
2016 . . . . .	7.7534	7.7618	7.8270	7.7505
2017 . . . . .	7.8128	7.7950	7.8267	7.7540
2018 . . . . .	7.8305	7.8376	7.8499	7.8043
2019 . . . . .	7.7894	7.8335	7.8499	7.7850
2020 . . . . .	7.7534	7.7562	7.7927	7.7500
2021 . . . . .	7.7996	7.7727	7.8034	7.7515
November . . . . .	7.7967	7.7896	7.7993	7.7819
December . . . . .	7.7996	7.7990	7.8034	7.7914
2022				
January . . . . .	7.7971	7.7917	7.8001	7.7850
February . . . . .	7.8137	7.7992	7.8137	7.7894
March . . . . .	7.8275	7.8214	7.8297	7.8129
April . . . . .	7.8465	7.8414	7.8476	7.8340
May (through May 13, 2022)	7.8498	7.8492	7.8499	7.8476

Source: Federal Reserve H.10 Statistical Release

Note:

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

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected financial data as of and for each of the years ended December 31, 2019, 2020 and 2021 (except for EBITDA data and amounts presented in U.S. dollars) have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2021, as audited by PricewaterhouseCoopers, the independent certified public accountants, and included elsewhere in this exchange offer memorandum. Our consolidated financial statements for the years ended December 31, 2020 and 2021 have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The selected consolidated financial data below should be read in conjunction with our consolidated financial statements, and the notes thereto included elsewhere in this exchange offer memorandum.

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

	Year ended December 31,			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
				<i>(unaudited)</i>
<b>Revenue</b> . . . . .	8,108,026	10,588,379	11,254,171	1,766,025
Cost of sales . . . . .	(5,922,653)	(7,892,454)	(8,554,974)	(1,342,462)
<b>Gross profit</b> . . . . .	2,185,373	2,695,925	2,699,197	423,563
Selling and marketing costs . . . . .	(444,185)	(482,694)	(528,925)	(83,000)
Administrative expenses . . . . .	(454,868)	(522,226)	(705,654)	(110,733)
Net reversal of impairment/ impairment (losses) on financial and contract assets	2,858	7,918	(63,160)	(9,911)
Other income . . . . .	39,152	42,257	39,674	6,226
Other expenses . . . . .	(35,575)	(11,763)	(13,750)	(2,158)
Other gains – net <sup>(3)</sup> . . . . .	129,176	51,543	192,973	30,282
<b>Operating profit</b> . . . . .	1,421,931	1,780,960	1,620,355	254,269
Finance income . . . . .	25,539	28,799	33,470	5,253
Finance costs . . . . .	(48,466)	(48,374)	(81,586)	(12,803)
Finance costs – net . . . . .	(22,927)	(19,575)	(48,116)	(7,550)
Share of results of joint ventures and associates . . . . .	8,860	(45,730)	136,203	21,373
<b>Profit before income tax</b> . . . . .	1,407,864	1,715,655	1,708,442	268,092
Income tax expenses . . . . .	(780,451)	(765,706)	(682,668)	(107,126)
<b>Profit and total comprehensive income for the year</b> . . . . .	<b>627,413</b>	<b>949,949</b>	<b>1,025,774</b>	<b>160,966</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company . . . . .	710,256	715,372	726,438	113,994
Non-controlling interests . . . . .	(82,843)	234,577	299,336	46,972
	<b>627,413</b>	<b>949,949</b>	<b>1,025,774</b>	<b>160,966</b>
<b>Other financial data (unaudited)</b>				
EBITDA <sup>(1)</sup> . . . . .	2,169,390	2,772,730	3,154,378	494,991
EBITDA margin <sup>(2)</sup> . . . . .	26.8%	26.2%	28.0%	28.0%

Notes:

- (1) EBITDA for any period consists of gross profit, selling and marketing costs, administrative expenses, capitalized interest, depreciation of property, plant and equipment and right-of-use assets and amortization of costs for obtaining contracts and intangible assets. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the New Notes. Interest expense excludes amounts capitalized. See "Description of the New Notes—Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the New Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.
- (3) Other gains-net include fair value gains and revaluation on investment properties.

## SELECTED CONSOLIDATED BALANCE SHEETS

	As of December 31,			
	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
				<i>(unaudited)</i>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment . . .	745,701	741,255	727,041	114,089
Investment properties . . . . .	1,550,540	1,566,730	1,399,540	219,618
Intangible assets . . . . .	17,320	15,310	10,808	1,696
Right-of-use assets . . . . .	33,941	169,640	148,369	23,282
Properties under development . . .	14,140	14,140	–	–
Investments accounted for using the equity method . . . . .	1,506,998	4,768,998	5,664,959	888,956
Financial assets at fair value through profit or loss . . . . .	200,806	217,841	–	–
Deferred income tax assets . . . . .	656,905	804,192	776,644	121,872
Total non-current assets . . . . .	<u>4,726,351</u>	<u>8,298,106</u>	<u>8,727,361</u>	<u>1,369,513</u>
<b>CURRENT ASSETS</b>				
Inventories . . . . .	2,599	1,214	21,437	3,364
Properties under development . . .	21,343,530	23,429,576	28,332,047	4,445,916
Completed properties held for sale	1,926,651	2,134,716	3,021,622	474,158
Contract assets and contract acquisition costs . . . . .	278,334	438,332	851,607	133,636
Trade and other receivables . . . . .	3,949,303	6,721,652	14,106,901	2,213,681
Prepaid income taxes . . . . .	717,022	571,369	528,104	82,871
Cash and bank deposits . . . . .	4,095,171	5,660,333	5,509,422	864,549
Total current assets . . . . .	<u>32,312,610</u>	<u>38,957,192</u>	<u>52,371,140</u>	<u>8,218,175</u>
Total assets . . . . .	<u><u>37,038,961</u></u>	<u><u>47,255,298</u></u>	<u><u>61,098,501</u></u>	<u><u>9,587,688</u></u>
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital . . . . .	70	87,216	89,164	13,992
Share premium . . . . .	508,442	1,677,903	1,645,296	258,183

## As of December 31,

	2019	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000) (unaudited)
Other reserves . . . . .	758,445	1,147,588	1,364,134	214,062
Retained earnings . . . . .	1,610,225	1,987,465	2,524,168	396,097
	<u>2,877,182</u>	<u>4,900,172</u>	<u>5,622,762</u>	<u>882,334</u>
<b>Non-controlling interests</b>	<u>207,111</u>	<u>3,021,806</u>	<u>4,582,225</u>	<u>719,051</u>
Total equity . . . . .	<u>3,084,293</u>	<u>7,921,978</u>	<u>10,204,987</u>	<u>1,601,385</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings . . . . .	5,468,682	7,647,463	6,962,536	1,092,574
Lease liabilities . . . . .	1,372	133,954	120,824	18,960
Deferred income tax liabilities . .	1,203,899	1,217,226	1,300,365	204,056
Total non-current liabilities . . . .	<u>6,673,953</u>	<u>8,998,643</u>	<u>8,383,725</u>	<u>1,315,590</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables . . . . .	10,709,986	14,581,655	18,884,058	2,963,321
Contract liabilities . . . . .	13,273,377	11,694,527	18,421,640	2,890,757
Borrowings . . . . .	2,301,763	2,666,675	3,817,631	599,070
Lease liabilities . . . . .	1,749	9,256	12,207	1,916
Current income tax liabilities . . .	993,840	1,382,564	1,374,253	215,650
Total current liabilities . . . . .	<u>27,280,715</u>	<u>30,334,677</u>	<u>42,509,789</u>	<u>6,670,714</u>
Total liabilities . . . . .	<u>33,954,668</u>	<u>39,333,320</u>	<u>50,893,514</u>	<u>7,986,303</u>
<b>NET ASSETS</b>	<u>3,084,293</u>	<u>7,921,978</u>	<u>10,204,987</u>	<u>1,601,385</u>
<b>NET CURRENT ASSETS</b>	<u>5,031,895</u>	<u>8,622,515</u>	<u>9,861,351</u>	<u>1,547,461</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>9,758,246</u>	<u>16,920,621</u>	<u>18,588,712</u>	<u>2,916,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>37,038,961</u>	<u>47,255,298</u>	<u>61,098,501</u>	<u>9,587,688</u>

## RESULTS OF OPERATIONS

Our financial information for the years ended December 31, 2020 and 2021 in this section was derived from our 2021 Annual Report. Our financial information for the years ended December 31, 2019 and 2020 in this section was derived from our 2020 Annual Report.

### 2021 COMPARED TO 2020

#### Revenue

For the year ended December 31, 2021, our revenue reached RMB11,254.2 million (US\$1,766.0 million), representing an increase of 6.3% as compared to RMB10,588.4 million in 2020. The increase was primarily attributable to the increase in delivery of projects in 2021 as compared to 2020.

#### Cost of sales

Our cost of sales increased by 8.4% from RMB7,892.5 million in 2020 to RMB8,555.0 million (US\$1,342.5 million) in 2021, primarily due to the increased number of projects delivered in 2021 as compared to 2020.

#### Gross profit

As a result of the foregoing, our gross profit increased by 0.1% from RMB2,695.9 million in 2020 to RMB2,699.2 million (US\$423.6 million) in 2021. The increase in our gross profit was primarily attributable to the increased number of projects delivered in 2021 as compared to 2020. We recorded overall gross profit margin of 24.0% in 2021, compared to 25.5% in 2020.

#### Other income

Our other income decreased from RMB42.3 million in 2020 to RMB39.7 million (US\$6.2 million) in 2021, primarily due to a decrease in commission income from trading of construction materials.

#### Other gains – net

Our other gains – net increased significantly from RMB51.5 million in 2020 to RMB193.0 million (US\$30.3 million) in 2021, primarily due to an increase in gains on disposal of associates.

#### Sales and marketing costs

Our selling and marketing costs increased by 9.6% from RMB482.7 million in 2020 to RMB528.9 million (US\$83.0 million) in 2021, primarily due to the launch of our new property projects for presale in 2021.

#### Administrative expenses

Our administrative expenses increased by 35.1% from RMB522.2 million in 2020 to RMB705.7 million (US\$110.7 million) in 2021, primarily due to the increased number of employees resulted from our business expansion.

#### Share of results of joint ventures and associates

Our share of results of joint ventures and associates increased significantly from a loss of RMB45.7 million in 2020 to profit of RMB136.2 million (US\$21.4 million) in 2021, primarily attributable to the carry-forward of profits from several cooperation projects in 2021.

### **Finance costs - net**

Our finance costs increased from RMB19.6 million in 2020 to RMB48.1 million (US\$7.5 million) in 2021. The increase was attributable to the increase in interest expenses due to the increase in borrowings.

### **Income tax expenses**

Our income tax expenses decreased by 10.8% from RMB765.7 million in 2020 to RMB682.7 million (US\$107.1 million) in 2021, primarily as a result of the decrease in our land appreciation tax.

### **Profit for the year**

As a result of the foregoing, our profit before tax decreased from RMB1,715.7 million in 2020 to RMB1,708.4 million (US\$268.1 million) in 2021. Our net profit increased by 8% from RMB949.9 million in 2020 to RMB1,025.8 million (US\$161.0 million) in 2021.

## **2020 COMPARED TO 2019**

### **Revenue**

For the year ended December 31, 2020, our revenue reached RMB10,588.4 million, representing an increase of 30.6% as compared to RMB8,108.0 million in 2019. The increase was primarily attributable to the increase in income generated from property sales, commercial property investment and operations and hotel operations in 2020 as compared to 2019.

### **Cost of sales**

Our cost of sales increased by 33.3% from RMB5,922.7 million in 2019 to RMB7,892.5 million in 2020, primarily due to the increased number of projects delivered in 2020 as compared to 2019.

### **Gross profit**

As a result of the foregoing, our gross profit increased by 23.4% from RMB2,185.4 million in 2019 to RMB2,695.9 million in 2020. The increase in our gross profit was primarily attributable to the increased number of projects delivered in 2021 as compared to 2020. We recorded overall gross profit margin of 25.5% in 2020, compared to 27.0% in 2019.

### **Other income**

Our other income increased from RMB39.2 million in 2019 to RMB42.3 million in 2020, primarily due to an increase in government grants.

### **Other gains – net**

Our other gains – net decreased significantly from RMB129.2 million in 2019 to RMB51.5 million in 2020, primarily because we recorded substantial gains from disposal of subsidiaries in 2019 whereas only recorded loss from disposables of subsidiaries in 2020.

### **Sales and marketing costs**

Our selling and marketing costs increased by 8.7% from RMB444.2 million in 2019 to RMB482.7 million in 2020, primarily due to the launch of our new property projects for presale in 2020.



**Administrative expenses**

Our administrative expenses increased by 14.8% from RMB454.9 million in 2019 to RMB522.2 million in 2020, primarily due to the increased number of employees resulted from our business expansion.

**Share of results of joint ventures and associates**

Our share of losses of joint ventures and associates was RMB45.7 million in 2020, representing a decrease of RMB54.6 million from the share of profits of joint ventures and associates of RMB8.9 million in 2019, primarily attributable to the expenses incurred during the early development stage in respect of several cooperation projects under progress.

**Finance costs - net**

Our finance costs decreased from RMB22.9 million in 2019 to RMB19.6 million in 2020. The decrease was attributable to the increase in interest income due to the increase in deposits.

**Income tax expenses**

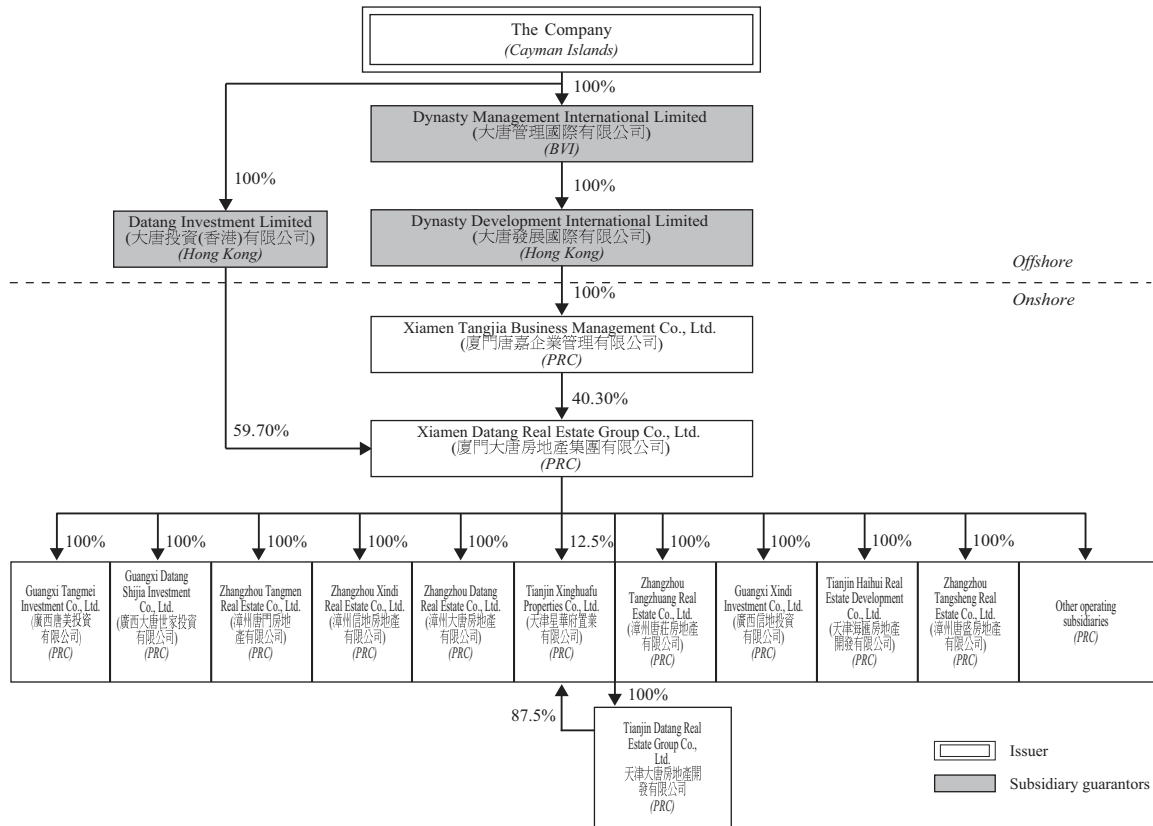
Our income tax expenses decreased by 1.9% from RMB780.5 million in 2019 to RMB765.7 million in 2020, primarily as a result of the decrease in our land appreciation tax.

**Profit for the year**

As a result of the foregoing, our profit before tax increased from RMB1,407.9 million in 2019 to RMB1,715.7 million in 2020. Our net profit increased by 51.4% from RMB627.4 million in 2019 to RMB949.9 million in 2020.

## CORPORATE STRUCTURE

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



Note:

- (1) Our controlling shareholders include Good First Holding Limited, Wong Hei, Dynasty International Co. Ltd., Dynasty International Holding Co., Ltd. and Good First International Holding Limited. For their shareholding interests, see “Principal Shareholders.”

## BUSINESS

### OVERVIEW

We are a property developer in China focusing on the development of residential and commercial properties in selected economic regions. We have expanded our business into mainly six economic regions in China, including the Western Taiwan Strait Economic Region, Beibu Gulf Region and Neighboring Cities, Beijing-Tianjin-Hebei Region, Midstream Parts of the Yangtze River Region, Yangtze River Delta Region and Chengdu-Chongqing Region. We also hold leading market positions in certain local property markets.

We are primarily engaged in the development of residential properties that target customers with a demand for their first homes or first or second home upgrades. We also develop commercial properties, including office buildings, hotels, shopping centers and others, which we believe will help diversify our source of income. We hold a portion of our commercial properties for long-term investment.

As of December 31, 2021, we had 146 property development projects developed by our subsidiaries, joint ventures and associates at various stages of development.

As of the same date, the total GFA of our land bank was approximately 23.71 million sq.m., among which the total completed but undelivered GFA was approximately 0.73 million sq.m., GFA held for property investment was approximately 0.16 million sq.m., and the total GFA under development was approximately 22.83 million sq.m.

We mainly attribute our success to our distinctive property designs, standardized property development process, multiple land acquisition methods and prudent financial policies, all of which enable us to replicate our success as we expand in the PRC market and increase our brand value. Our three residential property series, namely, the Youth Series (大唐果系), Royalty Series (世家系) and Impression Series (印象系), are targeted at the first-time home buyers, the first-time home upgraders and the second-time home upgraders, respectively. Each series has its own positioning and can be tailored for local customers based on specific needs. Depending on the customer preference and architectural history of the local market, we also select and infuse different Chinese design elements into the design of our properties.

Our revenue grew at a CAGR of 17.8% from RMB8,108.0 million in 2019 to RMB11,254.2 million (US\$1,766.0 million) in 2021. Our net profit grew at a CAGR of 27.9% from approximately RMB627.4 million in 2019 to RMB1,025.8 million (US\$161.0 million) in 2021.

### RECENT DEVELOPMENT

#### Unaudited Operating Figures for the three months ended March 31, 2022

Our accumulated contracted sales decreased from RMB9.35 billion for the three months ended March 31, 2021 to RMB6.43 billion for the same period of 2022, our accumulated sales area decreased from 908,000 sq.m. for the three months ended March 31, 2021 to 640,300 sq.m. for the same period of 2022, and our average selling price increased from RMB10,297 for the three months ended March 31, 2021 to RMB10,055 per sq.m. for the same period of 2022.

#### The COVID-19 Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected our business operation and financial condition.

However, the PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. 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. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details, please see “Risk Factors — We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, we could be materially and adversely affected by the COVID-19 pandemic in China.”

## **OUR PROPERTY DEVELOPMENT BUSINESS**

### **Overview**

We develop a variety of residential and commercial properties. Our residential properties are generally categorized into the three series as set forth below:

- *Youth series (大唐果系)*: Our properties of Youth series generally target first-time purchasers. Properties under the Youth series generally feature homes with modern and creative designs. Examples of such properties include Longgang Dynasty Youth (龍崗大唐果) and Xingning Dynasty Youth (興寧大唐果);
- *Royalty series (世家系)*: Our properties of Royalty series generally target first-time home upgraders. Properties under the Royalty series generally feature traditional Chinese-style architectural designs and landscaping. Examples of such properties include Wuxiang Lanting Mansion (五象瀾庭府) and Jinjiang Dynasty Mansion (晉江大唐府); and
- *Impression series (印象系)*: Our properties of Impression series generally target second-time home upgraders. Properties of Impression series feature mid-to-large-sized homes with a combination of traditional Chinese design and modern design elements, and aim to offer a more comfortable and/or luxurious living environment. Examples of such properties include Zhangzhou Dynasty Impression (漳州大唐印象) and Tanfu Impression (檀府印象).

We also develop commercial properties, which include hotels, office buildings, shopping centers and others. Such commercial properties are generally integrated with or in the vicinity of our residential properties.

### **Classification of Our Property Projects**

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers.

The site area information is derived on the following basis:

- when we have received the land use rights certificates or real estate title certificates, as specified in such land use rights certificates or real estate title certificates; and
- before we have received the land use rights certificates or real estate title certificates, as specified in the relevant land grant contracts related to the projects.

Total GFA is calculated as follows:

- for projects and phases that are completed, based upon the relevant property completion certificate or property inspection report;
- for projects and phases that are under development, based upon the relevant construction work planning permit, or based on other documentation issued by relevant government authorities, if the construction work planning permit is not available; and
- for projects and phases that are held for future development, based upon the total GFA indicated in the property master plans or our internal records and development plans, which may be subject to change.

Total GFA is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for security offices, for which pre-sale permits will not be issued.

Total saleable GFA is calculated as follows:

- for projects and phases that are completed, based on the relevant property ownership certificate or property inspection report;
- for projects and phases under development, based upon the relevant pre-sale permit, or based on the construction work planning permit if the pre-sale permit is not available, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available; and
- for projects and phases that are held for future development, based upon our internal records and development plans. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project.

Saleable GFA refers to the total GFA exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the purchase contract but not yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to that customer. A property is considered unsold when it has not been pre-sold or sold but is available for sale.

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

### **Land Bank and Property Portfolio**

Our land bank equals to the sum of (i) total GFA available for sale or lease by us for completed properties, which also includes completed GFA that have been pre-sold but not yet delivered, (ii) total planned GFA for properties under development, (iii) total estimated GFA for properties held for future development. Total land bank represents (i) the total land bank of projects developed by our subsidiaries and (ii) the total land bank of projects developed by our joint ventures and associates. All of the other shareholders of the joint ventures and associates through which we had developed property projects are Independent Third Parties.

## Our Property Projects

The table below sets forth the details of our property development projects developed by our subsidiaries and joint ventures and associates as of December 31, 2021:

	City where the project is located	Project name	Completion year	Floor area <i>(square meters)</i>	Primary Intended Use	Completed but undelivered		Total GFA under development <i>(square meters)</i>	Total GFA <i>(square meters)</i>	Percentage of interest owned by the Group
						GFA <i>(square meters)</i>	Rentable GFA held for property investment <i>(square meters)</i>			
1	Chengdu	Bo Yue Royalty 铂悦世家	2023	37,394	Residential	-	-	106,336	106,336	34%
2	Chengdu	Chong Zhou Jin Xiu Royalty 崇州錦繡世家	2024	39,771	Residential	-	-	129,257	129,257	50%
3	Chengdu	Qionglai Jiuyue Lanwan 邛崃玖悅瀾灣	2023	68,901	Residential	-	-	234,354	234,354	40%
4	Chengdu	Tianyue Royalty 天悅世家	2023	58,065	Residential	-	-	192,265	192,265	26%
5	Chengdu	Yu Lan Royalty 御瀾世家	2024	40,812	Residential	-	-	118,801	118,801	34%
6	Suining	Suining Zhongliang No. 1 Yard 遂寧中梁·壹號院	2022	48,282	Residential	-	-	97,983	97,983	39%
7	Yibin	Jinke Town 金科城	2025	184,590	Residential	-	-	622,310	622,310	40%
8	Chongqing	Boyun Mansion 泊雲府	2022	63,610	Residential	-	-	140,638	140,638	30%
9	Chongqing	Feng Ling Wan Xiang 峰嶺萬象	2024	67,121	Residential	-	-	146,168	146,168	12%
10	Chongqing	Hanlin Tianchen 翰隰天辰	2022	90,075	Residential	-	-	184,867	184,867	30%
11	Chongqing	Jiuzhu Tianchen 玖著天宸	2022	136,328	Residential	-	-	293,187	293,187	33%
12	Chongqing	Lin Xi Fu 林溪府	2023	127,842	Residential	-	-	444,677	444,677	20%
13	Chongqing	Xichen Yijing 西辰藝境	2022	42,170	Residential	-	-	87,144	87,144	31%
14	Chongqing	Xiao Feng Jiang Nan (141) 曉風江南(141)	2024	94,061	Residential	-	-	252,921	252,921	8%
15	Chongqing	Xiao Feng Jiang Nan (71) 曉風江南(71)	2023	47,039	Residential	-	-	95,227	95,227	8%
16	Guigang	Guigang Chengguang 貴港辰光	2024	32,759	Residential	-	-	168,782	168,782	34%
17	Guigang	Guigang Dynasty Royalty 貴港大唐世家	2022	42,054	Residential	-	-	191,686	191,686	63%
18	Guigang	Guigang Yating 貴港雅庭	2024	45,229	Residential	-	-	178,009	178,009	26%
19	Kunming	Dynasty Meiquan Royalty 大唐美泉世家	2024	43,271	Residential	-	-	183,015	183,015	61%
20	Liuzhou	Dynasty Biyuan East Garden 大唐碧園東園	2024	45,246	Residential	-	-	165,141	165,141	100%
21	Liuzhou	Dynasty Biyuan West Garden 大唐碧園西園	2022	56,796	Residential	-	-	195,781	195,781	98%
22	Liuzhou	Liuzhou Dynasty Mansion 柳州大唐觀邸	2024	74,989	Residential	-	-	282,772	282,772	51%
23	Nanning	Anji Dynasty Royalty 安吉大唐世家	2022	27,962	Residential	-	-	147,171	147,171	55%
24	Nanning	Anji Dynasty Royalty Phase II 安吉大唐世家二期	2023	9,170	Residential	-	-	59,710	59,710	55%
25	Nanning	Binjiang Jinwan 濱江錦灣	2023	36,039	Residential	-	-	178,165	178,165	100%

City where the project is located	Project name	Completion year	Floor area (square meters)	Primary Intended Use	Rentable GFA			Total GFA under development (square meters)	Total GFA (square meters)	Percentage of interest owned by the Group
					Completed but undelivered GFA (square meters)	held for property investment (square meters)				
26	Nanning Chengyang Royalty 城央世家	2025	20,942	Residential	-	-	94,776	94,776	70%	
27	Nanning Dynasty Shengshi Phase III 大唐盛世三期	2022	87,047	Parking	74,237	-	-	74,237	100%	
28	Nanning Dynasty Shengshi Xuhui Mansion 大唐盛世旭輝府	2023	25,404	Residential	-	-	110,686	110,686	51%	
29	Nanning Dynasty Tiancheng Phase III 大唐天城三期	2022	19,141	Residential	-	-	181,094	181,094	100%	
30	Nanning Dynasty Tiancheng Phase I & II 大唐天城一、二期	2019	25,027	Commercial	3,981	67,846	-	71,827	100%	
31	Nanning Dynasty Tianyue 大唐天悅	2022	28,320	Residential	-	-	132,977	132,977	56%	
32	Nanning Dynasty Zhenguan 大唐臻觀	2022	45,582	Residential	-	-	214,678	214,678	85%	
33	Nanning Dynasty Zhongnan Ziyun Impression 大唐中南紫雲印象	2025	50,128	Residential	-	-	278,071	278,071	25%	
34	Nanning Jinju Royalty 金玖世家	2022	68,401	Residential	-	-	376,204	376,204	25%	
35	Nanning Nanning Jinxiu Royalty 南寧錦繡世家	2023	23,565	Residential	-	-	98,189	98,189	56%	
36	Nanning Shenghu Yuejing 盛湖悅景	2022	90,929	Residential	-	-	342,918	342,918	26%	
37	Nanning Shengshi Chunjiang 盛世春江	2025	52,774	Residential	-	-	223,043	223,043	17%	
38	Nanning Shengshi Jinyue 盛世金悅	2022	25,265	Residential	-	-	103,582	103,582	24%	
39	Nanning Tanfu Impression 檀府印象	2022	137,811	Residential	41,416	-	393,726	435,143	30%	
40	Nanning Wuxiang BMA Center 五象博盟中心	2025	62,744	Commercial	-	-	282,409	282,409	10%	
41	Nanning Wuxiang Dynasty Royalty 五象大唐世家	2023	29,136	Residential	-	-	133,140	133,140	85%	
42	Nanning Wuxiang Huguang Institution 五象湖光學府	2024	65,007	Residential	-	-	328,390	328,390	20%	
43	Nanning Wuxiang Lanting Mansion 五象瀾庭府	2023	159,991	Residential	-	-	903,879	903,879	33%	
44	Nanning Xi'an Royalty 熙岸世家	2023	29,498	Residential	-	-	139,707	139,707	17%	
45	Nanning Xingning Dynasty Impression 興寧大唐印象	2021	95,750	Parking	96,543	-	-	96,543	40%	
46	Nanning Yango Dynasty Royalty 陽光城大唐世家	2023	37,047	Residential	-	-	204,193	204,193	49%	
47	Nanning Yango Dynasty Tanjing 陽光城大唐檀境	2024	177,954	Residential	-	-	866,659	866,659	41%	
48	Nanning Impression Discovery Bay 印象愉景灣	2022	111,138	Residential	-	-	614,237	614,237	17%	
49	Nanning Yunxitai 雲臺台	2022	20,014	Residential	-	-	69,155	69,155	23%	
50	Nanning Zhenyuan 臻園	2026	91,849	Residential	-	-	487,748	487,748	39%	

City where the project is located	Project name	Completion year	Floor area (square meters)	Primary Intended Use	Rentable GFA			Total GFA under development (square meters)	Total GFA (square meters)	Percentage of interest owned by the Group
					Completed but undelivered GFA (square meters)	held for property investment (square meters)	Total GFA under development (square meters)			
51	Nanning	Goug Yuan Yue 公園悅	2024	57,875	Residential	-	-	283,165	283,165	100%
52	Fuzhou	CDC Dynasty Yang Yun 建發大唐養雲	2023	26,027	Residential	-	-	88,689	88,689	40%
53	Fuzhou	Longjiang Jiujiu Pavilion 龍江玖錦閣	2023	113,059	Residential	-	-	373,011	373,011	33%
54	Fuzhou	Pukou Dynasty Royalty 浦口大唐世家	2022	15,954	Residential	-	-	53,597	53,597	80%
55	Fuzhou	Yu Rong Impression 玉融印象	2023	25,835	Residential	-	-	86,317	86,317	60%
56	Longyan	Royalty Wangyue Garden 世家望樾花園	2023	27,903	Residential	-	-	101,398	101,398	18%
57	Longyan	Royalty Wenyuan 世家文苑	2022	26,197	Residential	-	-	79,864	79,864	33%
58	Longyan	Zhiyuan FeiCui Jun 致遠翡翠郡	2023	17,873	Residential	-	-	52,909	52,909	30%
59	Nanchang	Shan Hu Yin 山湖印	2024	41,849	Residential	-	-	136,907	136,907	62%
60	Ningde	Ningde Dynasty Royalty 寧德大唐世家	2025	19,409	Residential	-	-	55,532	55,532	55%
61	Ningde	Xinghai Shidai 星海時代	2024	45,135	Residential	-	-	144,617	144,617	30%
62	Putian	Hu Xin Mansion 湖心觀邸	2023	32,851	Residential	-	-	109,499	109,499	100%
63	Putian	Putian Xiuyu Dynasty Royalty 莆田秀嶼大唐世家	2023	83,197	Residential	-	-	253,915	253,915	35%
64	Putian	Putian Yuhu Impression 莆田玉湖印象	2024	41,858	Residential	-	-	149,728	149,728	65%
65	Putian	Yuexiu Royalty 樾秀世家	2023	53,647	Residential	-	-	151,840	151,840	40%
66	Quanzhou	Hui'an Julong Guofeng 惠安聚龍國風	2024	102,427	Residential	-	-	282,817	282,817	10%
67	Quanzhou	Jinjiang Dynasty Mansion 晉江大唐府	2023	66,781	Residential	-	-	217,632	217,632	60%
68	Quanzhou	Shimao Yuncheng 世茂雲城	2024	89,544	Residential	-	-	346,255	346,255	15%
69	Sanming	Shaxian Yunzhu 沙縣雲著	2023	53,688	Residential	-	-	123,361	123,361	40%
70	Xiamen	Dynasty Hotel 大唐酒店	2022	16,850	Commercial	-	-	64,320	64,320	100%
71	Xiamen	Tong'an Shuiyunjian 同安·水雲間	2021	15,000	Parking	30,067	-	-	30,067	100%
72	Zhangzhou	Dynasty JinXiu Royalty 大唐錦繡世家	2021	48,278	Parking	23,154	-	-	23,154	70%
73	Zhangzhou	Dynasty Sanmu Impression West Lake 大唐三木印象西湖	2023	17,659	Residential	-	-	69,115	69,115	49%
74	Zhangzhou	Jiangshan Tianjing 江山天境	2022	23,861	Parking	31,844	-	-	31,844	30%
75	Zhangzhou	Jiamei Dynasty Royalty 角美大唐世家	2023	41,558	Residential	-	-	172,965	172,965	67%



City where the project is located	Project name	Completion year	Floor area (square meters)	Primary Intended Use	Rentable GFA			Total GFA under development (square meters)	Total GFA (square meters)	Percentage of interest owned by the Group
					Completed but undelivered GFA (square meters)	held for property investment (square meters)				
76	Zhangzhou Jiaomei Dynasty Impression 角美大唐印象	2023	15,748	Residential	-	-	45,773	45,773	30%	
77	Zhangzhou Tianlai Town Phase I 天籟小鎮一期	2024	73,607	Residential	-	-	91,444	91,444	70%	
78	Zhangzhou Yango Dynasty Feili Impression 陽光城大唐翡翠印象	2024	83,810	Residential	-	-	261,324	261,324	50%	
79	Zhangzhou Zhangzhou Dynasty Chunfengli Phase II 漳州大唐春風里二期	2021	61,896	Parking	34,620	-	-	34,620	60%	
80	Yueyang Yunyang Dynasty Royalty Phases IV&V 岳陽大唐世家四五期	2023	124,891	Residential	-	-	405,227	405,227	100%	
81	Yueyang Yunyang Dynasty Royalty Phases I,II&III 岳陽大唐世家一二三期	2023	122,085	Residential	15,417	-	324,216	339,633	100%	
82	Changsha Dynasty Impression-Yuxi 大唐印象·御璽	2022	81,362	Residential	-	-	189,855	189,855	100%	
83	Changsha Hantang Royalty 漢唐世家	2023	240,003	Residential	-	-	610,257	610,257	49%	
84	Changsha Hanlin Mansion 翰林府	2024	143,193	Residential	-	-	438,254	438,254	17%	
85	Guangzhou Tianyu Datang Project 天譽大唐項目	2025	497,200	Residential	-	-	2,154,000	2,154,000	20%	
86	Xiamen Datang Center 大唐中心	2024	93,166	Commercial	-	38,131	27,918	66,049	100%	
87	Tianjin Tangsheng Yayuan 唐晟雅苑	2022	198,873	Residential	-	-	341,140	341,140	100%	
88	Tianjin Tangxi Yayuan 唐璽雅苑	2022	35,627	Residential	-	-	134,849	134,849	100%	
89	Tianjin Tangyun Yayuan 唐韻雅苑	2024	97,911	Residential	-	-	321,638	321,638	100%	
90	Tianjin Vision Commercial Square 左岸商業廣場	2023	74,080	Commercial	3,121	-	117,117	120,238	30%	
91	Changzhou Shangyue Garden 上悅花園	2022	53,338	Residential	-	-	140,126	140,126	51%	
92	Changzhou Yuhu Shangguan Garden 昱湖上觀花苑	2022	58,093	Residential	-	-	138,699	138,699	40%	
93	Fuyang Yunjing 雲境	2024	79,519	Residential	-	-	241,734	241,734	33%	
94	Jiangyin Lanyue Yayuan 蘭樾雅院	2023	47,112	Residential	-	-	130,519	130,519	33%	
95	Nanjing Mingwangfu 銘望府	2023	15,324	Residential	-	-	52,544	52,544	33%	
96	Nantong Langyuan 朗園	2024	42,430	Residential	-	-	99,838	99,838	20%	
97	Nantong Yuehuyuan 閱湖園	2022	60,240	Residential	-	-	97,778	97,778	55%	
98	Nantong Yunchenxinyuan 雲辰新苑	2023	73,942	Residential	-	-	185,434	185,434	20%	
99	Taichang Huayu Jing An Yayuan 花語景岸雅苑	2024	41,329	Residential	-	-	115,384	115,384	20%	
100	Zhangjiagang Dongtangchunxiao Garden 東棠春曉花園	2024	44,598	Residential	-	-	130,974	130,974	35%	
101	Ningbo Chenyue Royalty 辰悅世家	2022	38,013	Residential	-	-	113,151	113,151	51%	

City where the project is located	Project name	Completion year	Primary Floor area Intended Use	Rentable GFA		Total GFA under development	Total GFA	Percentage of interest owned by the Group		
				Completed but undelivered GFA	held for property investment					
			(square meters)		(square meters)	(square meters)	(square meters)			
102	Ningbo	Feili Heming 翡麗和鳴	2024	74,965	Residential	-	-	216,415	216,415	40%
103	Ningbo	Feng Lan Di 鳳瀾邸	2022	24,387	Residential	-	-	61,885	61,885	35%
104	Ningbo	Jiuyuci County 久譽慈郡	2023	49,511	Residential	-	-	120,238	120,238	40%
105	Ningbo	Jiuyun Mansion 久雲府	2023	37,177	Residential	-	-	87,215	87,215	12%
106	Ningbo	Qi Yue Li 麒悅里	2023	20,388	Residential	-	-	39,218	39,218	100%
107	Taizhou	Chuangshi Mingdi 創世銘邸	2022	32,862	Residential	-	-	101,629	101,629	49%
108	Taizhou	Nangan Impression 南官印象	2023	16,048	Residential	-	-	41,807	41,807	66%
109	Wenzhou	Cuican Tianrui 璀璨天端	2024	42,634	Residential	-	-	121,305	121,305	40%
110	Wenzhou	Xingyue Mingzhu 星悅名築	2023	26,686	Residential	-	-	84,154	84,154	35%
	Others			N/A		372,834	53,834	170,402	597,070	N/A
	<b>Total</b>					<b>727,235</b>	<b>159,811</b>	<b>22,826,738</b>	<b>23,713,784</b>	

## OUR PROPERTY DEVELOPMENT MANAGEMENT

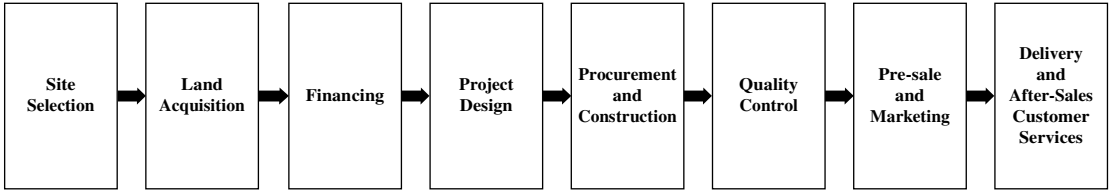
### Overview

We established 15 functional departments at the Group level, namely, investment management department, product development department, sales and marketing department, cost management department, operations management department, financial management department, capital management department, human resources department, administrative department, public relations department, risk management department, legal affairs department, information department, Hong Kong Capital Market Department and Board affairs office. We have nine regional companies at the local level to manage our property development operations on a daily basis.

### Property Development Process

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

The diagram below summarizes the major stages of our property development process<sup>(1)</sup>:



*Note:*

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

**Site Selection**

We undergo a careful examination and selection process for our property sites. We focus on suitable locations in cities located in mainly the six economic regions, such as Xiamen, Zhangzhou, Quanzhou, Fuzhou, Nanning, Tianjin, Changsha, Chongqing, Nantong and Ningbo.

We assess the potential of land appreciation primarily through investigating and evaluating the economic and demographic conditions of a city. The site selection process is led by our investment and development personnel at the regional level, which is primarily responsible for identifying potential land parcels for acquisition. Several departments at the Group level and relevant project company also participate in the site selection process and provide their inputs: our sales and marketing personnel at the Group and regional level conduct market research for potential projects and provide preliminary estimates on sales prices and marketing strategies and/or design proposals. Our project planning personnel at regional level research legal and regulatory requirements for obtaining certain land parcels and provides inputs on potential hurdles and/or preparation work. Thereafter, a detailed feasibility study report will be submitted by our investment management department to our investment management committee for review and approval. We carry out the site selection process in our projects with a strong focus on the growth potential, marketability and profitability. The key factors we consider in assessing whether a site is suitable for development include, but not limited to:

- scale and price of the land;
- prospects of the area and relevant cities’ economic development and population growth;
- industry policy and development strategies of the central and local governments;
- prospects of financial returns, indicated by factors such as estimated return on investment, internal assessment on the rate of return, recoverability of investments and construction costs, and profit margin of the sales of relevant properties; and
- the potential for value appreciation of land for potential projects.

## **Land Acquisition**

We obtained our land reserves through the following methods:

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

We primarily acquire land through tenders, auctions and listings-for-sale from the PRC government in accordance with relevant PRC laws and regulations.

We acquired equity interests in, or land parcels from, companies that possess or have the rights to possess land use rights for certain land parcel. Our acquisitions of equity interests in companies that possess land-use rights or have the rights to possess land use rights were for the purpose of property development and not for property investment. These methods allow us to obtain targeted land at competitive prices as it allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties. In selecting target companies, we mainly consider, among others, the target company's financial conditions, the location of the relevant land parcels, potential for value appreciation.

We acquired land through cooperation with third-party property developers. Such cooperation help us break into new markets where we have limited experience. We believe the sharing of common business concepts and leveraging our respective strengths and experiences in project development can bring mutual benefits to us as well as our partners.

## **Financing**

We finance our projects primarily through internal cash flows including proceeds from the pre-sale of our properties, bank loans and trust financing. Our project development costs were financed by proceeds from the pre-sale our properties and bank loans and trust financing.

## **Project Design**

Our product development department is responsible for the overall project planning, and the relevant project company at the regional level is in charge of construction design work outsourced to third-party construction design firms. Such third-party construction design firms are selected through an invite-only tender process. We generally outsource construction design work to third-party construction design firms. We also work with our associate, Xiamen Yingzao Architectural Design Co., Ltd. and other well-known architectural firms on the designs for some of our projects. Our project companies at the regional level closely monitor the work of construction design firms to ensure that the project designs meet our specifications and any problems encountered with the proposed design during construction are resolved in a timely manner.

## **Construction and Procurement**

### ***Project management***

We deploy a project management team to each project. These employees are deployed on site and are responsible for communicating with our construction contractors and specialized contractors and performing quality inspection and control.

### ***Appointment of construction contractors***

We engage qualified third-party general construction contractors to carry out construction works of all our property development projects. Such construction works include, among other things, foundation digging and installation of equipment. The general contractors of our property developments are selected through an invite-only tender process. The tender process is managed by a tender management team established for each individual project, which mainly include the general manager and head of the cost management team of the respective project company, members of the cost management department and product development department at the Group level, and engineers for the respective project. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervision on their offices and property projects, and only those contractors who have passed such due diligence procedures are added to our database and are further invited to participate in the tender. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, track record and prices tendered. We also maintain an information system on general contractors we have worked with and take relevant information from the system into account when evaluating the bids. We had engaged and maintained stable business relationships with a number of general construction contractors.

We are not responsible for any labor issues of our contractors or accidents and injuries that may occur during construction. These risks are borne by the contractors, as provided in our contracts with them. However, our strict quality control measures require our contractors to comply with the relevant rules and regulations including environmental, labor, social and safety regulations to minimize our risks and liabilities. As of the date of this exchange offer memorandum, we were not involved in any dispute with our contractors nor were there any case of material personal injury or death involving our contractors that had a material adverse effect on our business.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction works. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract.

In term of internal operations management, the planning and operations personnel of each of our project companies is responsible for preparing and implementing construction plans for our property projects and prepares progress reports of the property projects under development on a monthly basis. The construction department of each of our project companies also holds weekly meetings with contractors to review the progress and work completed. Any issue that may cause a delay to the construction schedule is reported to the management of the project company by the planning and operations personnel. The planning and operations personnel works with the contractors on solutions to ensure the construction work will catch up to the original construction schedules while maintaining compliance with the relevant quality checks and regulatory procedures. The planning and operations department at our regional company level prepares construction plans focusing on key milestone targets for each relevant phases of a property project and progress reports on on-going construction projects for further internal review at the Group level. The operations management department at the Group level conducts reviews and analyses on our property projects on a monthly basis to ensure that the construction progress follow the construction schedules in a timely manner.

### ***Procurement***

Our procurement activities fall into two categories: construction raw materials and equipment. Our construction contractors are responsible for procuring certain raw materials, notably steel and concrete. We are responsible for procuring certain equipment and materials, such as elevators, entrance doors and ceramic tiles. As we typically pre-sell our properties prior to their completion, we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the pre-sale.

## **Quality Control**

We place a significant emphasis on quality control in the management of our projects. We will continue to focus on quality control over the construction of our properties to ensure regulatory compliance and quality products. In furtherance of this goal, we have formulated a number of measures or procedures, including but not limited to:

- we require our contractors to first perform their own quality control inspections, followed by inspections of our project management teams. In addition, our Group conducts internal reviews on a regular basis to identify potential issues and promotes measures and initiatives proven to be successful in previous projects;
- we retain qualified independent third-party professional firms to oversee and supervise the overall construction of our projects;
- we assign each project its own on-site project management team, which comprises qualified engineers led by our project managers to monitor the progress and workmanship of construction;
- we establish a set of standardized technical guidelines for the construction management of our projects; and
- we carry out quality control in accordance with the relevant laws and regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

## **Sales and Marketing**

### ***Sales and marketing plan***

The sales and marketing teams of our project companies study local market information and formulate sales, marketing and pricing plans and procedures for approval by the relevant sales and marketing department at the regional level. Certain parts of pricing plans are also submitted to relevant personnel at our headquarters for approval.

Our sales and marketing department operates Dynasty E-home (大唐E家), our online sales and marketing platform operated through WeChat (微信). Any WeChat user can register to become a member of Dynasty E-home, and refer potential purchasers to join the platform and learn about our property projects available for sale. The referrer will receive a referral bonus if the referee purchases our property.

We provide comprehensive sales assistance to our customers by coordinating internally and externally with engaged real estate agents to address queries raised by, and collect feedback from, our customers and potential customers. Based on such feedback and our experience, we evaluate the designs of our future properties and make modifications as appropriate to better address any changes in market demand.

### ***Pre-sale***

In line with market practice in the PRC, we normally commence pre-sales of our property development project before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans which are drawn up as early as the acquisition of the relevant land. Relevant PRC laws and regulations require property developers to fulfill certain conditions,

including but not limited to payment of the land grant premium and obtaining the relevant land use rights certificate, construction works planning permit, construction works commencement permit and pre-sale permit before the commencement of pre-sales.

We generally schedule the launch of our pre-sale campaigns according to the progress of construction, market conditions and any general holidays. Once a project is substantially sold out, we re-deploy our sales staff to other projects.

Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to make a deposit according to the schedule stipulated in the sales contract. The amount of deposit and the circumstances in which deposits may be forfeited are stipulated in relevant pre-sales contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale with the relevant local authorities and provide warranties on the quality of properties we construct or sell to our customers for periods no less than that for quality warranties we receive from our construction contractors under the relevant construction contracts, being generally two years.

Canceled contracted sales are sales transactions canceled after the payment of deposit and the signing of pre-sale contracts. Such incidents are rare.

### ***Payment arrangement***

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

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the building ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. We do not conduct credit checks on our customers but review the results of credit checks conducted by relevant banks.

### **Delivery of Properties and After-Sale Customer Service**

#### ***Delivery of completed properties***

We endeavor to deliver completed properties to our customers on a timely basis in accordance with the terms of the sales contracts. We closely monitor the progress of construction work at our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay a certain percentage of the purchase price as penalty in accordance with the terms of the relevant sales contracts. Under current PRC laws and regulations, we are required to obtain completion certificates before delivering properties to our customers. After a property development project has passed the requisite completion and acceptance inspections, we will notify our customers before the delivery date stipulated in the sale contracts, to arrange the delivery procedures. Our customers will then come to our designated locations to conduct the delivery procedure with us. We may also assist our customers to obtain the individual building ownership certificates for our properties at their expense. We

may also be liable to compensate our customers for any delay in the delivery of properties. As of the date of this exchange offer memorandum, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sale.

#### *After-sale services*

Our after-sale customer service personnel provide after-sale assistance to our customers, including assistance to customers to obtain mortgage loans and ownership certificates, and handling of customers' complaints and maintenance requests. We were not aware of any material customers' complaints or product liability claims. Our customers may also participate in our activities and obtain first-handed information regarding our new property development projects. We hire third-party survey companies to conduct our customer satisfaction survey every year. We also closely monitor the proportion of second-time buyers of our overall buyers for evaluating the degree of customer satisfaction to our existing projects.

### **CONSTRUCTION OF RESETTLEMENT HOUSING**

The construction of such resettlement housing was typically used by the relevant local governments as part of the package for the acquisition of related parcels of land by property developers. The profit margin of such construction contracts is relatively low. However, since undertaking these construction contracts was a prerequisite to acquiring the relevant land parcels for property development, we would bid for the land parcels (and would be obliged to undertake such contracts if we succeed) if the economic return from such property development projects as a whole (taking the obligation to undertake such contracts into consideration) appeared attractive to us. Under such arrangement, we pay the relevant land premium and receive the land use rights certificates registered in our name. We are paid by the relevant local governments for the resettlement housing at pre-fixed prices determined by them. Such payments are generally made in installments based on our construction process and according to our contracts with the relevant local governments. Similar to our other residential property projects, we engage construction contractors to construct properties with resettlement housing. We deliver the completed properties to parties designated by the relevant local governments. As such, we record the revenue from such source as "revenue from provision of construction services" in our consolidated statements of comprehensive income.

### **OUR PROPERTY INVESTMENT**

As part of our strategy to generate a diversified and recurrent revenue stream, we will retain commercial components of certain of our residential and commercial developments as investment properties for lease. This allows us to take advantage of the growth potential of selected commercial property segments in the selected cities where we operate. Retaining such commercial properties as investment properties for lease is not part of our principal activities. All the commercial properties for long-term investment purposes acquired by the Group were incidental parts of packaged land parcels acquired by the Group for property development. In 2019, 2020 and 2021, we generated rental income in the amount of approximately million, RMB40.6 million, RMB56.4 million and RMB91.1 million (US\$14.3 million), respectively, accounting for approximately, 0.5%, 0.5% and 0.8% of our total revenue in the same periods, respectively.

### **OUR HOTELS**

We focus on property development projects in selected cities, some of which have a combination of residential, hotels, commercial and office properties. While we hold all of our residential properties for sale, we hold our hotels and some commercial or office properties for investment purposes.



We generate revenue from hotel operations. As of December 31, 2021, we had two hotels, namely, Xiamen Dynasty Jinglan Jia Hotel (大唐景瀾酒店) in Xiamen and Nanning Dynasty Congyue Hotel (南寧大唐叢悅酒店) in Nanning. The tables below sets forth certain information relating to our hotels which had been completed or under development as of December 31, 2021:

	<u>GFA</u> (sq.m.)	<u>Number of rooms</u>	<u>Ownership interest</u>	<u>Date of commencement of operation</u>
Xiamen Dynasty Jinglan Jia Hotel . . .	32,625	302	100.0%	May 2019
Nanning Dynasty Congyue Hotel . . .	10,229	180	100.0%	April 2019

### **Our Other Businesses**

We also derived a small portion of revenue from other business, which primarily include revenue from provisions of management services to joint ventures and associates and, to a lesser extent, income from the operation of a sports stadium and utility fees from our tenants and general contractors which we paid in advance to utility providers. In 2019, 2020 and 2021, revenue from our other businesses amounted to approximately RMB41.6 million, RMB132.9 million and RMB247.2 million (US\$38.8 million), respectively, representing approximately 0.5%, 1.3% and 2.2% of our total revenue for the same periods, respectively.

### **COMPETITION**

The PRC real estate industry is highly competitive. As a real estate developer in China, we primarily compete with other Chinese real estate developers focusing on the development of residential and commercial properties in the PRC. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. Property developers from the PRC and overseas have entered the property development markets in the regions and cities where we have operated. The rapid development of these regions and/or cities in recent years has led to a diminishing supply of undeveloped land in desirable locations in these regions and/or cities. Moreover, the PRC government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has a large potential for growth. We believe that, with our solid experience in real estate development, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC property market.

### **INTELLECTUAL PROPERTY**

We believe our brand “Dynasty” (“大唐”) is well known and widely recognized in cities where we have established market presence, such as Nanning, Changsha, Tianjin and Chongqing. We have built up our brand primarily through consistent delivery of high-quality properties to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed in the process of our business development. We rely to a significant extent on our brand name, “Datang Real Estate” (“大唐地產”), in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. As of the date of this exchange offer memorandum, we did not suffer from any infringement of our intellectual property rights by any third parties or violate any intellectual property rights of third parties which may materially and adversely affect our business.

## **INSURANCE**

We maintain insurances that we consider to be appropriate for our business operations and in line with the industry norm. We normally do not maintain any insurance policies for our property development projects. We generally require the contractors of our property development projects to maintain insurance policy for construction in accordance with the contracting agreements. We have not maintained insurance in respect of litigation risks, business termination risks and product liability, which are not required under the applicable PRC laws and regulations. There is a risk that we may incur uninsured losses, damage or liabilities. See “Risk Factors — Risks Relating to Our Business — Our insurance coverage may not sufficiently cover the risks related to our business.”

## **HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS**

### **Social, Health and Work Safety**

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, occupational injury insurance, unemployment insurance and maternity insurance.

Our employee’s administrative measures (員工管理辦法) contain policies and procedures regarding work safety and occupational health issues. We provide our employees with necessary safety training, and our construction sites are equipped with safety equipment including gloves, boots and hats. Our human resources department and administrative department are responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

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

### **Environmental Matters**

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Pursuant to the applicable laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, we are required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities’ acceptance. Only property development projects which have passed such examination and acceptance can be delivered.

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

As of the date of this exchange offer memorandum, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our property development projects. As of the date of this exchange offer memorandum, no material fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations.

## **EMPLOYEES**

As of December 31, 2021, we had a total of 2,709 employees. All of our employees are located in the PRC. There had been no complaints or claims from employees that materially affected our operations.

We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We generally recruit employees from recognized universities, reputable property developer companies and large corporations in the PRC. We provide our employees with orientation sessions and specialized skill training sessions on a regular basis. Our training program, “Dynasty Army Program” (大唐鐵軍計劃), is especially designed for our sales personnel. We invite our experienced sales personnel and external sales experts to conduct the training sessions. We also tailor such training programs to sales personnel based on their level of experience.

We enter into individual employment contracts with our employees to cover matters such as wages, salaries, benefits and terms for termination. We generally formulate our employees’ remuneration package to include a salary, bonus and various allowances. In general, we determine employee salaries based on each employee’s qualification, position and seniority. We have designed a periodical review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion.

As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, occupational injury insurance, maternity insurance and housing funds.

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

## **RISK MANAGEMENT**

We believe that risk management is crucial to the success of any property developer in China. Key operational risks that we face include changes in the political and economic conditions in China, changes in the regulatory environment in China, availability of suitable land sites for developments at reasonable prices, availability of financing to support our developments, ability to complete our development projects on time and competition from other property developers. In addition, we also face various financial risks. In particular, we are exposed to interest rate, foreign exchange, credit and liquidity risks that arise in the ordinary course of our business.

We embed a culture of compliance in the daily work routine of our employees through regular compliance trainings, and set various expectations for our employees’ work performances in terms of compliance.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

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

## REGULATION

### ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

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

### Foreign Investment in Real Estate Development

On January 1, 2020, the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which was jointly issued by MOFCOM and State Administration for Market Regulation came into effect and replaced The Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprise (2018 Revision) (《外商投資企業設立及變更備案管理暫行辦法(2018年修正)》). It sets out the prescribed procedures for the establishment and modifications of foreign-invested enterprise to be registered or filed with delegated commerce authorities through enterprise registration system and specifies the procedures and requirements for online submission in detail.

The National People's Congress issued Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) on March 15, 2019 (the “**Foreign Investment Law**”), the State Council released Regulation on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) on December 26, 2019, both of which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》), the Wholly Foreign-Invested Enterprise Law of the PRC (《中華人民共和國外資企業法》) and their relevant implementation measures or detailed rules, and became the legal foundation for foreign investment in the PRC.

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

Under the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”) promulgated by MOFCOM and NDRC on March 10, 2015 and became effective on April 10, 2015, the construction of large-scale theme park falls within the category of industries in which foreign investment is restricted; the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and other real estate development falls within the category of industries in which foreign investment is permitted. Pursuant to the amended Catalogue (the “**Catalogue (Edition 2017)**”) promulgated by MOFCOM and NDRC on June 28, 2017 and became effective on July 28, 2017, the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2018) (《外商投資准入特別管理措施(負面清單)(2018年版)》) (the “**Negative List (Edition 2018)**”) promulgated by the NDRC and the MOFCOM on June 28, 2018 and came into effect on July 28, 2018, and the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (the “**Negative List (Edition 2019)**”) promulgated by MOFCOM and NDRC on June 30, 2019 and came into effect on July 30, 2019, real estate development does not fall within the Negative List (Edition 2018) and the restrictive measures for construction of large-scale theme park, golf courses and villas are equally applicable to domestic and foreign investment. MOFCOM and NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄》(2020年版)) on December 27, 2020 and became effective since January 27, 2021 and the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the “**Negative List (Edition 2020)**”) on June 23, 2020 and became effective since July 23, 2020, both of which superseded the Catalogue (Edition 2017), the Negative List (Edition 2018) and the Negative List (Edition 2019). In addition, the Negative List (Edition 2020) was superseded by the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) that was issued on December 27, 2021 and became effective since January 1, 2022, while the policy for the real estate development remains the same.

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

On August 19, 2015, the Ministry of Housing and Urban-Rural Development of the People's Republic of China (the "MOHURD"), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》), which amended certain policies on foreign-invested real estate enterprises and property purchased by overseas organizations and individuals as stated in the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) as follows, the requirements for the registered capital of foreign-invested real estate enterprises shall follow the provisions in the Provisional Regulations of the State Administration for Industry and Commerce on the Proportion of Registered Capital to Total Amount of Investment of a Sino-foreign Equity Joint Ventures (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) promulgated and became effective on March 1, 1987; the requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is canceled.

## QUALIFICATIONS OF REAL ESTATE DEVELOPERS

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

Pursuant to the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the "Circular 77") promulgated on November 16, 1993 and amended on March 29, 2000, May 4, 2015, December 22, 2018 and March 2, 2022, an enterprises engaged in real estate development shall apply for the approval in accordance with the provisions of application for the enterprise qualification classification. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business. Enterprises engaged in real estate development are classified into two qualification classes: Class I and Class II on the basis of their financial conditions, experience in real estate development business, construction quality, the professional personnel and quality control system etc.

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

## LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT

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

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

## Land Grants

On April 12, 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. On December 29, 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

On May 19, 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was amended on November 29, 2020. These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for value.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use right certificate. In accordance with the civil Code of the People's Republic of China (《中華人民共和國民法典》), which was promulgated by NPC on May 28, 2020 and came into effect on January 1, 2021, replaced the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), 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 requests for 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.

## Land Grant Methods

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Bidding, Auction or Listing (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28, 2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Bidding, Auction and Listing (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "**Land Grant Regulations**") which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 11, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Bidding, Auction and Listing (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) which became effective on August 1, 2003, to regulate granting of land use rights by agreement when there is only one land use applicant and the designated uses of which are other than for commercial purposes as described above. The criteria on the Remising of State-owned Land Use Right by Agreement (For Trial Implementation) (《協議出讓國有土地使用權規範》(試行)) issued by the Ministry of Land and Resources on May 31, 2006 and came into effect on August 1, 2006 further clarifies the specific due procedures and requirements related to remising of state-owned land use right by agreement.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於發佈實施〈限制用地項目目錄(2012年本)〉和〈禁止用地項目目錄(2012年本)〉的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects shall not exceed (i) 7 hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) 20 hectares for large cities and plot ratio which shall not be lower than 1.0.

### **Land Transfer From Current Land Users**

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land users.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of the total amount of investment or development must have been carried out before an assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

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

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

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



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

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

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

## **DEVELOPMENT OF REAL ESTATE PROJECTS**

### **Commencement of Real Estate Development Projects**

According to the Urban Real Estate Law, those who have obtained the right of land use by the way of grant for real estate development must develop the land in accordance with the land use and within the construction period as prescribed in the grant contract. When the land user fails to commence development after one year since the date of starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected and when the land user fails to commence development after two years, the right to use the land may be confiscated without any compensation, except where the delays are caused by *force majeure*, the activities of government, or the delay in the necessary preliminary work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the Ministry of Land and Resources and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time prescribed in the land use right grant contract or allocation decision; or
- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the *force majeure* of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and select the methods for disposal in accordance with the Measures on Disposal of Idle Land.

## **Planning of Real Estate Projects**

Under the Regulations on Planning Administration regarding Granting and Transfer of State- Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction on December 4, 1992 and amended on January 26, 2011, a real estate developer shall apply for a License for the Planning of Construction Land (建設用地規劃許可證) from the municipal planning authority. After obtaining the License for the Planning of Construction Land, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, and a License for the Planning of Construction Projects (建設工程規劃許可證) from the municipal planning authority should be obtained by the real estate developer.

## **Construction Work Commencement License**

The real estate developer shall apply for a Construction Work Commencement License (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001, June 25, 2014, September 28, 2018 and latest amended on March 30, 2021 by the MOHURD.

## **Acceptance and Examination upon Completion of Real Estate Projects**

Pursuant to the Development Regulations, the Administrative Measures for the Registration Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of a real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local government at or above the county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

## **INSURANCE OF REAL ESTATE PROJECTS**

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on November 1, 1997 and became effective on March 1, 1998 and amended on April 22, 2011 and April 23, 2019, construction enterprises shall maintain work injury insurance and pay the insurance premium, while enterprises are encouraged to take up accident liability insurance for employees engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Opinions on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

## **REAL ESTATE TRANSACTIONS**

### **Sale of Commodity Properties**

Under the Measures for Administration of the Sales of Commodity Properties (《商品房銷售管理辦法》) (the “**Sale Measures**”) promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commodity properties includes both sales prior to and after the completion of the properties.

### **Pre-sale of Commodity Properties**

Any pre-sales of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sales of Urban Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”). The Pre-sales Measures provides that 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 license.

Pursuant to the Urban Real Estate Law and the Pre-sales Measures, the proceeds from the pre-sales of commodity properties shall be used to fund the development and construction of the corresponding projects.

Furthermore, under the Circular on Issues Concerning Further Strengthening the Supervision and Administration of the Real Estate Market and Improving the Pre-sale System of Commodity Properties (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》) (the “**Pre-Sale Circular**”) issued by the MOHURD on April 13, 2010, all proceeds from the pre-sales of commodity properties shall be supervised and managed by relevant authorities so as to ensure that the proceeds to be used for the development and construction of the corresponding projects. The proceeds from the pre-sales would be allocated according to the construction progress, provided that adequate fund has been reserved to ensure the completion and delivery of the projects.

### **Measures Regarding the Supervision and Use of Pre-sale Proceeds**

The legal regime in relation to the pre-sale proceeds management in the PRC is twofold, including (i) the applicable laws and regulations at the national level which set out the general principles and requirements; and (ii) the applicable regulations at provincial, municipal and other local levels which set out more detailed requirements.

### **Sales After Completion of Commodity Properties**

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following conditions have been satisfied: (i) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of real estate development; (ii) the enterprise has obtained land use right certificates or other approval documents of land use; (iii) the enterprise has obtained the Construction Project Planning License and the Construction Work Commencement License; (iv) the commodity properties have been completed and been inspected and accepted as qualified; (v) the relocation of the original residents has been well settled; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified; and (vii) the property management proposal has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commercial properties.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government's determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) restrictions on purchasing the real estate, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for second or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sales of properties.

### **Property Mortgage**

The mortgage of real estate in the PRC is mainly governed by the civil Code of the People's Republic of China (《中華人民共和國民法典》) and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》). According to these laws and regulations, land use rights, the buildings and other real fixtures may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the use right of the land on which the building is located. The mortgagor and the mortgagee shall enter into a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the contract parties shall register the mortgage with the real estate administration authority at the location where the real estate is situated. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (房屋他項權證) to the mortgagee.

### **Lease of Properties**

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "New Lease Measures"), which became effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after entering into the lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB1,000 (individuals) and RMB1,000 to 10,000 (enterprises) provided that they fail to rectify within required time limits. According to the Urban Real Estate Law, the land proceeds included in the rental income derived from any building situated on allocated land where the land use rights have been obtained through allocation, shall be turned over to the State.

Under the Civil Code of the People's Republic of China (《中華人民共和國民法典》), which was issued on May 28, 2020 and became effective on January 1, 2021, the term of a leasing contract shall not exceed 20 years.

### **REAL ESTATE REGISTRATION**

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and became effective on March 1, 2015 and amended on March 24, 2019, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July

24, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for the people.

## **REAL ESTATE FINANCING**

### **Loans to Real Estate Development Enterprises**

On August 30, 2004, the China Banking and Insurance Regulatory Commission (the “**CBIRC**”) issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use right certificates, construction land planning licenses, construction work planning permits and construction work commencement permits. The guideline also stipulates that bank loans shall only be extended to real estate developers who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On July 29, 2008, the PBOC and the China Banking Regulatory Commission (“**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 granting loans to real estate developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use right certificates shall be obtained;
- the loan on mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;
- provides that for the real estate developer who (i) delays the commencement of development date specified in the land use right grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- prohibits granting loans to the real estate developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and the CBIRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing land use and nature of the land, postponing construction commencement or completion, or hoarding properties.

On December 28, 2020, PBOC and CBRC jointly promulgated the Notice of the People’s Bank of China China Banking and Insurance Regulatory Commission on the Establishment of a Concentration Management System for Real Estate Loans by Banking Financial Institutions (《中國人民銀行中國銀行保險監督管理委員會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》), effective on January 1, 2021, which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution

exceeded 2% of the legal proportion based on the statistical data relating to such financial institution as of December 31, 2020. Under the notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period.

### **Trust Loan**

On March 1, 2007, The Measures for Administration of Trust Companies (《信託公司管理辦法》), which was promulgated by the CBIRC on January 23, 2007, came into effect. For the purposes of these measures, “Trust Company” shall mean any financial institution established pursuant to the PRC Company Law and the Measures for Administration of Trust Companies, and that primarily engages in trust activities.

From October 2008 to November 2010, the CBIRC issued several regulatory notices in relation to real estate activities conducted by Trust Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBIRC on October 28, 2008 and became effective on the same date, pursuant to which Trust Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use right certificates, construction land planning licenses, construction work planning licenses and construction work commencement licenses and the property projects of which less than 35% of the total investment is funded by the real estate developers’ own capital, then 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 then the 30% requirement was changed to 25% for other property projects as provided by the Notice of the State Council on Adjusting and Improving the Capital System for Fixed Assets Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council and became effective on September 9, 2015.

### **Housing Loans to Individual Buyers**

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time house buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 30% and also provides that the applicable interest rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively, the prices are rapidly high and housing supply is insufficient.

The Notice on Certain Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》) promulgated by PBOC, MOHURD and CBIRC on March 30, 2015 and became effective on the same date provides that where a household, which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40% of the property price. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower’s credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing

provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price.

The Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Differentiated Housing Credit Lending Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》) issued by PBOC and CBIRC on September 24, 2015, provides that in cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase his/her first ordinary housing property, the minimum down payment shall be adjusted to 25% of the house price. The minimum down payment ratio for the commercial personal housing loan of each city will be independently determined by each provincial pricing self-disciplinary mechanism of market interest based on the actual situation of each city under the guidance of PBOC and the CBIRC local office.

The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loan Policies (《關於調整個人住房貸款政策有關問題的通知》), promulgated by PBOC and CBIRC on February 1, 2016, provides that in the cities that control measures on property purchase are not imposed, where a household applies for the commercial personal housing loan to purchase its first ordinary housing property, the minimum down payment, in principle, shall be 25% of the property price and each city could adjust such ratio downwards by 5%; and where a household which has already owned a house and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 30% of the property price. In the cities that control measures on property purchase are imposed, the individual housing loan policies shall be adopted in accordance with the original regulations and the actual down payment ratio and loan interest rate shall be determined reasonably by the banking financial institutions based on the requirements of minimum down payment ratio determined by provincial pricing self-disciplinary mechanism of market interest, the loan-issuance policies and the risk control for commercial personal housing loan adopted by such banking financial institutions and other factors such as the borrower's credit record and capacity of repayment.

## **ENVIRONMENTAL PROTECTION**

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities and the construction unit will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

## **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 Standing Committee of the NPC on April 29, 1998 and became effective on September 1, 1998, later amended on October 28, 2008 and April 23, 2019, and latest amended on April 29, 2021 and became effective on the same day, 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 and December 26, 2020, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the “**Civil Air Defense Law**”), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property.

## **MEASURES ON STABILIZING HOUSING PRICES**

The Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by the Ministry of Finance of the People's Republic of China (the “**MOF**”) and the State Taxation Administration (the “**SAT**”) on March 30, 2015 and became effective on March 31, 2015 provides that where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

The Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) (the “**Notice**”) promulgated on February 17, 2016 and became effective on February 22, 2016 provides that: (i) in the case of an one-and-only household residential property purchased by individuals (family members shall include the buyer, his/her spouse and underage children, same hereinafter), where the area is 90 sq.m. or below, deed tax shall be levied at the reduced rate of 1%; where the area exceeds 90 sq.m., deed tax shall be levied at the reduced rate of 1.5%; and (ii) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 sq.m. or less, or 2% if the area is over 90 sq.m. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.



## **Recent Changes in PRC Real Estate Regulatory Policies**

### ***The Continuous Improvement Notice***

In July 2021, MOHURD, among others, published the Continuous Improvement Notice (《關於持續整治規範房地產市場秩序的通知》), which aims to rectify and standardise the real estate market order in the PRC by highlighting main focuses for improvement. Examples of the main focuses are as follows:

- Property construction activities – issues such as late delivery and poor quality of construction works etc.;
- Property development business – behaviours such as publication of fraudulent advertisements and hoarding of properties etc.;

According to the Continuous Improvement Notice, sampling inspections shall be performed on property developers across the PRC in order to identify and collate information regarding circumstances that would lead to the occurrence of issues set out in the main focuses. In the event that a property developer or property management service provider is found to be involved in any of the issues set out in the main focuses, (i) penalty, such as participation in warning interviews, suspension of business, revocation of relevant licence, would be imposed on such enterprise; and (ii) the penalty measures imposed on such enterprise would be publicised.

### ***The PRC Real Estate Tax Reform***

On 23 October 2021, the 31st Session of the Standing Committee of the 13th NPC adopted the Decision of the Standing Committee of the NPC on Authorising the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the “Decision”) (《全國人民代表大會常務委員會關於授權國務院在部分地區開展房地產稅改革試點工作的決定》), authorising the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. The Decision authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of cities for the pilot program and file the record with the Standing Committee of the NPC. The Decision also authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of cities for the pilot program and file the record with the Standing Committee of the NPC. According to the Decision, the real estate tax pilot program shall last five years from the date when the measures for the pilot program are officially issued by the State Council. Furthermore, an official of the Ministry of Finance, a component department of the State Council, indicated in an interview on the pilot program of real estate tax reform that the pilot program of real estate tax reform is being carried out in accordance with the authorisation of the Standing Committee of the NPC, and relevant investigation and preliminary study have been carried out in some cities, however, in comprehensive consideration of all aspects of the situation, the conditions for enlarging the scope of the pilot cities of the real estate tax reform in 2022 are not implemented. As of the date of this exchange offer memorandum, it was unclear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced. Although both Shanghai and Chongqing have imposed real estate tax for ten years, it is unclear whether the measures for the real estate tax pilot program will be based on the current real estate tax regulations in Shanghai or Chongqing. According to information from public media, priority will be given to first or second tier cities located in active real estate markets when selecting pilot cities under the new real estate tax reform.

In accordance with Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》) (promulgated and implemented on April 1, 2017 by Ministry of Land and the MOHURD), in cities featuring obvious contradiction between the supply of and demand for housing or under pressure due to increasing housing prices and more housing land, in particular the land for ordinary commercial houses, shall be supplied to a reasonable extent, and the housing land supply shall be reduced or even suspended in cities requiring a lot of destocking of real estate. All the local authorities shall build a land purchase money inspection system to ensure that the real estate developers use their own legal funds to purchase land.

Pursuant to the Notice of MOHURD on Further Improving the Management and Control over the Real Estate Market (《住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知》) promulgated and implemented on May 19, 2018 by the MOHURD, all regions shall take practical measures to achieve targets of stabilizing housing prices, controlling rents, reducing leverage, preventing risks, adjusting structure, and stabilizing expectations, support rigid housing demands, and resolutely curb property speculation. It is necessary to improve the supply mode of commercial houses land and establish a linkage mechanism for land price and house price so as to prevent land prices from pushing up house prices. In key cities, the proportion of residential land should be enhanced and it is suggested that residential land represent at least 25% of land set aside for urban development.

## FOREIGN CURRENCY EXCHANGE

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《外匯管理條例》) (the “**SAFE Regulations**”) which was promulgated by the State Council and last amended on August 5, 2008. Under the SAFE Regulations, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

Pursuant to the Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident (the “**PRC Resident**”) shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV’s registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

## TAXES

### Enterprise Income Tax

According to the EIT Law which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Furthermore, pursuant to the EIT Law and the Implementation Rules on the Enterprise Income Tax (《企業所得稅法實施條例》) which was promulgated on December 6, 2007 and with effect from January 1, 2008 and amended on April 23, 2019, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty, one such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Announcement of the State Administration of Taxation on Issues concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) promulgated on February 3, 2018 and became effective on April 1, 2018, defined the “beneficial owner” as a person who owns or controls income or the rights or property based on which the income is generated, and introduced various factors to adversely impact the recognition of such “beneficiary owners”. On August 27, 2015, SAT issued the Announcement of the State Administration of Taxation on Promulgation of the “Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties” (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》), effective on November 1, 2015 and amended on June 15, 2018, and October 14, 2019, which will come into effect on January 1, 2020 which applies to entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligation in the PRC. According to the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties, non-resident taxpayers who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials stipulated in Article 7 of the Measures. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers’ entitlement to tax treaty benefits, implement tax treaties and international transport agreements accurately, and prevent abuse of tax treaties and tax evasion and tax avoidance risks.

## **Value-added Tax**

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 revised on November 10, 2008, February 6, 2016 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, the sale services, intangible assets, immovables, and the importation of goods are required to pay value-added tax (the “VAT”).

Pursuant to the Announcement of the SAT on Promulgating the Interim Administrative Measures for the Collection of Value-added Tax on the Sale of Self-developed Real Estate Projects by Real Estate Developers (《國家稅務總局關於發佈〈房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法〉的公告》) which was promulgated on March 31, 2016 and with effect from May 1, 2016 and amended on June 15, 2018, real estate developer shall pay VAT for the sales of its self- developed real estate project.

Circular regarding the Pilot Program on Comprehensive Implementation of VAT from Business Taxes Reform (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by Ministry of Finance and the SAT on March 23, 2016, effective on May 1, 2016 and amended by Notice on Pilot Policies of Levying VAT in Lieu of Business Tax for Construction Services and Other Sectors (《關於建築服務等營改增試點政策的通告》) on July 11, 2017 and Announcement on Policies to Deepen VAT Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 provides that upon approval by the State Council, the pilot program of replacing business tax with VAT shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay VAT instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the People’s Republic of China shall be the taxpayers of VAT and shall, instead of business tax, pay VAT. The sale of real property and the secondhand housing transaction shall adopt this notice as well. Under the Decision of State Council on Abolition of the Provisional Regulations of the People’s Republic of China on Business Tax and Revision of the Provisional Regulations of the People’s Republic of China on VAT (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) which was promulgated on November 19, 2017 and came into effect on the same day, business tax is officially replaced by VAT.

## **Land Appreciation Tax**

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on January 8, 2011 as well as its implementation rules issued on January 27, 1995 (《中華人民共和國土地增值稅暫行條例實施細則》), land appreciation tax is payable on the appreciation value derived from the transfer of State-owned land use rights and buildings or other facilities on such land, after deducting the deductible items.

## **LABOR PROTECTION**

Pursuant to the 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 (latest amended on December 29, 2018) and January 1, 2008 (amended on December 28, 2012), respectively, labor contracts shall be concluded if labor relationships are to be established between the 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 latest amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both

employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. Moreover, an employer shall declare and make social insurance contributions in full and on time. Pursuant to the Regulations on Management of Housing Provident Fund 《住房公積金管理條例》 which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing provident fund and then, upon the examination by such administrative center of housing provident fund, undergo the procedures of opening the account of housing provident fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident fund for their employees in full amount.

## **INTELLECTUAL PROPERTY RIGHTS**

### **Regulations on Trademarks**

The Trademark Law of the PRC 《中華人民共和國商標法》 was promulgated in August 1982 and amended on February 22, 1993, October 27, 2001, August 30, 2013, and latest amended on April 23, 2019 and came into effect on November 1, 2019) and Implementation Regulations on the Trademark Law of the PRC 《中華人民共和國商標法實施條例》 was promulgated on August 3, 2002 by the State Council and amended on April 29, 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in China. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

### **Regulations on Domain Names**

The Administrative Measures on Internet Domain Names 《互聯網域名管理辦法》 was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and became effective on November 1, 2017. These measures regulate the registration of domain names in Chinese with the Internet country code of “.cn”. A series of rules including the Measures on China ccTLD Dispute Resolution 《國家頂級域名爭議解決辦法》 were promulgated by the China Internet Network Information Center on June 18, 2019 and became effective on the same date. These rules require domain name disputes to be submitted to institutions authorized by the China Internet Network Information Center for resolution.

### **Regulations on Copyright**

The Copyright Law of the People’s Republic of China 《中華人民共和國著作權法》 was promulgated on September 7, 1990 and then took effect on June 1, 1991 and was latest amended on November 11, 2020 and became effective on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table sets out certain information in respect of our Directors and members of our senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Wu Di (吳迪)	55	Executive Director, chairman of our Board
Hao Shengchun (郝勝春)	46	Executive Director and president
Tang Guozhong (唐國鐘)	46	Executive Director and joint company secretary
Zhang Jianhua (張建華)	68	Executive Director
Chan Tan Yee (陳天怡)	34	Executive Director
Chen Xiaoyun (陳曉筠)	40	Non-executive Director
Qu Wenzhou (屈文洲)	48	Independent non-executive Director
Xin Zhu (辛珠)	52	Independent non-executive Director
Tam Chi Choi (譚志才)	56	Independent non-executive Director

#### Executive Directors

**Mr. Wu Di (吳迪)**, aged 55, was appointed as our Director on December 14, 2018 and was appointed as the chairman of our Board and redesignated as our executive Director on November 11, 2019. Mr. Wu joined our Group in January 2011 as the president of Xiamen Datang and has since then been responsible for the overall strategic development and major business decisions of our Group. Mr. Wu currently holds directorships in various subsidiaries of our Group, including Xiamen Datang, Zhangzhou Datang and Zhangzhou Xindi.

Mr. Wu has over 20 years of experience in real estate industry. Mr. Wu joined Fuxin Group as a president in January 2003, and since January 2016, has been the chairman of the board of directors of Fuxin Group and he is primarily responsible for overall strategic planning. Since October 1993, Mr. Wu has been working at Xiamen Fuxin, a company primarily engaged in property development in the PRC with all of its property development projects completed and/or delivered in July 2010. Since June 2012, he has been a non-executive director of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), the A shares and H shares of which are listed on the Shanghai Stock Exchange (stock code: 600016) and the Main Board of the SEHK (stock code: 01988), respectively. Since January 2011, he has been a director of Hangzhou United Rural Commercial Bank Co., Ltd (杭州聯合農村商業銀行股份有限公司).

**Mr. Hao Shengchun (郝勝春)**, aged 46, was appointed as our executive Director on November 11, 2019 and is responsible for assisting in the overall strategic development, operational planning and daily operation of our Group. Mr. Hao joined our Group in January 2011 as an assistant to the president of Xiamen Datang, and was promoted to vice president and executive vice president in January 2013 and July 2014, respectively. Mr. Hao was appointed as the president of our Group in January 2015.

Mr. Hao has over 20 years of experience in real estate industry. From March 2003 to January 2011, Mr. Hao worked at Xiamen Xindi, where he last served as a vice president and was primarily responsible for the cost management, engineering technology and marketing operations. From August 2000 to March 2003, Mr. Hao worked at South Asia Real Estate Holding Co., Ltd. (南益地產集團有限公司), a property developer, as a civil engineer where he was primarily responsible for the on-site management of its property development projects. From July 1996 to August 2000, Mr. Hao worked at the China Construction Fifth Engineering

Bureau the Second Construction and Installation (Hunan) Co., Ltd. (中建五局第二建築安裝(湖南)公司), where he last served as deputy project manager and was primarily responsible for its project management, cost management and on-site construction management.

**Mr. Tang Guozhong (唐國鐘)**, aged 46, was appointed as our executive Director on November 11, 2019, and is primarily responsible for securities management, risk management and public relations management of our Group. Mr. Tang joined our Group in January 2011, served as a vice president of Xiamen Datang. Mr. Tang has over 20 years of experience in the real estate industry. From July 1999 to December 2000, Mr. Tang served as a deputy manager of the finance department of Xiamen Fuxin, and was responsible for its financial management. From January 2001 to January 2011, Mr. Tang worked at Fuxin Group, where he last served as a financial controller and was primarily responsible for its financial management.

**Ms. Zhang Jianhua (張建華)**, aged 68, was appointed as our executive Director on November 11, 2019 and is responsible for human resources management of our Group. Ms. Zhang joined our Group in January 2011, served as a vice president of Xiamen Datang and she became a director of Xiamen Datang in January 2016. Ms. Zhang has over 25 years of experience in real estate industry. Ms. Zhang served as a vice president of Fuxin Group from May 1995 to October 2019 and was primarily responsible for its human resources management. From December 1993 to January 2011, Ms. Zhang served as a deputy general manager and director of Xiamen Fuxin.

**Ms. Chan Tan Yee (陳天怡)**, aged 34, has over 10 years of experience in the finance and private equity industry. She served as a manager of the Royal Bank of Scotland in London, United Kingdom from 2010 to 2012 and as an investment associate of New Horizon Capital, a private equity fund from 2014 to 2016. She has been serving as the director of Good First Group, a company principally engaged in finance business since 2013. She is also the founder of Newgen Capital, an investment fund founded in 2019. She received a bachelor's degree in Management Sciences from the London School of Economics and Political Science in the United Kingdom in 2009 and a master degree in Banking and International Finance from the Cass Business School London in the United Kingdom in 2010.

#### **Non-executive Director**

**Ms. Chen Xiaoyun (陳曉筠)**, aged 40, has over 17 years of experience in the banking and finance industry. She successively served in various positions in the Xiamen branch of Bank of China Limited (“BOC Xiamen”) from July 2003 to June 2015. She served as the vice president of the Xiamen airport branch of Bank of China Limited from January 2012 to July 2012. From July 2012 to March 2014, she served as the deputy head of the administration and marketing business division of BOC Xiamen, further promoted as the head of the division from March 2014 to June 2014 and served as the head of the commercial services division of BOC Xiamen from June 2014 to June 2015. After 12 years of working experience in BOC Xiamen, Ms. Chen joined Xiamen ITG Financial Holding Co., Ltd.\* (廈門國貿金融控股有限公司) in July 2015 and served as the general manager of Xiamen ITG Hengxin Supply Chain Service Co., Ltd.\* (廈門國貿恒信供應鏈服務有限公司) from August 2015 to June 2019. Besides, she also served as the general manager of Shenzhen ITG Hengrun Commercial Factoring Co., Ltd.\* (深圳國貿恒潤商業保理有限公司) from February 2016 to March 2018. Ms. Chen served as the deputy general manager of Xiamen ITG Investment Co., Ltd.\* (廈門國貿投資有限公司) from June 2019 to June 2020 and since June 2020, she has been serving as the deputy general manager of the investment and development division of Xiamen ITG Holding Group Co., Ltd.\* (廈門國貿控股集團有限公司). She received a bachelor's degree in Finance from the School of Economics, Xiamen University in China in July 2003 and a master degree in Business Administration from the School of Business Administration, Fuzhou University in China in July 2010.

## Independent Non-executive Directors

**Mr. Qu Wenzhou (屈文洲)**, aged 48, was appointed as our independent non-executive Director on November 20, 2020 and is responsible for providing independent advice on the operations and management of our Group. Mr. Qu is currently the dean of the Jinyuan Institute for Financial Studies (金圓研究院), professor of the School of Management, and the head of Business Administration Education Center of Xiamen University (廈門大學) in the PRC.

Mr. Qu started to work at Xiamen University in the PRC as an associate professor in 2005 and became a professor in 2007. Mr. Qu has been a member of the Chinese Institute of Certified Public Accountants since November 2003 and a chartered financial analyst authorized by the Chartered Financial Analyst Institute since November 2004.

**Ms. Xin Zhu (辛珠)**, aged 52, was appointed as our independent non-executive Director on November 20, 2020. Ms. Xin is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Xin has over 15 years of experience in the accounting industry as well as executive management in public companies. From February 2001 to February 2006, Ms. Xin worked at Guangdong Holdings Limited (廣東粵海控股集團有限公司), a company engaged in infrastructure development, manufacturing and real estate, where she last served as a deputy general manager of finance department of the group and financial controller of its subsidiary, Shenzhen Kingway Brewery Holdings Limited (深圳金威啤酒集團有限公司), where she was responsible for the financial management of the group and ERP Informationization Construction. From February 2006 to June 2008, she worked in Hopson Development Holdings Limited (合生創展集團有限公司) (a company listed on the Main Board of the SEHK, stock code: 754), a property developer, where she last served as a vice president, and was primarily responsible for financial management, financing and fund management. From July 2008 to June 2014, she worked in China Aoyuan Group Limited (中國奧園集團股份有限公司) (previously known as China Aoyuan Property Group Limited (中國奧園地產集團股份有限公司)), a company listed on the Main Board of the SEHK, stock code: 3883), a property developer, with her last concurrent positions held as an executive director and executive vice president, and was primarily responsible for financial management, fund management and internal auditing. She was also involved in review, discussion and decisions making of land acquisition when she worked at China Aoyuan Group Limited. From July 2014 to March 2015, she served as the chief financial officer of Logan Property Holdings Company Limited (龍光地產控股有限公司) (a company listed on the Main Board of the SEHK, stock code: 3380) where she was primarily responsible for financing.

**Mr. Tam Chi Choi (譚志才)**, aged 56, was appointed as our independent non-executive Director on November 20, 2020 and is responsible for providing independent advice on the operations and management of our Group.

Mr. Tam has around 32 years of accounting and finance experience. He began his career at KPMG Peat Marwick from August 1987 to April 1991 and his last position was audit supervisor. He worked as an accounting manager of Kosonic Industries Company Limited from May 1991 to July 1992 and as a deputy accounting manager of Applied Electronics (OEM) Limited from December 1992 to July 1994. From August 1994 to November 2015, he worked at the listing division of the SEHK and his last position was vice president of the IPO transactions, listing and regulatory affairs division. From November 2015 to October 2017, he served as a director of the quality and risk control division of CCB International Capital Limited. He was the responsible officer of Proton Capital Limited from February 2018 to September 2018. He has served as a corporate finance director of Eric Chow & Co. in association with Commerce and Finance Law Offices since September 2018. Since August 2019, Mr. Tam has been an independent non-executive director of Sinic Holdings (Group) Company Limited (新力控股(集團)有限公司) (a company listed on the Main Board of the SEHK, stock code: 2103), a property developer.



## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of our business. The following table sets forth certain information of our senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Lin Ruiyan (林瑞焰)	50	Vice president
Wang Xuting (王緒亭)	56	Vice president
Zhang Huojin (張火金)	48	Vice president
Ng Yan (吳欣)	53	Assistant to the Chairman of our Board
Mi Yuanyuan (米園園)	45	Assistant to the President
Liu Weiping (劉偉平)	40	Financial controller and fund controller

**Mr. Lin Ruiyan (林瑞焰)**, aged 50, was appointed as our vice president in January 2015 and is primarily responsible for investment management and financial management of our Group.

Mr. Lin has more than 15 years of experience in real estate industry. Mr. Lin joined our Group in January 2011 as a financial controller and was later promoted as a vice president in January 2015. Prior to joining our Group, from June 2008 to January 2011, Mr. Lin worked at Xiamen Xindi where he successively served as a deputy financial manager, a financial controller and assistant to president of Xiamen Xindi, where he was primarily responsible for its financial management. From November 2002 to June 2008, Mr. Lin worked at Fuxin Group where he last served as an accounting department manager and was primarily responsible for its accounting management.

**Mr. Wang Xuting (王緒亭)**, aged 56, joined our Group in January 2011 as a vice president and has been responsible for the administrative management, legal management and operation of our commercial operation companies.

From May 1994 to July 1998, Mr. Wang worked at Xiamen Fuxin as an office manager and was primarily responsible for its internal management and public relations. From August 1998 to January 2011, Mr. Wang worked at Xiamen Xindi where he last served as a vice president and was primarily responsible for its operational management, public relations, product development and marketing.

**Mr. Zhang Huojin (張火金)**, aged 48, was appointed as our vice president in January 2019 and is responsible for operation of our subsidiaries in Tianjin.

Mr. Zhang joined our Group in January 2011 as an assistant to general manager of our Fujian regional companies, and was later promoted as deputy general manager of our Xiamen regional companies in July 2014, and standing deputy general manager of our Xiamen regional companies in July 2017. Mr. Zhang was appointed as the general manager of our Zhangzhou regional companies in January 2018 and promoted as the vice president of our Group in January 2019. Prior to joining our Group, from August 2008 to August 2011, Mr. Zhang served as an assistant to president and general officer of Xiamen Huatianlong Group (廈門華天隆集團), a company principally engaged in property development, where he was responsible for its project design, engineering and cost control. From July 2005 to January 2008, Mr. Zhang worked at Xiamen Xindi as a technical department deputy manager, where he was primarily responsible for its design management. From June 1994 to June 2000, Mr. Zhang worked as a structural designer at Yunxiao County Construction Bureau Design Institute (雲霄縣建設局設計院), where he was responsible for its structural design and management.

**Mr. Ng Yan (吳欣)**, aged 53, was appointed as the assistant to the Chairman of our Board of our Group in January 2020 and is responsible for assisting in investment and financing management of our Group.

Mr. Ng joined our Group in January 2011 as an assistant to president and was primarily responsible for investment management and commercial properties management. Mr. Ng was a vice president of our Group from January 2015 to January 2020 and was responsible for investment management of our Group. Prior to joining our Group, from December 2001 to January 2011, Mr. Ng worked at Xiamen Xindi where he last served as an assistant to the chairman of the board of directors of Xiamen Xindi and was responsible for its investment management.

**Ms. Mi Yuanyuan (米園園)**, aged 45, was appointed as assistant to president in January 2016. She is responsible for contract cost management of our Group, operation and assisting in product development management of our Group.

Ms. Mi joined our Group as the general manager of contract cost department of our Group in January 2011. She became the cost director and general manager of contract cost department of our Group in July 2014, and has been serving as an assistant to president since January 2016. Prior to joining our Group, from July 2002 to January 2011, Ms. Mi worked at Xiamen Xindi, where she last served as a deputy president of cost and the general manager of contract cost department and was responsible for its contract cost control and sourcing management. From August 1996 to June 2002, Ms. Mi successively worked at branches of China Construction Bank Corporation (中國建設銀行股份有限公司) in Bengbu and Anqing city, Anhui Province.

**Mr. Liu Weiping (劉偉平)**, aged 40, was appointed as our financial controller and fund controller since July 2017 and is responsible for funds management and assisting in financial management of our Group.

Mr. Liu joined our Group in July 2011 as an assistant to general manager of Southwestern China region, and was successively promoted as the vice general manager of Nanning city company in January 2015, as a fund controller of our Group in August 2016, and as our financial controller and fund controller in July 2017. Prior to joining our Group, from April 2005 to April 2008, Mr. Liu served as assistant to general manager of fund department in Fuxin Group, where he was primarily responsible for its financing management. From April 2008 to July 2011, Mr. Liu served as an assistant to the office of board of directors of Fuxin Group.

## **BOARD COMMITTEES**

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

### **Audit Committee**

We have an audit committee in compliance with the Listing Rules. The audit committee consists of three members, namely, Mr. Qu Wenzhou, Ms. Xin Zhu and Mr. Tam Chi Choi, all of whom are our independent non-executive Directors. Mr. Qu Wenzhou is the chairperson of the audit committee and is our independent non-executive Director with the appropriate professional qualifications.

The primary duties of the audit committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

### **Remuneration Committee**

We have a remuneration committee in compliance with the Listing Rules. The remuneration committee consists of three members, namely, Ms. Xin Zhu, Mr. Qu Wenzhou and Ms. Zhang Jianhua. Ms. Xin Zhu is the chairperson of the remuneration committee.

The primary duties of the remuneration committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

### **Nomination Committee**

We have a nomination committee in compliance with the Listing Rules. The nomination committee consists of three members, namely Mr. Wu Di, Mr. Tam Chi Choi and Ms. Xin Zhu. Mr. Wu Di is the chairperson of the nomination committee.

The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

## PRINCIPAL SHAREHOLDERS

As of the date of the exchange offer memorandum, so far as the directors are aware, the following persons or institutions had an interest of 5% or more in the Share or underlying Shares of the Company which would fall to be disclosed to the Company under section 336 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”):

Name of Substantial Shareholder	Nature of Interest	Number of Shares	Percentage of Issued Voting Shares
Good First Holding Limited	Interest in controlled corporation	582,210,436	42.69%
Wong Hei	Interest in controlled corporation	582,210,436	42.69%
Dynasty International Co. Ltd.	Interest in controlled corporation	531,604,436	38.98%
Dynasty International Holding Co., Ltd.	Interest in controlled corporation	531,604,436	38.98%
Good First International Holding Limited	Interest in controlled corporation	531,604,436	38.98%
MeiDi Investment Holding Limited <sup>(1)</sup>	Beneficial owner	407,789,564	29.90%
Wu Di	Interest in controlled corporation	407,789,564	29.90%
Xiamen International Trade Holding Group Co., Ltd. (廈門國貿控股集團有限公司)	Interest in controlled corporation	82,501,000	6.19%
Chongqing International Trust Co., Ltd. (重慶國際信託股份有限公司)	Interest in controlled corporation	82,501,000	6.19%

*Note:*

- (1) MeiDi is wholly-owned by Mr. Wu Di. By virtue of the SFO, Mr. Wu Di is deemed to be interested in the Shares MeiDi is interested in.

## DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and enterprises. As of December 31, 2021, our indebtedness (including current and non-current interest-bearing bank and other borrowings) amounted to RMB10,780.2 million (US\$1,691.6 million). Subsequent to December 31, 2021, we also incurred additional indebtedness. Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

### PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks and financial institutions, including but not limited to China Minsheng Banking Corporation Limited, China Construction Bank, Industrial and Commercial Bank of China Limited and Xiamen International Bank, etc. These loans include project loans to finance the construction of our projects and loans to finance our working capital requirements. They have terms ranging from one to eight years, which generally correspond to the construction periods of the particular projects. As of December 31, 2021, the aggregate outstanding amount under these loans totaled approximately RMB8.9 billion (US\$1.4 billion), of which RMB1.9 billion (US\$0.3 billion) was due within one year and RMB7.0 billion (US\$1.1 billion) was due over one year. Our PRC loans are typically secured by pledges of property, plant and equipment, investment properties, properties under development and completed properties held for sale as well as guaranteed by other subsidiaries.

#### Interest

The principal amounts outstanding under the PRC loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of December 31, 2021, the weighted average interest rate on the aggregate outstanding amount of our PRC loans was 9.19% per annum.

#### Covenants

Under these PRC loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature or scope of their business operations in any material respect;
- reduce their registered capital;
- transferring part or all of their liabilities under the loans to a third party;
- prepaying the loans;

- selling or disposing of assets; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

### **Events of Default**

The PRC loan agreements contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval, and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

### **Guarantee and Security**

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC banks and financial institutions in connection with some of the PRC loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Certain of our PRC loans are guaranteed by our controlling shareholders.

### **Dividend Restrictions**

Pursuant to the loan agreements with certain PRC banks, certain of our PRC subsidiaries also agreed not to distribute any dividend until the borrower fully repays the principal and interest of the loan. See "Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of loans or advances to us and our subsidiaries."

### **EXISTING NOTES**

On June 7, 2021, we issued the Existing Notes, which are 12.50% senior notes due 2022 in an aggregate principal amount of US\$300.0 million pursuant to the Existing Notes Indenture. The aggregate principal amount of the Existing Notes outstanding is US\$300,000,000 million as of the date of this exchange offer memorandum. The terms of the Existing Notes limit the ability of our Company to incur indebtedness (as defined therein) except for permitted indebtedness (as defined therein).

#### ***Guarantee***

The obligations pursuant to the Existing Notes are guaranteed by certain of our existing subsidiaries other than those organized under the laws of the PRC and certain other subsidiaries specified in the Existing Notes Indenture.

#### ***Interest***

The Existing Notes bear an interest rate of 12.50% per annum. Interest is payable semi-annually in arrears.

#### ***Covenants***

Subject to certain conditions and exceptions, the Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring additional indebtedness and issuing preferred stock;

- making investments or other restricted payments;
- guaranteeing indebtedness;
- entering into certain transactions with affiliates;
- creating liens;
- entering into sale and leaseback transactions;
- selling assets;
- entering into agreements that restrict restricted subsidiaries' ability to pay dividends;
- issue and sell capital stock of restricted subsidiaries;
- effect a consolidation or merger; and
- engaging in different business activities.

### ***Events of Default***

The Existing Notes Indenture contain certain customary events of default, including default in the payment of principal, or of any premium, on the Existing Notes when such payments become due, default in payment of interest which continues for 14 consecutive days, breaches of covenants, insolvency and other events of default specified in the Existing Notes Indenture.

If an event of default occurs and is continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding Existing Notes may declare the principal of the Existing Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

### ***Change of Control***

Upon the occurrence of a change of control triggering event, we are obligated to make an offer to repurchase all outstanding Existing Notes at a purchase price equal to 101% of the principal amount plus any accrued and unpaid interest.

### ***Maturity and Redemption***

The maturity date of the Existing Notes is June 6, 2022.

At any time prior to June 6, 2022, we may at our option redeem Existing Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of Existing Notes plus a premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to June 6, 2022, we may redeem up to 35% of Existing Notes, at a redemption price of 112.50% of the principal amount of Existing Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from sales of certain kinds of capital stock of the Company. Upon the occurrence of a Change of Control (as defined in the Existing Notes Indenture), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

## DESCRIPTION OF THE NEW NOTES

For purposes of this “Description of the New Notes”, the term “Company” refers only to Datang Group Holdings Limited (大唐集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, and any successor obligor on the New Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company which Guarantees the New Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a “JV Subsidiary Guarantor.”

The New Notes are to be issued under an indenture (the “**Indenture**”), to be dated on or about June 1, 2022, among the Company, the Subsidiary 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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to, all of the provisions of the Indenture, the New 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 upon prior written request and proof of holding to the satisfaction of the Trustee, during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than a public holiday)) on or after the Original Issue Date at the corporate trust office of the Trustee at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong or sent by the Trustee to the Holders by email.

### BRIEF DESCRIPTION OF THE NEW NOTES

The New Notes:

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



The New Notes will mature on May 31, 2023, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The New Notes will bear interest at 12.50% 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 arrear on December 1, 2022 and May 31, 2023 (each an “**Interest Payment Date**”). Interest on the New Notes will be paid to the Holders of record at the close of business on November 16, 2022 or May 16, 2023 (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 New Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the New 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 New Notes in the Register (as defined below) at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under the captions “– Optional Redemption” and “– Redemption for Taxation Reasons” below and otherwise provided in the Indenture, the New 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 New Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying and Transfer Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the New Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “**Additional Notes**”), subject to certain limitations described under the caption “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the New Notes” include any Additional Notes that are actually issued.

The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$150,000 and integral multiples of US\$1.00 in excess thereof. No service charge will be made for any registration of transfer or exchange of the New Notes, but the Company, the Paying and 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 New Notes will be made by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying and Transfer Agent currently located at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, and the New Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the New Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in a register of noteholders (the “**Register**”) maintained by the Registrar (as defined below) or by wire transfer. Interest payable on the New Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

## THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Dynasty Management International Limited, Datang Investment Limited and Dynasty Development International Limited (collectively, the “**Initial Subsidiary Guarantors**”). These Initial Subsidiary Guarantors consist of all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC on the Original Issue Date. The Initial Subsidiary Guarantors are holding companies that do not have significant operations. In addition, none of the existing or future Restricted Subsidiaries organized under the laws of the PRC (the “**PRC Non-Guarantor Subsidiaries**”), any Exempted Subsidiary or any Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

The Company will cause each of its future Restricted Subsidiaries (other than Restricted Subsidiaries organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable (and in any event within 30 days) after such Person becomes a Restricted Subsidiary, or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the New Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary, or ceases to be an Exempted Subsidiary or a Listed Subsidiary (such Restricted Subsidiaries that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the Indenture, the “**Other Non-Guarantor Subsidiaries**”); *provided* that after giving effect to such election, the Consolidated Assets of all Other Non-Guarantor Subsidiaries do not account for more than 15% of Total Assets.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established or acquired after the Original Issue date, or any entity in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity is proposing to purchase no more than 80% of the Capital Stock of such entity from an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company upon consummation of such purchase and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with or as soon as practicable after the consummation of such establishment, sale, issuance, or purchase, cause (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (in each case, other than Exempted Subsidiaries or Listed Subsidiaries) to provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or the relevant Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from causing such JV Subsidiary Guarantee to be provided or (b) requiring the Company or such Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;

- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
  - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the “**JV Subsidiary Guarantee**”) and each Restricted Subsidiary (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 New Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
  - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
  - (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that, under New York law, each such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee;

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

Each Restricted Subsidiary that guarantees the New Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a “**Future Subsidiary Guarantor**” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.” The Other Non-Guarantor Subsidiaries, together with the PRC Non-Guarantor Subsidiaries, Exempted Subsidiaries and Listed Subsidiaries, are referred to herein as the “**Non-Guarantor Subsidiaries**”.

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may Incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

As of December 31, 2021, the Company and its consolidated Subsidiaries had total debt of approximately RMB10,780.2 million (US\$1,691.6 million), all was secured debt.

As of December 31, 2021, the Non-Guarantor Subsidiaries had total debt of approximately RMB10,780.2 million (US\$1,691.6 million), capital commitments of approximately RMB20.0 million (US\$3.1 million) and contingent liabilities of approximately RMB16,562.3 million (US\$2,599.0 million).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium (if any) on and interest on, and all other amounts payable under, the New Notes and the Indenture; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the New Notes or the Indenture and (2) waive their respective rights to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

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

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

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

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered void, 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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees" of this exchange offer memorandum.

#### **RELEASE OF THE SUBSIDIARY GUARANTEES OR JV SUBSIDIARY GUARANTEES**

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the New Notes;
- upon a defeasance as described under the caption "– Defeasance – Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger or disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under the captions "– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries", "– Certain Covenants – Limitation on Asset Sales" and "– Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger or disposition are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a Non-Guarantor Subsidiary in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the

consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries will become Other Non-Guarantor Subsidiaries (such that they will no longer Guarantee the New Notes), without any requirement to seek the consent or approval of the Holders of the New Notes, *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Other Non-Guarantor Subsidiaries do not account for more than 15% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

#### **REPLACEMENT OF SUBSIDIARY GUARANTEES WITH JV SUBSIDIARY GUARANTEES**

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee, following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or such Restricted Subsidiary from providing a JV Subsidiary Guarantee as described below, or (c) requiring the Company or such relevant Restricted Subsidiary to cause to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the recipient of the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
  - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary (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 New Notes, each of which provides, among other things, that the aggregate claims of the Trustee and the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

- (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
- (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Certain Covenants – Limitation on Restricted Payments.”

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales” to the extent required.

As of the date of the Indenture, all of the Company's Subsidiaries will be “Restricted Subsidiaries”. Under the circumstances described below under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries”, the Company will be permitted to designate certain Subsidiaries as “Unrestricted Subsidiaries.” The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the New 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 New Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “**Further Issue**”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the New Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” below.

#### **OPTIONAL REDEMPTION**

At any time prior to May 31, 2023, the Company may, at its option, redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

## SELECTION AND NOTICE

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

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

A Note of US\$150,000 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 New 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 (see the definition of "**Offer to Purchase**").

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the New 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 New 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 New Notes may also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (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 New 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 and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the New Notes. See "Risk Factors — Risks Relating to the New Notes — We may not be able to repurchase the New Notes upon a Change of Control."



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 New Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred and shall not be liable to any person for any failure to do so. The Trustee or any Agent shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Trustee and the 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 the 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 such failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders or any other person for any loss arising from any failure by it to do so.

#### **NO MANDATORY REDEMPTION OR SINKING FUND**

There will be no mandatory redemption or sinking fund payments for the New Notes.

#### **ADDITIONAL AMOUNTS**

All payments of principal of, and premium (if any) on and interest on the New Notes or under the Subsidiary Guarantees and the JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a “**Relevant Jurisdiction**”), or any jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “**Taxing Jurisdiction**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
  - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

- (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Taxing Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
  - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, on and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
  - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder, to provide information concerning such Holder's or its beneficial owner's nationality, residence, identity or connection with any Taxing Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
  - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
  - (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the New Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
  - (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing such an intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or
  - (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) (c) and (d); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the

fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium on or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Paying and Transfer Agent will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying and Transfer Agent will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying and Transfer Agent.

## REDEMPTION FOR TAXATION REASONS

The New Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, in whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of an official position, is announced) (i) with respect to the Company or any Initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the New 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 New Notes were then due.

Prior to the giving of any notice of redemption of the New 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, such Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in the prior paragraph.

The Trustee shall and is entitled to conclusively rely on and accept such Officers' Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above without further verification, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be canceled.

## **CERTAIN COVENANTS**

Set forth below are summaries of certain covenants contained in the Indenture.

### **Limitation on Indebtedness and Preferred Stock**

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary 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 to Incur any Disqualified Stock (other than Disqualified Stock held by the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):
  - (a) Indebtedness under the New Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
  - (b) any Pari Passu Guarantee;
  - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness permitted under clause (d) (together with refinancings thereof); *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
  - (d) Indebtedness of the Company or any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly subordinated in right of payment to the New 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 substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (h), (n), (p), (q), (r), (s), (t), (u), (v) or (w) 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 New Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the New Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the New Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the New Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the New 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 New 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 New Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Non-Guarantor Subsidiary, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause 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 such Restricted Subsidiary, as applicable, to fluctuations in interest rates, currencies or the price of commodities;
- (g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction

or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; *provided* that, in the case of sub-clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (p), (q), (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;
- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the covenant described under the caption "– Limitation on Issuances of Guarantees by Restricted Subsidiaries";
- (n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$20.0 million (or the Dollar Equivalent thereof);

- (o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock in a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;
- (p) Indebtedness Incurred or Preferred Stock 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 such Incurrence of all such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (p) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clause (h) above and clauses (q), (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (p) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (q) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h) and (p) above and clauses (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (r) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$20.0 million (or the Dollar Equivalent thereof);
- (s) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary, *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (s) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p) and (q) above and clauses (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (t) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of

Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q) and (s) above and clauses (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;

- (u) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties and Guarantees thereof by the Company or any Restricted Subsidiary, *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (u) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q), (s) and (t) above and clauses (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (v) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Minority Interest Staged Acquisition Agreement; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clause to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (n), (p), (q), (r), (s), (t) and (u) above and clause (w) below (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (w) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; *provided* that, on the date of the Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (w) (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clause to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (h), (n), (p), (q), (r), (s), (t), (u) and (v) above (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets; and
- (x) Indebtedness constituting a Subordinated Shareholder Loan.



- (3) For purposes of determining compliance with this 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 the first paragraph of this covenant, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock in one or more types of such Indebtedness or Preferred Stock described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness or Preferred Stock due solely to the result of fluctuations in the exchange rates of currencies.

#### **Limitation on Restricted Payments**

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “**Restricted Payments**”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s or any Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary (other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement);
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of any Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; or
- (c) such Restricted Payment, together with the aggregate amount of (1) all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date and (2) all 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 (in each case excluding those payments permitted by the clauses (2) through (14) of the immediately following paragraph), shall exceed the sum (without duplication) of:

- (i) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2021 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); *plus*
- (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; *plus*
- (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *plus*
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) any Person becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of the definition of "**Permitted Investment**") but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (iv); *plus*

(v) US\$10.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Restricted Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided, however, that* any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided, however, that* any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) the declaration and payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under paragraph (2)(p) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (7) cash payments in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided, however, that* any such cash payments shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the Board of Directors of the Company);
- (8) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and

such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (x) such purchase occurs within 12 months after Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

- (9) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing) or (C) declaration or payment of dividends or other distributions in cash on Capital Stock of any Restricted Subsidiary held by any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing) in connection with an employee benefit plan or employee incentive scheme; *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock under (A), (B) and (C) above shall not exceed US\$2.0 million (or the Dollar Equivalent thereof) in any fiscal year;
- (10) 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;
- (11) the payment of any dividend or distribution payable or paid in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;
- (12) the distributions or payments of Securitization Fees in connection with Receivable Financings;
- (13) the declaration and payment of dividends by, or the repurchase or redemption of, the Company in respect of its Capital Stock announced in 2021 with respect to the fiscal year ended December 31, 2020 based on the consolidated financial statements of the Company for such fiscal year, and with respect to any fiscal year ending after December 31, 2020, in an aggregate amount not to exceed 20% of the Company's profit and total comprehensive income for the year based on the consolidated financial statements of the Company of such fiscal year; or
- (14) the purchase of Capital Stock of a Person, and payments made, pursuant to a Minority Interest Staged Acquisition Agreement, *provided* that on the date that such Minority Staged Acquisition Agreement was entered into, such payments would have complied with clauses (a) and (c) of the preceding paragraph,

*provided* that, in the case of clauses (2), (3), (4), (8), (13) and (14) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment made pursuant to clauses (1) and (14) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this covenant have been met with respect to any subsequent Restricted Payments.

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 (17) 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.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payments set forth in clauses (8) through (14) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof). Notwithstanding any other provision of this covenant, in the case of a declaration of dividend with respect to the Company’s or any Restricted Subsidiary’s Capital Stock which involves a scrip dividend option, such Restricted Payment shall be deemed to be made only when the cash component of such dividend is finally determinable by the Company or such Restricted Subsidiary.

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (8) through (14) above), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

#### **Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries**

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
  - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
  - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
  - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
  - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary,

*provided* that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm’s length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

- (a) existing in agreements as in effect on the Original Issue Date, or in the New Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, or under any Pari Passu Guarantee, or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor guaranteed by any Pari Passu Guarantee and, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (b) existing under or by reason of applicable law, rule, regulation or order;
- (c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the covenants described under the captions “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”, “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales”;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock or Disqualified Stock permitted under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”, if, as determined by the Board of Directors in good faith, 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 New Notes and, any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

- (g) existing in customary provisions in shareholders' agreement, joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a shareholder, joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the New Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

#### **Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries**

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary or, in the case of a Restricted Subsidiary that is not Wholly Owned, *pro rata* to its shareholders or incorporators or on a basis more favorable to the Company and/or the Restricted Subsidiary;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the covenant described under the caption “– Limitation on Restricted Payments” if made on the date of such sale or issuance, and *provided* that the Company complies with the covenant described under the caption “– Limitation on Asset Sales”; or
- (4) the sale or issuance of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such sale or issuance); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such sale or issuance in accordance with the covenant described under the caption “– Limitation on Asset Sales.”

#### **Limitation on Issuances of Guarantees by Restricted Subsidiaries**

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (“**Guaranteed Indebtedness**”) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1)(a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an

unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the New 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 New Notes have been paid in full or (2) such Guarantee is permitted by clause (2)(c), (d) or (q) (in the case of clause (2)(q) only, with respect to the Guarantee *provided* by any Restricted Subsidiary through the pledge of bank accounts, deposits or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee), directly or indirectly, any Bank Deposit Secured Indebtedness), under the caption “– Limitation on Indebtedness and Preferred Stock”.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the New 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 New 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 New Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceed the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

#### **Limitation on Transactions with Shareholders and Affiliates**

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “**Affiliate Transaction**”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
  - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness



to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company issued by an accounting, appraisal or investment banking firm of international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under the caption “– Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to 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; or
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of the Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (17) of the definition of “Permitted Investments” but otherwise excluding any other Permitted Investments) not prohibited by the covenant described under the caption “– Limitation on Restricted Payments”, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this exchange offer memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction (A) between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, (B) between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries, or (C) between or among the Company or a Restricted Subsidiary on the one hand and any Minority Joint Venture or Unrestricted Subsidiary on the other; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) in the case of a non-Wholly Owned Restricted Subsidiary, none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary or Minority Joint Venture of the Company) and (iv) for as long as the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited, any Affiliate Transaction which is conducted in compliance with the applicable listing rules of The Stock Exchange of Hong Kong Limited.

### **Limitation on Liens**

The Company will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the New Notes are equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the New Notes, prior to) the obligation or liability securing such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the New Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

### **Limitation on Sale and Leaseback Transactions**

The Company will not, and will not permit any of the Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or such Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under “– Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “– Limitation on Liens”, in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption “– Limitation on Asset Sales”.

### **Limitation on Asset Sales**

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that, in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an

opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

- (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the New Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
- (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, if any, or any Indebtedness of a Non-Guarantor Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (other than current assets that are not land use rights, properties under development or completed property held for sale) that will be used in a Permitted Business (including any Capital Stock in a person holding such property or assets that is primarily engaged in a Permitted Business) ("**Replacement Assets**"),

*provided* that, Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds". Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated.

When accumulated Excess Proceeds exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the New Notes and (y) the denominator of which is equal to the outstanding principal amount of the New 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\$1.00.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount of the New Notes plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other pari passu Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the New Notes (and such other pari passu Indebtedness) to be purchased will be selected on a *pro rata* basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

### **Limitation on the Company's Business Activities**

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “– Limitation on Restricted Payments”.

### **Use of Proceeds**

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the New Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption “Use of Proceeds” in this exchange offer memorandum (or in the case of Additional Notes, the offering or other document relating to the sale of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

### **Designation of Restricted and Unrestricted Subsidiaries**

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary, if such credit support, at the time of or after giving effect to such designation, would not be permitted to be made under the covenant described under “– Limitation on Indebtedness and Preferred Stock” and the covenant described under “– Limitation on Restricted Payment”; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under the caption “– Limitation on Liens”; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption “– Limitation on Restricted Payments”.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; (3) any Lien on the property of such Unrestricted

Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “– Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under “– The Subsidiary Guarantees and the JV Subsidiary Guarantees”.

### **Government Approvals and Licenses; Compliance with Law**

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and the Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (if any) to perform its obligations under the New 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 New 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 New Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s Common Stock are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided* that, if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
  - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;

- (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
  - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the New Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio thereof, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or Event of Default, an Officers' Certificate setting forth the details of the Default or 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 New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under the caption "-- Consolidation, Merger and Sale of Assets", the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "-- Repurchase of Notes upon a Change of Control" 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 New 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 New Notes then outstanding;

- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$25.0 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, provided, however, that such Indebtedness shall not include (x) any of the 12.50% senior notes due 2022 issued by the Company on June 7, 2021 (the “**12.50% Notes**”), and (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under any of the 12.50% Notes;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any of the Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$25.0 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, provided, however, that such final judgments or orders for the payment of money shall not include any which is in relation to (x) any of the 12.50% Notes, and (y) any Indebtedness with respect to which any final judgments or orders for the payment of money occurs as a result of any default or event of default under any of the 12.50% Notes;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts (other than the 12.50% Notes) under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) The Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary (except in each case under this paragraph (8)(b), any proceeding commenced solely for the purpose of defending against any remedy exercised under the 12.50% Notes by any holder or the trustee thereof) or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a *pro rata* basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the New Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium (if any) on and accrued and unpaid interest on the New Notes to be immediately due and payable. Upon a declaration of acceleration, such principal, premium (if any) and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, the principal of, premium (if any) on and accrued and unpaid interest on the New Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the non-payment of the principal of, premium (if any) on and interest on the New 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 New Notes or to enforce the performance of any provision of the New Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the New Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, conflicts with law or the Indenture, that may involve the Trustee in personal liability or that is unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its own funds in following such direction it does not believe that reimbursement or indemnity and/or security and/or pre-funding to its satisfaction is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the New Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the New Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;



- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or pre-funding satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

However, and subject to any amendment or waiver obtained as described under the caption " – Amendments and Waiver," such limitations do not apply to the right of any Holder to receive payment of the principal of, premium (if any) on or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the New Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company and the Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any Default or Event of Default in the performance of any covenants or agreements under the Indenture. See "— Certain Covenants — Provision of Financial Statements and Reports".

The Trustee and the Agents are not obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. The Trustee and the Agents may assume that no such Event of Default or Default has occurred and that the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) are performing their respective obligations under the Indenture, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), unless the Trustee and the Agents have received written notice of the occurrence of an Event of Default or Default. The Trustee and the Agents are entitled to conclusively rely, without liability, on any Officers' Certificate regarding whether or not a Default or an Event of Default has occurred and is continuing.

## **CONSOLIDATION, MERGER AND SALE OF ASSETS**

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and the Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized or incorporated 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 New Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the New Notes, as the case may be, shall remain in full force and effect;

- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; 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 this caption, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the New 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 the Restricted Subsidiaries’ properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), 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, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; and

- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

*provided* that this paragraph shall not apply to any sale or other disposition that complies with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales” or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under the caption “– The Subsidiary Guarantees and the JV Subsidiary Guarantees – Release of the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

#### **NO PAYMENTS FOR CONSENTS**

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the New Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the New Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, (ii) Holders or beneficial owners of the New Notes that are located or resident 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 New Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

## DEFEASANCE

### Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the New 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 New Notes (except for, among other matters, certain obligations to register the transfer or exchange of the New 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 New Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the New 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 New Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the New Notes the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

### Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture applicable to the New Notes will no longer be in effect with respect to clauses (3), (4) and (5)(x) under the first and the second paragraph under “– Consolidation, Merger and Sale of Assets” and all the covenants described herein under “– Certain Covenants”, other than as described under the captions “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering”, and (ii) clause (3) under “– Events of Default” with respect to clauses (3), (4) and (5)(x) under the first and second paragraph under “– Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in clause (i) above, clause (4) under “– Events of Default” with respect to such other covenants in clause (i) above and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest, premium (if any) and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium (if any) on and

accrued interest on the New Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the New 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 New 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 New Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the New 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 New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any);
- (2) comply with the provisions described under the caption “– Consolidation, Merger and Sale of Assets”;
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) add or release any collateral to secure the New Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement, in each case as permitted and in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository or clearing system;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or

- (10) conform the text of the Indenture, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the New Notes” to the extent that such provision in this “Description of the New Notes” was intended to be a verbatim recitation of a provision in the Indenture, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

#### **Amendments With Consent of Holders**

The Indenture, the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may amend or waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) with any provision thereof; *provided, however, that* no such modification, amendment or waiver may, without the consent of Holders holding no less than 85% of the aggregate principal amount of the outstanding Notes at the time of such consent:

- (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 New 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 New 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;
- (11) change the redemption date or the redemption price of the New Notes from that stated under the caption “– Optional Redemption” or “– Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the New Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which materially and adversely affects the Holders.

#### **UNCLAIMED MONEY**

Claims against the Company for the payment of principal of, premium (if any) on or interest on the New 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 New Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the New Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the New 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) will be appointed as trustee under the Indenture, and also as registrar (the “**Registrar**”), and also as paying and transfer agent (the “**Paying and Transfer Agent**”, and together with the Registrar, the “**Agents**”) with regard to the New Notes. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the New Notes, and no implied covenant or obligation shall be read into the Indenture, the agent appointment letter or the New Notes against the Trustee or the Agents. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the New Notes as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless the requisite number of Holders shall have instructed in writing and shall have offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to it against any loss, liability or expense.

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. Either the Trustee or any Agent is permitted to engage in other transactions, including normal banking and trustee and agency relationships, with the Company, any of the Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any, and its Affiliates and can profit therefrom without being obliged to account for such profit. The Trustee and the Agents may have an interest in or may be providing or may in the future provide financial or other services to other parties; *provided, however, that* if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee and the Agents shall not be deemed to have knowledge of any Event of Default or Default unless it has received express written notice of such Event of Default or Default.

Under the Indenture, the Trustee is entitled to be indemnified and/or secured and/or pre-funded and relieved from liability or responsibility in certain circumstances and will be paid its fees, costs, expenses and indemnity in priority to the claims of the Holders.

Each Holder, by accepting the New Notes agrees, for the benefit of the Trustee and the Agents, that it is solely responsible for its own independent appraisal of an investigation into all risks arising under or in connection with the exchange of the New 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 New Notes will be represented by a global note in registered form without interest coupons attached (the “**Initial Global Note**”). On the Original Issue Date, the Initial Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the “**Additional Global Notes**” and, together with the Initial Global Note, the “**Global Notes**”).

### **GLOBAL NOTES**

Ownership of beneficial interests in the Initial Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes”, the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book- entry interests.

So long as the New Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the New Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of the Agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The New Notes are not issuable in bearer form.

### **PAYMENTS ON THE GLOBAL NOTES**

Payments of any amounts owing in respect of the Global Notes (including principal, premium (if any), interest and Additional Amounts) will be made to the Paying and Transfer Agent in U.S. dollars. The Paying and Transfer 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 the caption “– Additional Amounts”.

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Trustee and the Agents will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take any action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

#### **REDEMPTION OF GLOBAL NOTES**

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the New 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\$150,000 principal amount, or less, as the case may be, will be redeemed in part.

#### **ACTION BY OWNERS OF BOOK-ENTRY INTERESTS**

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

#### **TRANSFERS**

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the New Notes to persons in

jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under “Transfer Restrictions” of this exchange offer memorandum.

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

## **GLOBAL CLEARANCE AND SETTLEMENT UNDER THE BOOK-ENTRY SYSTEM**

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

## **INFORMATION CONCERNING EUROCLEAR AND CLEARSTREAM**

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the New Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

## **INDIVIDUAL DEFINITIVE NOTES**

If (1) the common 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 New Notes has become immediately due and payable in accordance with “– Events of Default” and the Company has received a written request from the Trustee, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary, Euroclear, Clearstream or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

## **NOTICES**

All notices or demands required or permitted by the terms of the New Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor at the principal office of the Company; (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be, and no separate notices to the Holders are required under the above paragraph. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

## **CONSENT TO JURISDICTION; SERVICE OF PROCESS**

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the New 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 New Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

## DEFINITIONS

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the New 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.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or 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.

“Asset Acquisition” means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant described under the caption “– Certain Covenants – Limitation on Restricted Payments”;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant described under the caption “– Consolidation, Merger and Sale of Assets”; and
- (7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by bank accounts, deposits or other assets of the Company or a Restricted Subsidiary or (ii) Guaranteed by a Guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and the Restricted Subsidiaries in effect exchange foreign currencies into Renminbi or vice versa or to remit Renminbi or any foreign currency into or outside the PRC.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the New Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, *provided* that Capitalized Lease shall not include any lease which would have been classified as an “operating lease” before the adoption of GAAP 16.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company and its Restricted Subsidiaries, taken as a whole, to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders are the beneficial owners of less than 50.1% of the total voting power of the Voting Stock of the Company;
- (3) 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;
- (4) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election by the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company. “Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and the Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and the Restricted Subsidiaries (which the Company shall use its 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 (excluding any depreciation and amortization expense arising from any asset arising from right-of-use asset which would have been classified as an “operating lease” before the adoption of GAAP 16) and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or

to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and the Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and the Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and the Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any Person (other than the Company or any Restricted Subsidiary) that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees and Liens on any Capital Stock of a Person that is not a Restricted Subsidiary), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest; *provided* that Consolidated Interest Expense shall not include (x) interest expense attributable to any lease which would have been classified as an “operating lease” before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers; and further *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, for any period, the aggregate of the net income (or loss) of the Company and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

- (a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of (i) a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below or (ii) a distribution in the form of intercompany loans or that is otherwise treated as a dividend in advance prior to any recognition of income on the consolidated financial statements of such Person; *provided* that, in the case of such distribution in the form of intercompany loans, advances or otherwise, (A) such amount shall not be included again in the Consolidated Net Income in the same period or another period when it is later recognized as income and (B) to the extent that the amounts actually received in dividends in a future period are less than such intercompany loans, advances or otherwise, a deduction in the amount equal to such difference shall be made in such future period); and
  - (b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
  - (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
  - (4) the cumulative effect of a change in accounting principles;
  - (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
  - (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
  - (7) any net after-tax extraordinary or non-recurring gains,

*provided* that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and



Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for *Indebtedness*, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of *Indebtedness* of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of assets, real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which *Indebtedness* was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other *Indebtedness*, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any *Indebtedness* Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of *Indebtedness* Incurred thereunder or available to be borrowed thereunder (*provided* that such increase is permitted under the covenant described under the caption “– Certain Covenants – Limitation on *Indebtedness* and Preferred Stock”) or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the New Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the New Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or *Indebtedness* having a scheduled maturity prior to the Stated Maturity of the New 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 New Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control”.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a Non-Guarantor Subsidiary from the Company or another Non-Guarantor Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected as borrowings on the consolidated balance sheet of the Company.

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of international standing appointed by the Company.

“Fitch” means Fitch Ratings Ltd. and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best

efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “**Four Quarter Period**”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) *pro forma* effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the “**Reference Period**”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided that*, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) *pro forma* effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) *pro forma* effect shall be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) *pro forma* effect shall be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged or consolidated with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

*provided that*, to the extent that clause (d) or (e) of this paragraph requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means generally accepted accounting principles in Hong Kong as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to

purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any (1) capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of

real or personal property (including land use rights) to be used in a Permitted Business or (2) Entrusted Loans; *provided* that such Indebtedness is not reflected on the consolidated balance sheet of the Company as borrowings or indebtedness (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided that*:

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to clause (2)(f) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”, and (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the Company’s proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (2) if the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Company, such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the

Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Capital Stock of such Restricted Subsidiary that were not sold or disposed of, and (3) 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 primarily for rental yields or for capital appreciation or both, or any hotel owned or held by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or the Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “– The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiary” means any Restricted Subsidiary, any class of Voting Stock of which is listed on a Qualified Exchange, and any Restricted Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“Measurement Date” means June 7, 2021.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
  - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
  - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;
  - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
  - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company sending a notice to the Trustee, the Paying and Transfer Agent and each Holder at its last address appearing in the Register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “**Offer to Purchase Payment Date**”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to a tender agent (the “**Tender Agent**”) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the New Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$150,000 or integral multiples of US\$1.00 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof tendered pursuant to an Offer to Purchase. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the New Notes or portions thereof accepted for payment by the Company.

The Tender 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\$150,000 or integral multiples of US\$1.00 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.



“Officers’ Certificate” means a certificate signed by two Officers; provided, however, that, with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or JV Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the New Notes are originally issued under the Indenture.

“Pari Passu Guarantee” means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; *provided* that (1) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks pari passu with the New Notes, with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries as described in this exchange offer memorandum on the Original Issue Date, which, for the avoidance of doubt, shall include, among others, the real estate development business and financial investment in real estate industry.

“Permitted Holders” means any or all of the following:

- (1) Ms. Wong Hei (黃暉) and Mr. Wu Di (吳迪);
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1);
- (3) the estate, trust and any immediate family member of the Persons listed in clause (1) or the legal representative of any of the foregoing; and
- (4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by Persons specified in clauses (1), (2) and (3).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more other Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business;
- (2) any Investment in cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “– Certain Covenants – Limitation on Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under the caption “– Certain Covenants – Limitation on Liens”;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any Restricted Subsidiary and prepayments made in connection with the direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
- (16) Guarantees permitted under the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (17) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary); *provided* that:

- (i) the aggregate of (x) all Permitted Investments made under this clause (17) since the Original Issue Date and (y) all investments made after the Measurement Date but on or before the Original Issue Date that would have been Permitted Investments under this clause (17) had they been made after the Original Issue Date shall not exceed in aggregate an amount equal to 25% of Total Assets.

Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (17) since the Measurement Date resulting from:

- (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (17), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
- (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date under this clause of an obligation of any such Person,
- (C) to the extent that an Investment made after the Measurement Date under this clause (17) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment,
- (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries not to exceed, in each case, the amount of Investments made pursuant to this clause (17) by the Company or any Restricted Subsidiary after the Measurement Date in any such Person, or
- (E) any such Person becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this definition),

not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person pursuant to this clause (17);

- (ii) if any of the shareholders or partners (other than the Company or any Restricted Subsidiary) in such Person in which such Investment was made pursuant to this clause (17) is a Person described in clause (x) or (y) of the first paragraph of the covenant described under the caption “– Certain Covenants – Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary, Minority Joint Venture or Unrestricted Subsidiary of the Company), such Investment shall comply with the requirements set forth under the covenant under the caption “– Limitation on Transactions with Shareholders and Affiliates”; and
- (iii) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (17) shall be valued at the time such Investment is made;

- (18) advances in the ordinary course of business to government authorities or government-affiliated entities in the PRC for the purpose of the development and preparation by such government authority or government affiliated entity of primary land for auction purposes which advances are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet to the extent each such advance is on normal commercial terms including being subject to repayment from the relevant government authority;
- (19) repurchases of the New Notes;
- (20) Investment that has been agreed to or is otherwise obligated to be made pursuant to an agreement existing on Original Issue Date, *provided* that such Investment shall not exceed in aggregate an amount equal to 5% of Total Assets; and
- (21) 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.

"Permitted Liens" means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or the Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further that* such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Company or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;

- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of presold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

- (19) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens granted by the Company or a Restricted Subsidiary in favor of a Trust Company Investor in respect of, and to secure, the Indebtedness permitted under paragraph (2)(p) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (21) Liens securing Indebtedness permitted under clauses (2)(n) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (22) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) and 2(v), respectively of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (23) Liens incurred on bank accounts, deposits or other assets made to secure Bank Deposit Secured Indebtedness;
- (24) Liens securing Indebtedness permitted under clauses (2)(r), (s), (t), (u) or (w) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (25) Liens incurred or deposits made to secure Entrusted Loans; and
- (26) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”.

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (2)(d), (f), (g) and (m) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020 and the Regulation of Implementing the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020, as such rules may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Taiwan Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of its receivables, mortgages, royalty, other revenue streams, assets or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an 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.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary. “S&P” means Standard & Poor’s Ratings Services and its affiliates.

“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 New Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or

(c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Subsidiary” means a Restricted Subsidiary, or any group of Restricted Subsidiaries, when taken together and consolidated with its or their Restricted Subsidiaries, that would be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date, if any of the conditions exceeds 5%.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the New Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any unsecured Indebtedness for borrowed money Incurred by the Company or any Restricted Subsidiary from but only so long as such Indebtedness is owed to any Permitted Holder which (i) is expressly made subordinate to the prior payment in full of the New Notes, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the New Notes and (iii) by its terms, does not provide for any cash payment of interest or premium (if any).

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and, in each case of (i) and (ii) which is “controlled” and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the New Notes by any Subsidiary Guarantor.



“Subsidiary Guarantor” means any Initial Subsidiary Guarantor and any other Restricted Subsidiary which guarantees the payment of the New Notes pursuant to the Indenture and the New Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the New Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom, any state of the European Economic Area, shall be rated at least “A” by S& P, Moody’s or Fitch;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S& P or Fitch;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S& P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits, money market deposits with any bank, trust company or financial institution organized under the laws of the PRC, Hong Kong or any other jurisdiction where the Company or any Restricted Subsidiary conducts business; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Company and the Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements) (which shall not include any asset arising from right-of-use asset which would have been classified as “operating lease” before the adoption of GAAP 16); *provided that*:

- (1) only with respect to clause (2)(h) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness”, Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness;
- (2) only with respect to clause (2)(t) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and
- (3) only with respect to any Person becoming a new Non-Guarantor Subsidiary, *pro forma* effect shall at such time be given to the consolidated assets of such new Non-Guarantor Subsidiary (including giving *pro forma* effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a new Non-Guarantor Subsidiary).

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a bank, financial institution, insurance company, trust company, fund management company, asset management company organized under the laws of the PRC, Hong Kong Special Administrative Region, Macau Special Administrative Region or overseas countries or territories or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the New Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of

interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

## TAXATION

The following summary of certain Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of the New Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this exchange offer 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 New 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 New Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

### CAYMAN ISLANDS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the New Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstance, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or premium on the New Notes will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the New Notes, as the case may be, nor will gains derived from the disposal of the New Notes be subject to any capital gains, income or corporation tax in the Cayman Islands. The Cayman Islands currently have no exchange control restrictions and are not party to any double taxation treaties that are applicable to any payments made to or by the Company. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the New Notes unless they are executed in or brought within (for example, for the purposes of enforcement) the jurisdiction of the Cayman Islands, in which case stamp duty of 0.25% of the face amount thereof may be payable on each Note (up to a maximum of 250 Cayman Islands dollars ("CI\$")) unless stamp duty of CI\$500 has been paid in respect of the entire issue of New Notes.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands in the following form:

#### **The Tax Concessions Act (As Revised) Undertaking as to Tax Concessions**

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (aa) on or in respect of the shares, debentures or other obligations of the Company; or

- (bb) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The undertaking for the Company is for a period of twenty years from 19 December 2018.

## **BRITISH VIRGIN ISLANDS**

Payments of interest and principal on the New Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the New Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the New Notes.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Company.

If neither the Company nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the New Notes or on an instrument of transfer in respect of the New Notes.

## **HONG KONG**

*Withholding Tax.* No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the New Notes) or interest in respect of the New Notes.

*Profits Tax.* Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”), as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the New Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the New Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the New Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

*Stamp Duty.* No Hong Kong stamp duty will be chargeable upon the issue or transfer (for so long as the register of holders of the New Notes is maintained outside Hong Kong) of a Note.

## PRC TAXATION

the New following summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as of the date of this exchange offer 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 New 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 New Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the New 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 New 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 will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the New Notes may be treated as income derived from sources within the PRC and may be subject to PRC tax (which in the case of interest may be withheld at source) at the rate of 10% where the holder is an enterprise pursuant to the EIT Law, or at the rate of 20% where the holder is an individual pursuant to PRC individual income tax laws. See “Risk Factors — Risks Relating to the PRC — We may be deemed a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income” and “— Risks Relating to the New Notes — Interest payable by us to our foreign investors and gain on sale of our New 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 New Notes is maintained outside the PRC) of a Note.

## TRANSFER RESTRICTIONS

*Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the New Notes.*

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the U.S. Securities Act. Accordingly, the New Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. As used herein, the term “United States” has the meaning given to it in Regulation S.

By its purchase of the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

1. represented that it is purchasing the New Notes in an offshore transaction in accordance with Regulation S;
2. represented that it is purchasing the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is outside the United States;
3. acknowledged that the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and that the New Notes may not be offered or sold within the United States except pursuant to registration under the U.S. Securities Act, or in transactions exempted from, or not subject to, the registration requirements of the U.S. Securities Act;
4. agreed that it will inform each person to whom it transfers the New Notes of any restrictions on the transfer of such New Notes;
5. represented that it is not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that it is not acting on our behalf, other than a distributor;
6. acknowledged that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the New Notes, other than the information contained in this exchange offer memorandum. You represented that you are relying only on this exchange offer memorandum in making your investment decision with respect to the New Notes. You agreed that you have had access to such financial and other information concerning us and the New Notes as you have deemed necessary in connection with your decision to purchase the New Notes including an opportunity to ask questions of and request information from us;
7. represented that you are purchasing the New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Notes in violation of the U.S. Securities Act;
8. acknowledged that the New Notes will be represented by the Global Note; and
9. acknowledged that each New Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE U.S. SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE PAYING AND TRANSFER AGENT’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT.

You also acknowledge that the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Paying and Transfer Agent, the Registrar, the Initial Purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations or agreements you are deemed to have made by your purchase of the New Notes is no longer accurate, you will promptly notify the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Paying and Transfer Agent, the Registrar, the Trustee and the Initial Purchasers. If you are acquiring any New Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.



## **LEGAL MATTERS**

Certain legal matters with respect to the New Notes will be passed upon for us by Sidley Austin as to matters of United States federal and New York law and Hong Kong law, Jingtian & Gongcheng as to matters of PRC law and Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and as to matters of British Virgin Islands law. Certain legal matters will be passed upon the Initial Purchasers by Linklaters as to matters of United States federal and New York law and JunHe LLP as to matters of PRC law. Certain legal matters will be passed upon the Trustee by Allen & Overy as to matters of New York law.

## **INDEPENDENT ACCOUNTANTS**

The financial information as of and for each of the years ended December 31, 2019, 2020 and 2021 set out in the audited consolidated financial statements as of and for the years ended December 31, 2020 and 2021 included in this exchange offer memorandum have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in their reports appearing herein.

## **GENERAL INFORMATION**

### **CONSENTS**

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands and Hong Kong in connection with the issue and performance of the New Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the New Notes have been authorized by a resolution of our board of directors.

### **LITIGATION**

Except as disclosed in this exchange offer memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the New Notes.

### **NO MATERIAL ADVERSE CHANGE**

There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2021 that is material in the context of the issue of the New Notes.

### **LISTING**

Application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in principle from, admission to the Official List of and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective subsidiaries or associated companies, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$150,000.

For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the global certificate is exchanged for definitive certificates, the Company will appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption. In addition, in the event that the global certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

### **DOCUMENTS AVAILABLE**

For so long as any of the New Notes are outstanding, copies of the Indenture may be obtained upon prior written request and satisfactory proof of holding during normal business hours (being between 9:00 am and 3:00 pm) on any weekday (except public holidays) at the specified offices of the Trustee or electronically via email from the Trustee.

**CLEARING SYSTEMS AND SETTLEMENT**

The New Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the New Notes is set forth below:

	<u>ISIN</u>	<u>Common Code</u>
The New Notes . . . . .	XS2483266115	248326611

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*Notes:*

- (1) The attached independent auditor's report on our consolidated financial statements as of and for the year ended December 31, 2021 have been reproduced from our annual report for the year ended December 31, 2021 and page references are references to pages set forth in such annual report. The audited financial statements have not been specifically prepared for inclusion in this exchange offer memorandum.
- (2) The attached independent auditor's report on our consolidated financial statements as of and for the year ended December 31, 2020 have been reproduced from our annual report for the year ended December 31, 2020 and page references are references to pages set forth in such annual report. The audited financial statements have not been specifically prepared for inclusion in this exchange offer memorandum.

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



**To the Shareholders of Datang Group Holdings Limited**  
(incorporated in the Cayman Islands with limited liability)

### OPINION

#### What we have audited

The consolidated financial statements of Datang Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 127 to 275, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## 羅兵咸永道

致大唐集團控股有限公司股東  
(於開曼群島註冊成立的有限公司)

### 意見

#### 我們已審計的內容

大唐集團控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第127至275頁的綜合財務報表，包括：

- 於2021年12月31日的綜合資產負債表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策及其他解釋資料。

#### 我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於2021年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

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## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

#### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

#### 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.

Key audit matter identified in our audit is summarised as follows:

- Assessment of net realisable value of properties under development and completed properties held for sale

#### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

#### 獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

#### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 評估開發中物業及持作出售的已竣工物業的可變現淨值



## Key Audit Matter

### Assessment of net realisable value of properties under development and completed properties held for sale

Refer to note 4 “Critical accounting estimates and judgements”, note 21 “Properties under development” and note 22 “Completed properties held for sale” to the consolidated financial statements.

The properties under development (“PUD”) and completed properties held for sale (“PHS”) of the Group amounted to approximately RMB28,332 million and approximately RMB3,022 million respectively as at 31 December 2021, which in total accounted for approximately 51% of the Group’s total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value (“NRV”). Write-downs of PUD and PHS to NRV during the year ended 31 December 2021 amounted to approximately RMB290 million.

Management assessed the NRV based on existing selling and development plans, and a forecast of future selling price with reference to the current market price of properties of comparable type, size and location. The determination of NRV involved critical accounting estimates on the selling prices, selling expenses necessary to make the sale and, for PUD, the estimated costs of completion.

We focused on auditing the assessment of NRV because the total balance of PUD and PHS is significant and the estimation of NRV is subject to a high degree of estimation uncertainty. Therefore, the assessment of NRV of PUD and PHS is considered a key audit matter.

## 關鍵審核事項

### 評估開發中物業及持作出售的已竣工物業的可變現淨值

請參閱綜合財務報表附註4「重大會計估計及判斷」、附註21「開發中物業」以及附註22「持作出售的已竣工物業」。

於2021年12月31日，貴集團開發中物業及持作出售的已竣工物業的金額分別約為人民幣28,332百萬元及人民幣3,022百萬元，合共佔貴集團總資產約51%。開發中物業及持作出售的已竣工物業的賬面價值以成本及可變現淨值中的較低者計量。截至2021年12月31日止年度，將開發中物業及持作出售的已竣工物業撇減至可變現淨值的金額約為人民幣290百萬元。

管理層根據現有銷售及發展計劃以及參考相若類型、規模及位置的物業現有市場價格對未來銷售價格的預測，評估可變現淨值。釐定可變現淨值涉及對銷售價格、實現銷售所需的銷售費用，以及開發中物業的預計竣工成本作出的重大會計估計。

由於開發中物業及持作出售的已竣工物業的總結餘重大，且可變現淨值的估計存在高程度的估計不確定性，故我們側重審核可變現淨值的評估。因此，評估開發中物業及持作出售的已竣工物業的可變現淨值被認為是一項關鍵審計事項。





## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

#### How our audit addressed the key audit matter

For assessment of NRV, we assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, and performed audit procedures as follows:

- (i) Understood, evaluated and validated, on a sample basis, the relevant internal control procedures over the Group's process in determining the NRV;
- (ii) Compared the actual selling prices of the relevant PUD and PHS, on a sample basis, against the estimated selling prices used in the management's NRV assessment made in the prior year to reconsider, with hindsight, the reliability of management's historical NRV assessment;
- (iii) Tested management's key accounting estimates, on a sample basis, for:
  - Selling prices – we compared the estimated selling price to recent transactions by making reference to the Group's selling price of pre-sold units or the prevailing market price of comparable properties with comparable type, size and location.
  - Selling expenses – we compared the estimated selling expenses to selling price percentage with the actual average selling expenses to revenue ratio of the Group in recent years.
  - Estimated costs of completion for PUD – we reconciled the estimated costs of completion to the budget and examined the related construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.

We found the key accounting estimates used in the assessment of NRV of PUD and PHS were supportable by available evidence.

#### 我們審核時如何處理關鍵審核事項

就可變現淨值評估而言，經考慮估計不確定性的程度及其他固有風險因素水平，我們評估重大錯誤陳述的固有風險，並執行以下審計程序：

- (i) 了解、評估及採用抽樣的方式驗證貴集團釐定可變現淨值的流程的相關內部控制程序；
- (ii) 採用抽樣的方式，將相關開發中物業及持作出售的已竣工物業的實際售價與管理層於上一年度作出的可變現淨值評估中使用的估計銷售價格進行比較，以重新考慮管理層過往可變現淨值評估的可靠性；及
- (iii) 採用抽樣的方式，測試管理層的關鍵估計，用於：
  - 銷售價格 — 我們將估計銷售價格與近期交易進行比較，並參考貴集團預售單位的售價，或相若類型、規模及位置的可比物業的現行市場價格。
  - 銷售費用 — 我們將估計的銷售費用佔銷售價格的比率與貴集團近年來的實際平均銷售費用佔收入的比率進行比較。
  - 開發中物業的估計竣工成本 — 我們將估計竣工成本與預算進行比對，並檢查相關建築合同，或將預計竣工成本與貴集團同類型已竣工物業的實際成本進行比較。

我們認為管理層評估開發中物業及持作出售的已竣工物業可變現淨值採用的關鍵會計估計可以通過可獲得的證據佐證。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### 其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，並在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。我們在這方面沒有任何報告。

### 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。



## 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. We report our opinion 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.

### 核數師就審計財務報表所承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



- 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.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構及內容，包括披露，以及綜合財務報表是否中肯反映交易及事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

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.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係及其他事項，以及在適用的情況下，用以消除對獨立性產生威脅的行動或採取的防範措施。



## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

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 Cheung Siu Cheong.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 March 2022

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是張肇昌。

**羅兵咸永道會計師事務所**  
執業會計師

香港，2022年3月30日

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

		Year ended 31 December 截至12月31日止年度		
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	
	Note 附註			
<b>Revenue</b>	收入	6	11,254,171	10,588,379
Cost of sales	銷售成本	7	(8,554,974)	(7,892,454)
<b>Gross profit</b>	毛利		2,699,197	2,695,925
Selling and marketing costs	銷售及營銷開支	7	(528,925)	(482,694)
Administrative expenses	行政開支	7	(705,654)	(522,226)
Net impairment (losses)/reversal of impairment on financial and contract assets	金融及合約資產減值(虧損)/減值撥回淨額	3.1.2	(63,160)	7,918
Other income	其他收入	9	39,674	42,257
Other expenses	其他開支	10	(13,750)	(11,763)
Other gains – net	其他收益 – 淨額	11	192,973	51,543
<b>Operating profit</b>	經營溢利		1,620,355	1,780,960
Finance income	融資收入	12	33,470	28,799
Finance costs	融資成本	12	(81,586)	(48,374)
Finance costs – net	融資成本 – 淨額		(48,116)	(19,575)
Share of results of joint ventures and associates	分佔合營企業及聯營公司業績	20	136,203	(45,730)
<b>Profit before income tax</b>	所得稅前溢利		1,708,442	1,715,655
Income tax expenses	所得稅開支	13	(682,668)	(765,706)
<b>Profit and total comprehensive income for the year</b>	年內溢利及全面收益總額		1,025,774	949,949
<b>Profit and total comprehensive income attributable to:</b>	以下人士應佔溢利及全面收益：			
– Owners of the Company	– 本公司擁有人		726,438	715,372
– Non-controlling interests	– 非控股權益		299,336	234,577
			1,025,774	949,949
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>	本公司擁有人應佔溢利的每股盈利(以每股人民幣元列示)			
Basic	基本	14	0.53	0.70
Diluted	攤薄	14	0.50	0.65

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes. 上述綜合全面收益表應與隨附附註一併閱讀。

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
	Note 附註		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	727,041	741,255
Investment properties	16	1,399,540	1,566,730
Intangible assets	17	10,808	15,310
Right-of-use assets	18	148,369	169,640
Investments accounted for using the equity method	20	5,664,959	4,768,998
Properties under development	21	–	14,140
Financial assets at fair value through profit or loss		–	217,841
Deferred income tax assets	33	776,644	804,192
		<b>8,727,361</b>	8,298,106
<b>Current assets</b>			
Inventories		21,437	1,214
Properties under development	21	28,332,047	23,429,576
Completed properties held for sale	22	3,021,622	2,134,716
Contract assets and contract acquisition costs	23	851,607	438,332
Trade and other receivables	25	14,106,901	6,721,652
Prepaid income taxes	26	528,104	571,369
Cash and bank deposits	27	5,509,422	5,660,333
		<b>52,371,140</b>	38,957,192
<b>Total assets</b>		<b>61,098,501</b>	47,255,298
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	28	89,164	87,216
Share premium	28	1,645,296	1,677,903
Other reserves	29	1,364,134	1,147,588
Retained earnings		2,524,168	1,987,465
		<b>5,622,762</b>	4,900,172
<b>Non-controlling interests</b>	37	4,582,225	3,021,806
<b>Total equity</b>		<b>10,204,987</b>	7,921,978

CONSOLIDATED BALANCE SHEET  
綜合資產負債表



		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
	Note 附註		
<b>Liabilities</b>	<b>負債</b>		
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Borrowings	借款	31	6,962,536
Lease liabilities	租賃負債	32	120,824
Deferred income tax liabilities	遞延所得稅負債	33	1,300,365
			8,383,725
			8,998,643
<b>Current liabilities</b>	<b>流動負債</b>		
Trade and other payables	貿易及其他應付款項	30	18,884,058
Contract liabilities	合約負債	24	18,421,640
Borrowings	借款	31	3,817,631
Lease liabilities	租賃負債	32	12,207
Current income tax liabilities	即期所得稅負債		1,374,253
			42,509,789
			30,334,677
<b>Total liabilities</b>	<b>負債總額</b>		50,893,514
			39,333,320
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		61,098,501
			47,255,298

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述綜合資產負債表應與隨附附註一併閱讀。

The financial statements on pages 127 to 275 were approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

第127至275頁的財務報表於2022年3月30日獲董事會批准簽署。

**Mr. Wu Di**  
吳迪先生  
Director  
董事

**Mr. Hao Shengchun**  
郝勝春先生  
Director  
董事





# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

		Attributable to owners of the Company 本公司擁有人應佔					Non-controlling interests	Total equity
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total		
	附註	RMB'000 人民幣千元 (Note 28) (附註28)	RMB'000 人民幣千元 (Note 28) (附註28)	RMB'000 人民幣千元 (Note 29) (附註29)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
<b>Balance at 1 January 2020</b>	於2020年1月1日之結餘	70	508,442	758,445	1,610,225	2,877,182	207,111	3,084,293
<b>Comprehensive income</b>	全面收入							
Profit for the year	年內溢利	-	-	-	715,372	715,372	234,577	949,949
<b>Transactions with owners</b>	與擁有人的交易							
Share issued in Public Offering	公開發售已發行股份	28(a)	21,806	1,277,753	-	1,299,559	-	1,299,559
Capitalisation Issue	資本化發行	28(b)	65,340	(65,340)	-	-	-	-
Share issuance costs for Public Offering	公開發售之股份發行成本		-	(42,952)	-	(42,952)	-	(42,952)
Contributions from a fellow subsidiary	同系附屬公司注資		-	22,606	-	22,606	-	22,606
Employee share schemes – value of employee services	僱員股份計劃—僱員服務價值		-	-	28,405	-	-	28,405
Capital injections from non-controlling interests	非控股權益注資		-	-	-	-	2,506,618	2,506,618
Disposals of interests in subsidiaries without loss of control	出售附屬公司權益而並無失去控制權		-	-	-	-	73,500	73,500
Appropriation of statutory reserves	撥充法定儲備	29(a)	-	-	338,132	(338,132)	-	-
		87,146	1,169,461	389,143	(338,132)	1,307,618	2,580,118	3,887,736
<b>Balance at 31 December 2020</b>	於2020年12月31日之結餘	87,216	1,677,903	1,147,588	1,987,465	4,900,172	3,021,806	7,921,978
<b>Balance at 1 January 2021</b>	於2021年1月1日之結餘	87,216	1,677,903	1,147,588	1,987,465	4,900,172	3,021,806	7,921,978
<b>Comprehensive income</b>	全面收入							
Profit for the year	年內溢利	-	-	-	726,438	726,438	299,336	1,025,774
<b>Transactions with owners</b>	與擁有人的交易							
Issuance of ordinary shares	發行普通股	28(c)	1,948	117,383	-	119,331	-	119,331
Capital injection from non-controlling interests	非控股權益注資		-	-	-	-	665,270	665,270
Acquisition of subsidiaries	收購附屬公司	38(a)	-	-	-	-	1,071,506	1,071,506
Acquisition of interests in subsidiaries from non-controlling interests	自非控股權益收購附屬公司權益	37(a)	-	-	(3,745)	-	(146,295)	(150,040)
Disposals of subsidiaries	出售附屬公司	38(b)	-	-	-	-	(329,398)	(329,398)
Dividends	股息	40	-	(149,990)	-	(149,990)	-	(149,990)
Appropriation of statutory reserves	撥充法定儲備	29(a)	-	-	189,735	(189,735)	-	-
Employee share schemes—value of employee services	僱員股份計劃—僱員服務價值	8	-	-	30,556	-	-	30,556
		1,948	(32,607)	216,546	(189,735)	(3,848)	1,261,083	1,257,235
<b>Balance at 31 December 2021</b>	於2021年12月31日之結餘	89,164	1,645,296	1,364,134	2,524,168	5,622,762	4,582,225	10,204,987

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. 上述綜合權益變動表應與隨附附註一併閱讀。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

		Year ended 31 December		
		截至12月31日止年度		
		2021	2020	
		2021年	2020年	
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
	Note			
	附註			
<b>Cash flows from operating activities</b>	<b>經營活動現金流量</b>			
Cash generated/(used in) from operations	經營所得/(所用)現金	34(a)	3,000,769	(1,241,943)
Income tax paid	已付所得稅		(593,396)	(370,180)
Interest paid	已付利息		(1,475,547)	(886,451)
<b>Net cash generated/(used in) from operations</b>	<b>經營活動所得/(所用)現金淨額</b>		<b>931,826</b>	(2,498,574)
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>			
Purchases of property, plant and equipment	購置物業、廠房及設備		(85,957)	(84,286)
Purchases of intangible assets	購置無形資產		(829)	(4,523)
Payments for construction of investment properties	投資物業建築款項	16	(627)	(2,465)
Proceeds from disposals of property, plant and equipment and investment properties	出售物業、廠房及設備以及投資物業所得款項	34(d)	163,771	35,585
Investments in joint ventures	於合營企業的投資		(329,797)	(1,380,430)
Investments in associates	於聯營公司的投資		(875,884)	(1,585,495)
Advances to joint ventures and associates	向合營企業及聯營公司墊款		(7,484,835)	(3,836,654)
Repayments from joint ventures and associates	來自合營企業及聯營公司的還款		5,629,806	5,649,048
Proceeds from disposal of subsidiaries, net of cash and cash equivalent disposed of	出售附屬公司所得款項 (扣除出售現金及現金等價物)	38(b)	135,613	159,180
Proceeds from disposal of associates	出售聯營公司所得款項		361,432	-
Proceeds from de-registration of associates	註銷聯營公司所得款項		-	9,486
Decrease in term deposits with original maturities over three months	原到期日為三個月以上的定期存款的減少		567	2,183
Payments for financial assets at fair value through profit or loss	按公允值計入損益的金融資產的付款		-	(110,741)
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公允值計入損益的金融資產所得款項		185,973	110,741
Interest received	已收利息		33,470	28,799
Net cash acquired from acquisition of subsidiaries	收購附屬公司所得現金淨額	38(a)	835,588	-
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>		<b>(1,431,709)</b>	(1,009,572)

## CONSOLIDATED STATEMENT OF CASH FLOWS

### 綜合現金流量表

		Year ended 31 December	
		截至12月31日止年度	
	Note	2021	2020
	附註	2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>		
Issue of shares	股份發行	28	119,331
Dividends paid	已付股息	40	(149,990)
Proceeds from borrowings	借款所得款項		7,883,310
Repayments of borrowings	償還借款		(8,157,396)
Advances from non-controlling interests and entities controlled by the Ultimate Controlling Shareholder	來自非控股權益及由最終控股股東控制的實體的墊款		4,703,682
Repayments to non-controlling interests and entities controlled by the Ultimate Controlling Shareholder	向非控股權益及由最終控股股東控制的實體的還款		(3,587,010)
Share issuance costs	股份發行成本		-
Decrease/(increase) in restricted cash other than guarantee deposits for construction of pre-sale properties	受限制現金（建設預售物業的擔保按金除外）減少／（增加）		213,119
Contribution from a fellow subsidiary	同系附屬公司注資		-
Capital injections from non-controlling interests	非控股權益注資		447,725
Payments for acquisition of interests in subsidiaries from non-controlling interest	自非控股股東收購附屬公司權益之付款	37(a)	(103,000)
Principal elements of lease payments	租賃付款的本金部分		(21,184)
Proceeds from disposal of subsidiaries without loss of control	出售附屬公司而並無失去控制權所得款項		-
			73,500
<b>Net cash generated from financing activities</b>	<b>融資活動所得現金淨額</b>		<b>1,348,587</b>
			4,756,349
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>		<b>848,704</b>
Cash and cash equivalents at beginning of year	年初現金及現金等價物		3,462,789
Effect of exchange rate changes on cash and cash equivalents	現金及現金等價物匯率變動影響		(1,065)
			425
<b>Cash and cash equivalents at end of year</b>	<b>年末現金及現金等價物</b>	27	<b>4,310,428</b>
			3,462,789

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. 上述綜合現金流量表應與隨附附註一併閱讀。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註



### 1 GENERAL INFORMATION

Datang Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 14 December 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 consolidated and revised). The address of the Company’s registered office and the principal place of business are respectively located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Block 1, Hongqiao Jiahui, Lane 928, Shenhong Road, Minhang District, Shanghai, China.

The Company is engaged in investment holding. The Company and its subsidiaries (collectively the “Group”) are primarily engaged in property development business in the People’s Republic of China (the “PRC”). The ultimate holding company of the Company is Good First Holding Limited (“Good First”) which is incorporated in the British Virgin Islands (“BVI”) and controlled by Ms. Wong Hei, the ultimate controlling shareholder (the “Ultimate Controlling Shareholder”).

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”) since 11 December 2020.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2022.

The outbreak of the coronavirus disease 2019 (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including the revenue from property development and sales, fair value of investment properties, allowance for expected credit losses on trade and other receivables and so on. Due to the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 outbreak and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial statements are authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

### 1 一般資料

大唐集團控股有限公司(「本公司」)根據1961年第3號法例(經綜合及修訂)第22章《公司法》於2018年12月14日在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址及主要營業地分別位於Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands及中國上海市閔行區申虹路928弄虹橋嘉匯1號樓。

本公司從事投資控股，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國(「中國」)從事物業開發業務。本公司之最終控股公司為Good First Holding Limited (「Good First」)，該公司於英屬處女群島(「英屬處女群島」)註冊成立並由最終控股股東(「最終控股股東」)黃晞女士所控制。

本公司股份自2020年12月11日起在香港聯合交易所有限公司(「香港聯交所」)上市。

除另有說明外，綜合財務報表以人民幣(「人民幣」)呈列。該等綜合財務報表於2022年3月30日獲董事會批准刊發。

2019新冠病毒疾病(「COVID-19」)的爆發帶來前所未有的挑戰，增加了經濟的不確定性。COVID-19或會影響本集團的財務表現及狀況，包括物業開發及銷售收入、投資物業公允值、貿易及其他應收款項預期信貸虧損撥備等。由於COVID-19的爆發，本集團持續關注COVID-19疫情的情況，並積極應對其對本集團財務狀況及經營業績的影響。於綜合財務報表獲授權刊發日期，COVID-19並無對本集團的財務狀況及經營業績造成任何重大不利影響。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2 主要會計政策概要

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### (a) *Compliance with Hong Kong Financial Reporting Standards ("HKFRS") and the Hong Kong Companies Ordinance*

The consolidated financial statements of the Group have been prepared in accordance with HKFRS and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and financial assets at fair value through profit or loss ("FVTPL"), which are carried at fair value.

#### (c) *Going concern basis*

Due to the volatility of the property market in the PRC and the unfavourable impact on the presale performance during the year and subsequent to the balance sheet date, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 31 December 2021. Management has taken into consideration a number of plan and measures, including but not limited to the followings:

本附註提供一系列於編製該等綜合財務報表時採納的主要會計政策。除非另有說明，該等政策已貫徹應用於所有呈列年度。本集團財務報表包括本公司及其附屬公司。

### 2.1 編製基準

#### (a) *符合香港財務報告準則(「香港財務報告準則」)及香港公司條例*

本集團綜合財務報表乃根據香港財務報告準則及香港公司條例第622章的披露規定編製。

#### (b) *歷史成本法*

綜合財務報表乃按歷史成本法編製，惟投資物業及按公允值計入損益(「按公允值計入損益」)的金融資產按公允值列賬除外。

#### (c) *持續經營基準*

由於中國房地產市場的動蕩對年內和資產負債表日後預售業績的不利影響，於評估本集團是否有充足的財務資源繼續在2021年12月31日起至少12個月內持續經營時，本公司董事已審慎考慮本集團的未來流動資金及表現及可獲得的融資來源。管理層已考慮多項計劃及和措施，包括但不限於以下各項：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

2.1 Basis of preparation (Continued)

(c) *Going concern basis (Continued)*

- i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds and other receivables;
- ii) The Group is actively seeking for new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- iii) The Group does not have any significant capital commitments as at 31 December 2021 (note 36). The Group will not commit on significant capital expenditures and land acquisitions before securing the necessary funding;
- iv) The Group may dispose of certain buildings and investment properties to further enhance its liquidity position;
- v) The Group will continue to take active measures to control selling and marketing costs and administrative expenses.

2.1 編製基準(續)

(c) *持續經營基準(續)*

- i) 本集團將繼續採取措施加快預售及銷售其發展中物業及已完成物業，並加快收回銷售所得款項及其他應收款項；
- ii) 本集團正在按本集團可接受的成本積極尋求新的債務融資及銀行借款，為結算現有財務責任及未來營運和資本支出提供資金；
- iii) 於2021年12月31日，本集團並無任何重大資本承諾(附註36)。取得必要資金之前，本集團不會承擔重大資本支出及土地收購；
- iv) 本集團將出售部分樓宇及投資物業以進一步改善其流動資金狀況；
- v) 本集團將繼續採取積極措施控制銷售及營銷成本和行政成本。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.1 Basis of preparation (Continued)

#### (c) *Going concern basis (Continued)*

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of twelve months from 31 December 2021. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance, the Group's existing and future plan of land acquisitions, the continued availability of the Group's bank other borrowings as well as the Group's ability to raise new financing under the prevailing rules regulations, and the anticipated proceeds from the disposal of certain buildings and investment properties, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 31 December 2021. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

#### (d) *New and amended standards adopted by the Group*

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affected the current or future periods.

### 2.1 編製基準(續)

#### (c) *持續經營基準(續)*

本公司董事已審閱本集團現金流量預測，現金流量預測涵蓋期間為由2021年12月31日起計12個月。本公司董事認為，經考慮本集團經營所產生的預測現金流、經營業績的可能變動、本集團現有及未來土地收購計劃、本集團持續取得銀行及其他借款的可能性、本集團根據現有規則及法規籌集新融資的能力以及出售若干建築物及投資物業的預期收益後，本集團將有充足營運資金撥付其在2021年12月31日起計12個月內到期的財務責任。因此，該等綜合財務報表乃以持續基準編製。

#### (d) *本集團採納的新訂及經修訂標準*

本集團於2021年1月1日開始的年度報告期間首次應用以下修訂：

- 利率基準改革－第二階段－香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號(修訂本)

上文所列的修訂本對過往期間確認的金額並無任何影響，且預期不會對當前或未來期間造成重大影響。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.1 Basis of preparation (Continued)

#### (e) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group.

### 2.1 編製基準(續)

#### (e) *尚未採納的新準則及詮釋*

已頒布的若干新訂會計準則、現有準則修訂本及詮釋於2021年12月31日報告期間尚未強制生效且並無獲本集團提早採用。

		Effective for annual periods beginning on or after 於下列日期或之後開始的 年度期間生效
Amendment to HKFRS 16 香港財務報告準則第16號(修訂本)	Covid-19 related rent concessions beyond 30 June 2021 2021年6月30日之後Covid-19相關租金寬減	1 April 2021 2021年4月1日
Amendment to HKFRS 3 香港財務報告準則第3號(修訂本)	Reference to the conceptual framework 概念框架引用	1 January 2022 2022年1月1日
Amendments to HKAS 16 香港會計準則第16號(修訂本)	Proceeds before intended use 擬定用途前之所得款項	1 January 2022 2022年1月1日
Amendments to HKAS 37 香港會計準則第37號(修訂本)	Cost of fulfilling a contract 履行合約之成本	1 January 2022 2022年1月1日
Annual improvement project 年度改進項目	Annual improvements 2018-2020 Cycle 2018年至2020年週期之年度改進	1 January 2022 2022年1月1日
Accounting Guideline 5 (Revised) 會計指引第5號(經修訂)	Merger accounting for common control combinations 共同控制下業務合併的合併會計處理	1 January 2022 2022年1月1日
HK Interpretation 5 香港—詮釋公告5	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause 財務報表列報—借款人對具按還條款之有期貨款 的分類	1 January 2023 2023年1月1日
HKFRS 17 香港財務報告準則第17號	Insurance contracts 保險合約	1 January 2023 2023年1月1日
Amendments to HKAS 1 香港會計準則第1號(修訂本)	Classification of liabilities as current or non-current 流動或非流動負債分類	1 January 2023 2023年1月1日
Amendments to HKAS 1 and HKFRS Practice Statement 2 香港會計準則第1號(修訂本)及香港財務報告 準則實務聲明第2號	Disclosure of accounting policies 會計政策的披露	1 January 2023 2023年1月1日
Amendments to HKAS 2 香港會計準則第2號(修訂本)	Disclosure of accounting policies 會計政策的披露	1 January 2023 2023年1月1日
Amendments to HKAS 8 香港會計準則第8號(修訂本)	Definition of accounting estimates 會計估計的定義	1 January 2023 2023年1月1日
Amendments to HKAS 12 香港會計準則第12號(修訂本)	Deferred tax related to assets and liabilities arising from a single transaction 與單一交易產生的資產及負債相關的遞延稅項	1 January 2023 2023年1月1日
HKFRS 10 and HKAS 28 (Amendments) 香港會計準則第10號及香港會計準則第28號(修訂本)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) 投資者與其聯營公司或合資企業之間的資產出售或出資 (修訂本)	To be determined 待定



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### (e) *New standards and interpretations not yet adopted (Continued)*

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

### 2.2 Principles of consolidation and equity accounting

#### 2.2.1 *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 2.3).

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated.

## 2 主要會計政策概要(續)

### 2.1 編製基準(續)

#### (e) *尚未採納的新準則及詮釋(續)*

本集團已評估該等新準則或經修改準則、註釋及修訂之影響，而其中部分與本集團的運營有關。根據本公司董事作出的初步評估，預計該等新準則或經修改準則、註釋及修訂生效時不會對本集團的財務表現及狀況產生重大影響。

### 2.2 合併及權益會計準則

#### 2.2.1 *附屬公司*

附屬公司指本集團擁有控制權之所有實體(包括結構性實體)。倘本集團就其參與實體所得可變回報承擔風險或擁有權利並能透過其指導有關實體活動的權力影響上述回報，則本集團對有關實體擁有控制權。附屬公司自控制權轉移至本集團之日起全面綜合入賬，自控制權終止之日起停止綜合入賬。

本集團採用收購會計法將業務合併入賬(見附註2.3)。

集團內公司間交易、結餘及集團公司間交易的未變現收益均予撇銷。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.1 Subsidiaries (Continued)

Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

#### 2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 2.2.4 below), after initially being recognised at cost.

#### 2.2.3 Joint arrangements

Under HKFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures only and the Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

## 2 主要會計政策概要(續)

### 2.2 合併及權益會計準則(續)

#### 2.2.1 附屬公司(續)

未變現虧損亦予撇銷，除非交易提供所轉撥資產的減值證據。附屬公司的會計政策已在必要時作出改變，以符合本集團已採納的會計政策。

於附屬公司業績及權益的非控股權益會在綜合全面收益表、綜合權益變動表及綜合資產負債表分別獨立入賬。

#### 2.2.2 聯營公司

聯營公司指本集團對其有重大影響力而無控制權或共同控制權的實體，本集團通常持有20%至50%投票權。於聯營公司之投資於初步按成本確認後，使用權益會計法入賬(見下文附註2.2.4)。

#### 2.2.3 合營安排

根據香港財務報告準則第11號「合營安排」，於合營安排的投資分類為共同經營或合營，視各投資者的合約權利與責任釐定，而非基於合營安排的法定結構。本集團僅有合營企業且本集團已評估其合營安排的性質，釐定屬合營。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.3 Joint arrangements (Continued)

Interests in joint ventures are accounted for using the equity method (see Note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of a joint ventures' in profit or loss.

## 2 主要會計政策概要(續)

### 2.2 合併及權益會計準則(續)

#### 2.2.3 合營安排(續)

於初始以成本於綜合資產負債表確認後，於合營企業的投資採用權益法(見下文附註2.2.4)入賬。

根據權益會計法，合營企業權益初步以成本確認，其後經調整以確認本集團分佔收購後溢利或虧損以及其他全面收入變動。本集團於合營企業的投資包括收購時已確認的商譽。自合營企業已收或應收的股息確認為投資賬面值的減項。收購合營企業的所有者權益時，合營企業成本與本集團分佔合營企業可識別資產及負債的公允值淨值的差額入賬列為商譽。當本集團應佔一間合營企業的虧損相等或超過於在該合營企業的權益(包括任何其他無抵押的應收款項)，則本集團不確認進一步虧損，除非本集團已產生義務或已代合營企業付款。

本集團於每個報告日期釐定有否客觀證據顯示於合營企業的投資已減值。如有，本集團會計算減值金額，即合營企業的可收回金額與其賬面值之差額，並於損益確認為「應佔合營企業業績」的分項。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.3 Joint arrangements (Continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## 2 主要會計政策概要(續)

### 2.2 合併及權益會計準則(續)

#### 2.2.3 合營安排(續)

本集團與其合營企業之間的未變現交易收益按本集團於該等合營企業的權益予以撇銷。未變現虧損亦予以撇銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已作出必要的改變以符合本集團已採納的政策。

#### 2.2.4 權益會計法

根據權益會計法，投資初始以成本確認，其後會調整，於損益確認本集團應佔被投資者收購後的溢利或虧損以及於其他全面收入確認本集團應佔被投資者的其他全面收入變動。自聯營公司的已收或應收股息確認為投資賬面值減項。

倘本集團應佔以權益入賬投資的虧損等於或超過其於該實體的權益(包括任何其他無抵押長期應收款項)，則本集團不會確認進一步虧損，除非已代表另一實體承擔責任或作出付款。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.4 Equity method (Continued)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

#### 2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

## 2 主要會計政策概要(續)

### 2.2 合併及權益會計準則(續)

#### 2.2.4 權益會計法(續)

本集團與其聯營企業及合營企業之間的未變現交易收益按本集團於該等實體的權益予以撇銷。未變現虧損亦予以撇銷，除非交易提供證據證明所轉讓的資產出現減值。以權益入賬之被投資者的會計政策已作出必要的改變以符合本集團已採納的政策。

權益入賬投資的賬面金額根據附註2.10所述政策進行減值測試。

#### 2.2.5 所有權權益變動

本集團將不導致失去控制權之非控股權益交易視作與本集團權益擁有人的交易。所有權權益變動導致須對控股與非控股權益之賬面值作出調整，以反映彼等各自於附屬公司之相關權益。非控股權益調整數額與任何已付或已收代價之間之任何差額於本公司擁有人應佔權益中的獨立儲備內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 主要會計政策概要(續)

2.2 Principles of consolidation and equity accounting (Continued)

2.2 合併及權益會計準則(續)

2.2.5 Changes in ownership interests (Continued)

2.2.5 所有權權益變動(續)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

倘本集團因喪失控制權、共同控制權或重大影響力而停止對一筆投資綜合入賬或使用權益會計法，於實體的任何保留權益按公允值重新計量，有關賬面值變動在損益確認。就其後入賬列作聯營公司、合營企業或金融資產的保留權益，其公允值為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額，按猶如本集團已直接出售有關資產或負債的方式入賬。此可能意味先前在其他全面收益確認的金額重新分類至損益或根據適用香港財務報告準則所訂明／准許者，轉撥至另一權益類別。

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

如本集團於合營企業或聯營公司之所有權減少，而並無導致本集團失去共同控制權或重大影響力，只有以前於其他全面收益確認之相應份額乃重新分類至損益(如適用)。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

## 2 主要會計政策概要(續)

### 2.3 業務合併

本集團採用收購會計法將所有業務合併入賬，不論是否已收購權益工具或其他資產。收購附屬公司轉讓的代價包括：

- 所轉讓資產的公允值
- 欠被收購業務前擁有人的負債
- 本集團所發行股權的公允值
- 因或然代價安排而產生的任何資產及負債的公允值；及
- 於附屬公司的任何先前存在股權的公允值

除少數例外情況外，於業務合併中所收購的可識別資產及所承擔的負債及或然負債初步按收購日期的公允值計量。本集團根據逐項收購基準按公允值或非控股權益應佔被收購實體可識別淨資產的比例確認所持被收購實體的任何非控股權益。

收購相關成本於產生時支銷。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

#### 2.3 Business combinations (Continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Concentration test as prescribed by IFRS 3 "Business Combination" has been applied by the Group to consider whether the set of activities and assets of subsidiaries acquired are individually businesses. If the fair value of total net assets acquired substantially equals to the fair value of an identifiable asset acquired, the transaction would be accounted for as asset acquisition instead of business acquisition. The consideration is then directly allocated to the individual identifiable assets acquired and liabilities assumed.

#### 2.3 業務合併(續)

超出：

- 所轉讓代價，
- 被收購實體非控股權益金額，及
- 原先所持被收購實體股本權益於收購日期的公允值超出所收購可識別淨資產的公允值的差額列賬為商譽。倘有關金額低於所收購業務可識別淨資產的公允值，差額直接於損益確認為議價購買收益。

倘任何部分的現金代價延後結算，日後應付金額會貼現至換算日期的現值。貼現率為實體的增量借款利率，即可自獨立融資方按相若條款及條件取得類似借貸的利率。或然代價分類為權益或金融負債。分類為金融負債的金額其後按公允值重新計量，而公允值的變動會於損益確認。

倘業務合併分階段進行，收購方原先所持被收購方股本權益的收購日期賬面值按收購日期的公允值重新計量。該重新計量產生的任何收益或虧損於損益確認。

本集團已採用國際財務報告準則第3號「業務合併」所述的集中性測試，以考慮所收購的附屬公司的一組業務及資產是否為獨立業務。倘所收購的總資產淨值之公平值大致等於所收購的可識別資產之公平值，則交易將入賬列作一項資產收購而非業務收購。代價則直接分配至所收購的單項可識別資產及所承擔的負債。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The CODM regards that there is only one segment, that is property development business, which is used to make strategic decisions.

### 2.4 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。本公司將附屬公司業績按已收及應收股息入賬。

當收到於附屬公司投資的股息時，而股息超過附屬公司在宣派股息期間的全面收入總額，或在獨立財務報表的投資賬面值超過被投資方資產淨值(包括商譽)在綜合財務報表的賬面值時，則須對附屬公司投資進行減值測試。

### 2.5 分部呈報

經營分部按照與向主要經營決策者提供之內部報告一致的方式呈報。負責分配資源及評估經營分部表現的主要經營決策者(「主要經營決策者」)，已被確認為作出策略性決策的董事會。主要經營決策者認為僅有一個分部可用於作出戰略決策，即物業開發業務。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

#### 2.6 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the Company is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains-net.

#### 2.6 外幣換算

##### (a) 功能及呈列貨幣

本集團各實體的財務報表所列項目均以該實體經營所處的主要經濟環境的貨幣(「功能貨幣」)計量。

本公司的功能貨幣為人民幣。本公司的主要附屬公司於中國註冊成立，以人民幣為功能貨幣。由於本集團的主要業務均位於中國境內，因此本集團決定其綜合財務報表以人民幣呈列。

##### (b) 交易及結餘

外幣交易按交易日期的匯率換算為功能貨幣。因結算該等交易及按年終匯率換算以外幣計值的貨幣資產及負債所產生的匯兌收益及虧損一般於損益確認。倘與合資格現金流對沖及合資格淨投資對沖或歸屬於在海外業務淨投資的一部分，則於權益遞延。

與借款有關的匯兌收益和虧損在綜合收益表內的「財務成本」中呈列。所有其他匯兌收益和虧損在損益表內的「其他虧損－淨額」中呈列。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.6 Foreign currency translation (Continued)

#### (c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy that have a functional currency different from the presentation currency) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 2.6 外幣換算(續)

#### (c) 集團公司

功能貨幣非呈列貨幣之海外業務(概無高度通貨膨脹經濟之貨幣)的業績及財務狀況已按如下方式換算為呈列貨幣：

- 各資產負債表的資產及負債已按資產負債表結算日的收市匯率換算；
- 各全面收入表的收入與開支已按平均匯率換算(除非各相關交易日期的匯率累計影響無合理近似值，在該情況下則按交易日期的匯率換算)；及
- 所有換算差額於其他全面收入確認。

合併入賬時，任何海外實體投資淨額以及借款及指定作為該等投資對沖的其他金融工具換算所產生的匯兌差額於其他全面收入確認。倘海外業務出售或屬投資淨額一部分的任何借款已償還，相關匯兌差額會重新分類至損益，計入出售收益或虧損。

收購海外業務產生的商譽及公允值調整視作海外業務的資產及負債，按收市匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

— Buildings	20-40 years
— Building improvements	3-7 years
— Transportation equipment	5 years
— Office equipment and machinery	3-5 years

### 2.7 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購項目的直接應佔開支。

後續成本僅在與該項目相關的未來經濟利益很可能歸於本集團，且能可靠計量該項目成本的情況下，方計入有關資產的賬面值或確認為單獨資產(倘適合)。被取代部分的賬面值予以終止確認。所有其他維修及維護成本於其產生的財務期間自損益扣除。

折舊乃於估計可使用年期內按直線法將其成本或重估金額(扣除剩餘價值)分攤計算如下：

— 樓宇	20至40年
— 樓宇裝修	3至7年
— 運輸設備	5年
— 辦公設備及機械	3至5年



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment (Continued)

Building improvements, office equipment and machinery are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

## 2 主要會計政策概要(續)

### 2.7 物業、廠房及設備(續)

樓宇裝修、辦公設備及機械按可使用年期或租期(以較短者為準)予以折舊，除非實體預期於租期之後使用該等資產。

資產的剩餘價值及可使用年期於各報告期末進行檢討並適時調整。

倘資產賬面值高於估計可收回金額，則立即將資產賬面值撇減至可收回金額。

在建工程指物業、廠房及設備的直接建設成本減任何減值虧損。在建工程不會計提折舊撥備，直至相關資產建成並投入使用為止。在建工程完工並可供使用時，會重新分類為物業、廠房及設備的適當分類。

出售收益及虧損乃按所得款項與賬面值的差額釐定，並於損益內確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.8 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in part of the other income as part of other income.

If an item of completed properties held for sale or properties under development becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer shall be recognised in profit or loss.

### 2.9 Intangible assets

#### *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 5 years).

### 2.8 投資物業

投資物業(主要包括租賃土地及樓宇)持作長期出租或資本增值或以上兩個目的,而非本集團佔用。投資物業初步按成本計量,包括相關交易成本及適用的借貸成本,其後按公允值列賬。公允值變動於其他收入部分呈列為其他收入。

倘持作出售的已竣工物業或開發中物業項目因其用途改變而成為投資物業,該項目於轉讓日期的賬面值與公允值之間的差額應於損益確認。

### 2.9 無形資產

#### *電腦軟件*

購入的電腦軟件許可證根據購買及使用該特定軟件所引起的成本資本化。該等成本於其估計可使用年期(2至5年)內攤銷。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisations and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.11 Investments and other financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

### 2.10 非金融資產減值

具有無限使用年期的商譽及無形資產毋須攤銷，每年須進行減值測試，倘有事件發生或情況有變顯示可能減值，則須更頻密測試。於事件發生或情況有變而顯示賬面值未必能夠收回時，須對其他資產進行減值測試。減值虧損按有關資產的賬面值超過其可收回金額的數額予以確認。可收回金額為資產的公允值減銷售成本或使用價值(以較高者為準)。為進行減值評估，資產按可大致獨立於其他資產或資產組合現金流入的可單獨識別現金流入的最小單位(現金產生單位)分類。出現減值的非金融資產(商譽除外)於各報告期末檢討是否可能進行減值撥回。

### 2.11 投資及其他金融資產

#### (a) 分類

本集團的金融資產分為以下類別：

- 其後按公允值計量(變動於其他全面收入或損益入賬)；及
- 按攤銷成本計量。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Investments and other financial assets (Continued)

#### (a) Classification (Continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) Recognition and derecognition

Regular way of purchases and sales of financial assets is recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 2 主要會計政策概要(續)

### 2.11 投資及其他金融資產(續)

#### (a) 分類(續)

分類取決於實體管理金融資產的業務模式及現金流的合約條款。

以公允值計量的資產的收入及虧損計入損益或其他全面收入。對於並非持作買賣的權益工具投資而言，將取決於本集團是否於最初確認時不可撤銷地選擇將權益投資按公允值計入其他全面收入列賬。

本集團當且僅當管理該等資產的業務模式改變時重新分類債務投資。

#### (b) 確認及終止確認

以常規方式買賣金融資產於交易日(本集團承諾購買或出售該資產之日)確認。當自金融資產收取現金流量之權利已屆滿或已轉讓且本集團已轉讓擁有權的絕大部分風險及回報時，則終止確認金融資產。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Investments and other financial assets (Continued)

#### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

## 2 主要會計政策概要(續)

### 2.11 投資及其他金融資產(續)

#### (c) 計量

初始確認時，本集團按公允值加(就並非按公允值計入損益的金融資產而言)收購金融資產直接應佔的交易成本計量金融資產。按公允值計入損益的金融資產的交易成本於損益內支銷。

釐定現金流量是否純粹為支付本金及利息時，附帶嵌入衍生工具的金融資產作為整體考慮。

#### *債務工具*

債務工具的後續計量視本集團管理資產的業務模式及資產的現金流量特徵而定。本集團按以下兩種方式計量債務工具：

**攤銷成本：**對於持作收回合約現金流量的資產，若現金流量僅指支付之本金及利息，則按攤銷成本計量。該等金融資產的利息收入採用實際利率法計入融資收入。因終止確認產生之任何收入或虧損直接於損益內確認並與外匯收入及虧損一起列入其他收益／(虧損)。減值虧損於全面收入表呈列為單獨項目。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Investments and other financial assets (Continued)

#### (c) Measurement (Continued)

##### *Debt instruments (Continued)*

FVTPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(loss in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

## 2 主要會計政策概要(續)

### 2.11 投資及其他金融資產(續)

#### (c) 計量(續)

##### *債務工具(續)*

按公允值計入損益：不符合攤銷成本計量標準的資產或按公允值計入其他全面收入的資產按公允值計入損益計量。後續按公允值計入損益計量的債務投資的損益於損益確認，並於產生期間在其他收益／(虧損)呈列淨額。

##### *權益工具*

本集團後續按公允值計量所有權益投資。倘本集團管理層選擇於其他全面收入列報權益投資的公允損益，則終止確認投資後不會將公允值損益重新分類至損益。當本集團有權收取股息時，該等投資的股息繼續於損益確認為其他收入。

按公允值計入損益的金融資產的公允值變動在適用情況下於全面收入表內其他收益／(虧損)確認。按公允值計入其他全面收入的金融資產的權益投資減值虧損(及減值虧損撥回)不會與其他公允值變動分開呈報。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2 主要會計政策概要(續)

### 2.11 Investments and other financial assets (Continued)

### 2.11 投資及其他金融資產(續)

#### (d) Impairment

#### (d) 減值

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income and lease receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.1.2 for further details.

本集團按前瞻性基準評估與按攤銷成本列賬並按公允值計入其他全面收入的債務工具及應收租賃款項有關的預期信貸虧損。應用的減值方法視信用風險有否大幅增加而定。對於貿易應收款項，本集團採用香港財務報告準則第9號允許的簡化方法，該方法要求初步確認應收款項時確認預期存續期虧損。詳情請參閱附註3.1.2。

### 2.12 Offsetting financial instruments

### 2.12 金融工具對銷

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

當本集團有法定可執行權利對銷已確認金額，並有意按淨額基準結清或同時變現資產及結清負債時，有關金融資產與負債可互相抵銷，並於資產負債表列報淨額。本集團亦有不符合對銷條件的安排，惟相關金額可於破產或終止合約等若干情況下撇銷。

### 2.13 Inventories

### 2.13 存貨

Inventories mainly comprise of spare parts and consumables, which are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

存貨主要包括備件及消耗品，按成本或可變現淨值的較低者列賬。成本使用加權平均法釐定。可變現淨值為一般業務過程中的估計售價減實現銷售所需的估計成本。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.14 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less the estimated costs necessary to make the sale and the anticipated costs of completion, or by management estimates based on prevailing marketing conditions.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

### 2.15 Completed properties held for sale

Completed properties remaining unsold at reporting period end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less the estimated costs necessary to make the sale, or by management estimates based on prevailing marketing conditions.

### 2.14 開發中物業

開發中物業按成本與可變現淨值之間的較低者列賬。可變現淨值參考一般業務過程中所售物業的銷售所得款項減實現銷售所需的估計成本及預期竣工成本，或參考管理層根據現行市況作出的估計釐定。

開發中物業動工興建時，相關物業會分類為流動資產，除非有關物業發展項目的建築期預期將超出一般運營週期。

### 2.15 持作出售的已竣工物業

於報告期末仍未出售的已竣工物業按成本或可變現淨值的較低者列賬。

成本包括未出售物業應佔的開發成本。

可變現淨值參考一般業務過程中所售物業的銷售所得款項減實現銷售所需的估計成本，或參考管理層根據現行市況作出的估計釐定。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group holds the trade receivables with the objective of collecting the contractual cash flows.

### 2.17 Contract assets and liabilities and contract acquisition costs

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer as contract acquisition cost within contract assets if the Group expects to recover those costs.

## 2 主要會計政策概要(續)

### 2.16 貿易及其他應收款項

貿易應收款項為就日常業務過程中所售物業或所提供服務而應收客戶的款項。倘預期於一年或以內(或倘較長,則在業務的正常運營週期內)收回貿易及其他應收款項,則將其分類為流動資產,反之則列為非流動資產。

貿易及其他應收款項初步按公允值確認,其後採用實際利率法按攤銷成本減去減值撥備計量。本集團以收取合約現金流為目的持有貿易應收款項。

### 2.17 合約資產及負債及取得合約的成本

與客戶訂立合約後,本集團有權向客戶收取代價,並承擔將貨品轉讓予客戶或為客戶提供服務的履約責任。該等權利與履約責任相互對銷後形成淨資產或淨負債(取決於剩餘權利與履約責任的關係)。倘剩餘權利金額超過剩餘履約責任金額,則合約為資產,確認為合約資產。相反,倘剩餘履約責任金額超過剩餘權利金額,則合約為負債,確認為合約負債。

倘本集團預期能收回與客戶訂立合約的增量成本,則於合約資產的合約取得成本確認有關成本。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.18 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

### 2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.20 Trade and other payables

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.18 現金及現金等價物以及受限制現金

就呈列綜合現金流量表而言，現金及現金等價物包括手頭現金、銀行通知存款及原有效期不超過三個月其他短期高流動性投資，可隨時轉換為已知現金且價值變動風險不重大。

限制使用的銀行存款計入綜合資產負債表的「受限制現金」。受限制現金不計入現金及現金等價物。

### 2.19 股本

普通股分類為權益。

發行新股份或購股權直接應佔成本增加於權益內列為所得款項的扣減(扣除稅項)。

### 2.20 貿易及其他應付款項

貿易應付款項為就支付建築成本或於日常業務過程中向供應商購買服務作出付款的責任。倘付款於一年或以內(或倘較長，則在業務的正常運營週期內)到期，則貿易及其他應付款項分類為流動負債，反之則列為非流動負債。

貿易及其他應付款項初步按公允值確認，其後則採用實際利率法按攤銷成本計量。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.21 借款

借款初步按公允值扣除已產生的交易成本確認。借款隨後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值之間的任何差額採用實際利率法於借款期間於損益表內確認。

設立貸款融資時支付的費用於有可能提取部分或全部融資時確認為貸款的交易成本。在此情況下，該費用會遞延至提取融資為止。倘並無證據顯示有可能提取部分或全部融資，則有關費用將撥充資本作流動資金服務的預付款項，並於融資相關期間攤銷。

當合約規定的責任得以履行、撤銷或屆滿時，銀行及其他借款從資產負債表移除。已償清或轉移至另一方的金融負債賬面值與已付代價(包括任何已轉讓非現金資產或所承擔負債)之間的差額於損益確認為其他收入或融資成本。

除非本集團有無條件權利將負債的結算日期遞延至報告期末後至少12個月，否則借款分類為流動負債。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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 eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

### 2.23 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

### 2.22 借貸成本

直接歸屬於收購、建築或產生合資格資產的一般及特定借貸成本於完成及準備資產作擬定用途或銷售所需的期間內撥充資本。合資格資產指須較長時間準備以作擬定用途或銷售的資產。

特定用於合資格資產的借款於其尚未支銷時用作暫時投資所賺取的投資收入，於合資格撥充資本的借貸成本中扣除。

其他借貸成本於產生期間支銷。

### 2.23 即期及遞延所得稅

即期所得稅開支或抵免為按各司法權區適用所得稅率計算的當期應課稅收入的應付稅項，並根據暫時差額及未動用稅項虧損而導致的遞延稅項資產及負債的變動作出調整。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.23 Current and deferred income tax (Continued)

#### *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

### 2.23 即期及遞延所得稅(續)

#### *即期所得稅*

即期所得稅開支根據本公司及其附屬公司與合營企業運營及產生應課稅收入所在國家於報告期末已頒佈或實質頒佈的稅法計算。管理層就受適用稅務規則詮釋所規限之情況定期評估報稅表的狀況，並考慮稅務機關是否有可能接受不確定的稅務處理。本集團根據最可能的金額或預期價值計量其稅項結餘，視乎何種方法可更好地預測不確定性的解決方案而定。

#### *遞延所得稅*

對於資產及負債的稅基與於綜合財務報表的賬面值之間的暫時差額，使用負債法悉數計提遞延所得稅。然而，倘於初始確認商譽時產生遞延稅項負債，則不予以確認。倘遞延所得稅來自交易(不包括業務合併)時初步確認資產或負債，而在交易時既不影響會計亦不影響可課稅損益，則同樣不予以入賬。遞延所得稅基於報告期末已頒佈或實質已頒佈的稅率(及稅法)釐定，並預期於變現相關遞延所得稅資產或結算遞延所得稅負債時應用。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.23 Current and deferred income tax (Continued)

#### *Deferred income tax (Continued)*

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.23 即期及遞延所得稅(續)

#### *遞延所得稅(續)*

與以公允值計量的投資物業相關的遞延稅項負債乃假設該物業可透過出售而悉數收回予以釐定。

遞延稅項資產僅在未來應課稅款項可動用暫時差額及虧損時予以確認。

倘本集團可控制暫時差額的撥回時間，且該差額可能不會於可預見未來撥回時，則不會就海外業務投資之賬面值與稅基之間的暫時差額確認遞延稅項負債及資產。

倘有可依法行使的權利以抵銷即期稅項資產與負債，且遞延稅項結餘與同一稅務機構相關，則遞延稅項資產與負債可予以抵銷。倘實體有可依法行使的權利以抵銷且有意按淨額基準結算或同時變現資產及結算負債時，則即期稅項資產與稅項負債可予以抵銷。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.23 Current and deferred income tax (Continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.24 Employee benefits

#### (a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulation in the PRC, the PRC based employees of the Group participate in various defined contribution pension plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

### 2.23 即期及遞延所得稅(續)

即期及遞延稅項於損益內確認，惟與於其他全面收入確認或直接於權益確認之項目有關則除外。於此情況下，稅項亦分別於其他全面收入或直接於權益中確認。

### 2.24 僱員福利

#### (a) 退休金責任

本集團僅運營界定供款退休金計劃。根據中國的法規及條例，本集團的中國僱員參與由中國相關省市級政府組織的多項界定供款退休金計劃，據此，本集團及中國僱員需按僱員工資的比例計算按月向該等計劃供款。省市級政府承諾承擔根據上文所述計劃應付的所有現有及未來退休中國僱員的退休福利責任。除每月供款外，本集團概無任何向其僱員作出退休及其他退休後福利付款的進一步責任。該等計劃的資產與本集團的資產分開持有，並由中國政府獨立管理的基金保管。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

#### 2.24 Employee benefits (Continued)

##### (a) Pension obligations (Continued)

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution pension plans are expensed as incurred. Forfeited contributions by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may not be used by the Group to reduce the existing level of contributions.

#### 2.24 僱員福利(續)

##### (a) 退休金責任(續)

本集團亦根據強制性公積金計劃(「強積金計劃」)條例的規則及規例，為其於香港的所有僱員參與一項定額供款的退休金計劃。強積金計劃的供款是按合資格僱員相關收入總額5%的最低法定供款規定作出。這項退休金計劃的資產由獨立管理基金持有，並與本集團的資產分開持有。

本集團於界定供款退休金計劃的供款於產生時列作開支。本集團不得使用其代表在完全歸屬於該等供款之前離開該計劃的僱員被沒收的供款，以降低現有供款水平。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.24 Employee benefits (Continued)

#### (b) *Housing benefits and social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing benefits and social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Groups liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing benefits and social Insurances are expensed as incurred.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### 2.24 僱員福利(續)

#### (b) *住房公積金及社會保險*

本集團於中國的僱員有權參與多項政府監管的住房公積金及社會保險計劃。本集團根據僱員薪資的一定比例(不超過特定上限)按月向該等基金繳存供款。本集團對該等基金的負債以其各年應付的供款為限。向住房公積金及社會保險作出的供款在發生時作為費用支銷。

倘實體並無遞延結算至報告期後至少十二個月之無條件權利(不論是否預期會發生實際結算)，則該等責任於綜合資產負債表內呈列為流動負債。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

#### 2.25 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme.

##### *Share incentive scheme*

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of restricted equity interest is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the restricted equity interests that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

#### 2.25 以股份為基礎的付款

以股份為基礎的薪酬福利通過僱員股份激勵計劃提供予僱員。

##### *股份激勵計劃*

本集團設有以權益結算、以股份為基礎的薪酬計劃，根據該等計劃，實體獲取僱員的服務以作為本集團的權益工具的代價。僱員為換取獲授予受限制股權而提供服務的公允值確認為開支。

將予支銷的總額乃參考所授權益工具的公允值釐定：

- 包括任何市場表現條件(如實體股價)；
- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標及實體之員工於規定期間內留任)的影響；及
- 包括任何非歸屬條件(如有關僱員於規定期間保留或持有股份的規定)的影響。

計算預期歸屬受限制股權數目時會計及非市場表現及服務條件。開支總額於歸屬期間確認，歸屬期指將達成所有指定歸屬條件的期間。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2 主要會計政策概要(續)

### 2.25 Share-based payments (Continued)

#### *Share incentive scheme (Continued)*

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### 2.25 以股份為基礎的付款(續)

#### *股份激勵計劃(續)*

倘條款及條件出現會增加已授出權益工具的公允值之任何修訂時，則在就於餘下歸屬期所得服務而確認的款項的計量中，本集團計入已授出的增量公允值。增量公允值乃經修訂權益工具的公允值與原權益工具公允值之間的差額，兩個公允值均於修訂日期估計。按增量公允值計算的開支於修訂日期至經修訂權益工具歸屬日期的期間內確認，而有關原有工具的任何金額應繼續於原有歸屬期的餘下期間確認。此外，倘有關實體按減少以股份為基礎的支付安排的公允值總額的方式或以其他未令僱員受惠的方式，修訂已授出權益工具的條款或條件，則該實體仍繼續就所得服務按已授出權益工具的代價入賬，猶如該修訂並無發生(惟不包括對部分或全部已授出權益工具的註銷)。

於各期間末，實體根據非市場歸屬及服務條件修訂其對預期歸屬的權益工具數目所作的估計。修訂原來估計數目的影響(如有)會於損益確認，權益亦會相應調整。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.26 Provisions

Provisions for environmental restoration, restructuring costs, and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales within the Group companies.

### 2.26 撥備

倘本集團因過往事件須承擔現時法定或推定責任、承擔該責任可能須動用資源及該責任所涉及的金額能可靠地估計時，則須確認環境修復、重建成本及法律索償撥備。並無為未來經營虧損確認撥備。

倘出現多項類似責任，而承擔該等責任是否須動用資源於考慮該等責任的整體類別後釐定。即使同類責任中任何一項或須動用資源的機會不大，仍會確認撥備。

撥備採用稅前利率按預期須償付有關責任之開支的現值計量，該利率反映當時市場對金錢時間值與有關責任特定風險的評估。隨時間而增加之撥備確認為利息支出。

### 2.27 收入確認

收入按本集團日常業務過程中銷售物業及提供服務所收取或應收取代價的公允值計量。收益於扣除折扣及撇銷本集團旗下公司間銷售後列示。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.27 Revenue recognition (Continued)

#### (a) Sales of properties

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance 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 is transferred 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 customer obtains control of the asset.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is 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.

### 2.27 收益確認(續)

#### (a) 銷售物業

資產的控制權轉移至客戶時確認收入。資產的控制權可於一段時間內或一個時點轉移，取決於合約條款與適用於合約的法律。本集團於履約過程中，倘並無創造可供本集團替代使用的資產，且本集團有權就至今已完成的履約部分收取款項，則資產的控制權於一段時間內轉移。

倘資產的控制權於一段時間內轉移，則參考履約責任的完成進度於整個合約期間內確認收入。否則，收入於客戶獲得資產控制權的時間點確認。

在釐定交易價格時，如融資成份重大，本集團將會根據融資成份來調整承諾代價。

就於一個時間點轉移物業控制權的物業開發及銷售合約而言，於客戶獲得實物所有權或已完工物業的法定所有權且本集團當前有權支付及可能收取代價時確認收入。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

#### 2.27 Revenue recognition (Continued)

##### (b) Construction contracts

For provision of construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

##### (c) Management and consulting services income

Income from rendering of management and consulting services is recognised in the accounting period in which the related services are rendered.

##### (d) Hotel operation income

Revenue from provision of hotel services is recognised in the accounting period in which the related services are rendered.

#### 2.28 Interest income

Interest income is recognised using the effective interest method.

#### 2.29 Commission income

Commission income from trading of construction materials is recognised in profit or loss on net basis when the related service is rendered.

#### 2.30 Dividend income

Dividends are recognised as income when the right to receive payment is established.

#### 2.27 收益確認(續)

##### (b) 建築合約

就提供建築服務而言，倘本集團的履約行為製造或改良一項資產被製造或改良時受客戶控制的資產或在建工程，故本集團可參考某項交易的完成情況，隨時間履行履約責任及確認收益，而交易的完成情況乃根據截至報告期末所產生的實際成本佔各合約估計成本總額的百分比的基準進行評估。

##### (c) 管理及諮詢服務

提供管理及諮詢服務所得收益於提供相關服務的會計期間確認。

##### (d) 酒店運營收入

提供酒店服務收入於提供相關服務的會計期間確認。

#### 2.28 利息收入

利息收入採用實際利率法確認。

#### 2.29 佣金收入

買賣建築材料的佣金收入於提供相關服務時按淨額基準於損益確認。

#### 2.30 股息收入

當有權收到付款時，股息確認為收入。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.31 Leases

#### (a) *The Group as a lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

### 2.31 租賃

#### (a) *本集團作為承租方*

租賃於所租用資產可供本集團使用當日確認為使用權資產及相關負債。

租賃期限應在每項租賃的基礎上進行商談，並可能包含不同的條款和條件。租賃協議不應包含出租方持有的租賃資產的擔保利息之外的任何契約。租賃資產不得用作借款擔保。

租賃產生的資產及負債初始按現值確認。租賃負債包括以下租金付款的淨現值：

- 固定付款(包括實質固定付款)，減任何應收租金優惠；
- 按一項指數或比率釐定的不定額租金付款，初始按租賃開始日期的相關指數或比率計量；
- 根據餘值保證預期本集團應付的金額；
- 倘本集團合理確定會行使購買權，則購買權的行使價；及
- 倘租賃條款顯示本集團會行使終止權，則終止租賃的罰款。



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.31 Leases (Continued)

#### (a) The Group as a lessee (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

### 2.31 租賃(續)

#### (a) 本集團作為承租方(續)

計算負債時，亦包括將合理根據若干延期選擇權作出的租金付款。

租金付款按租約內含利率貼現。倘無法確定該利率(本集團的租賃普遍如此)，則使用承租方的增量借貸利率，即個別承租方在相若經濟環境按相若條款、抵押及條件為取得價值與使用權資產相若的資產所需借款的利率。

為釐定增量借款利率，本集團：

- 在可能情況下，使用個別承租方最近獲得的第三方融資為出發點，有所調整以反映自獲得第三方融資以來融資條件的變動。
- 使用累計法，首先就本集團所持有租賃的信貸風險(最近沒有第三方融資)調整無風險利率，及
- 針對租賃進行特定調整(例如期限、國家、貨幣及抵押)。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.31 Leases (Continued)

#### (a) The Group as a lessee (Continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

### 2.31 租賃(續)

#### (a) 本集團作為承租方(續)

倘個別承租方透過近期融資或市場數據可使用具有與租賃類似付款方式的可觀察攤銷貸款利率，則集團實體以該利率為起點釐定增量借款利率。

本集團未來可能根據指數或利率增加可變租賃付款額，而有關指數或利率在生效前不會計入租賃負債。當根據指數或利率對租賃付款作出的調整生效時，租賃負債根據使用權資產進行重新評估及調整。

租賃付款在本金及融資成本之間分配。融資成本於租賃期內於損益扣除，以產生各期間負債餘額之固定定期利率。

使用權資產按照成本計量，其中成本包括以下項目：

- 租賃負債初始計量金額
- 在租賃期開始日或之前支付的租賃付款額，扣除收到的租賃獎勵
- 任何初始直接費用；及復原成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

2.31 Leases (Continued)

(a) *The Group as a lessee (Continued)*

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of properties for staff quarters are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

(b) *The Group as a lessor*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivables under lease arrangements are recognised as "trade receivable" in the consolidated balance sheet.

2.31 租賃(續)

(a) *本集團作為承租方(續)*

使用權資產一般於資產之可使用年期及租期(以較短者為準)內以直線法折舊。倘本集團合理確定行使購買選擇權，則使用權資產於相關資產之可使用年期內折舊。本集團在對其土地及樓宇(於物業、廠房及設備內呈列)重新估值時，已選擇不就本集團所持有的使用權樓宇行使有關權利。

與員工宿舍物業的短期租約相關的付款乃按直線法於損益確認為開支。短期租約指租期為12個月或以內無購買選擇權的租約。

(b) *本集團作為出租方*

本集團以出租方身份從經營租賃獲取的租賃收入於租期內按直線法於收入內確認。

經營租賃的租金收入按直線基準於相關租期在損益確認。相當大額的初始直接成本於產生時資本化，並按與租金收入的相同基準在租期內於損益確認。金額不大的其他初始成本於產生的期間在損益扣除。

租賃安排項下的應收租金於綜合資產負債表確認為「貿易應收款項」。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### 2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 2.32 股息分配

向本公司股東分派的股息於本公司股東或董事(視情況而定)批准股息之期間於財務報表中確認為負債。

### 2.33 政府補助

倘能合理保證獲得補貼，且本集團將能遵守所有附帶條件，則政府補助會按公允值確認。

與成本相關的政府補助會遞延至須與擬補貼成本相應入賬的期間之損益確認。與購買資產相關的政府補助作為遞延收入計入非流動負債，並於有關資產的預計有效期內按直線基準計入損益。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.34 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 '*Financial Instruments*'; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 '*Revenue from Contracts with Customers*'.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### 2.34 金融擔保合約

金融擔保合約於擔保發行時確認為金融負債。負債初步按公允值計量，其後按以下之較高者計量

- 根據香港財務報告準則第9號「金融工具」之預期信貸虧損模型釐定的金額；及
- 初步確認金額減(如適用)根據香港財務報告準則第15號「與客戶的合約收益」所確認的累計收入金額。

金融擔保的公允值按債務工具下所要求的合約付款與無擔保時須支付的款項，或就承擔義務而應付第三方的估計款項之間現金流量之差額的現值釐定。

倘就聯營公司貸款或其他應付款項提供不作賠償的擔保，則公允值作為供款入賬並確認為投資成本的一部分。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 2 主要會計政策概要(續)

### 2.35 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.35 每股盈利

每股基本盈利乃按下列數據計算：

- 除以本公司擁有人應佔溢利，不包括任何普通股以外的服務權益成本；及
- 除以財政年度內尚未發行普通股加權平均數計算，並根據年內發行的普通股的股利調整(扣除庫存股)。

#### *每股攤薄盈利*

每股攤薄盈利調整用於釐定每股基本盈利的數字，以考慮以下各項：

- 利息所得稅的稅後效應及其他與具攤薄性潛在普通股有關的財務成本；及
- 所有具攤薄性潛在普通股獲轉換後將予發行在外的額外普通股加權平均數。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### 3.1.1 Market risk

The Group's market risk arises mainly from interest rate risk of long-term bank and other borrowings. Bank and other borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Bank and other borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2021, if interest rates on bank and other borrowings at floating rates have been 100 basis points higher or lower with all other variables held constant and without taking into account interest capitalisation, interest charges for the year ended 31 December 2021 would have been decreased by RMB28,625,000 (2020: RMB59,994,000).

Credit risks refer to the risk of losses incurred by the inability of debtors or counterparties to fulfil their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risk in relation to its cash and cash equivalents and restricted/ pledged bank deposits, trade and other receivables, contract assets and financial guarantees contracts.

### 3 金融風險管理

#### 3.1 金融風險因素

本集團的業務面臨多種金融風險：市場風險（包括外匯風險及現金流及公允價值利率風險）、信貸風險及流動資金風險。本集團的整體風險管理方案注重金融市場的不可預測性，務求盡量減少對本集團財務表現的潛在不利影響。

##### 3.1.1 市場風險

本集團的市場風險主要來自長期銀行及其他借款的利率風險。按浮動利率取得的銀行及其他借貸使本集團面臨現金流量利率風險，部分被按浮動利率持有的現金所抵銷。按固定利率取得的銀行及其他借貸使本集團面臨公允價值利率風險。本集團密切監控利率趨勢及其對本集團所面臨利率風險的影響。本集團現時並未採用任何利率掉期安排，但會於需要時考慮對沖利率風險。

於2021年12月31日，倘浮息銀行及其他借貸的利率上調或下調100個基點，而所有其他變量保持不變且不計及資本化利息，截至2021年12月31日止年度的利息支出將下降人民幣28,625,000元（2020年：人民幣59,994,000元）。

信貸風險指債務人或對手方無法履行合約責任或彼等信貸狀況不利變動而產生損失的風險。本集團面臨涉及其現金及現金等價物及受限制／已抵押銀行存款、貿易及其他應收款項、合約資產及財務擔保合約的信貸風險。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk

The credit risks on cash and cash equivalents and restricted/pledged bank deposits are limited because the counterparties are banks/financial institutions with acceptable credit ratings and have no default records in the past.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit position of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

For the financial guarantee contracts provided by the Group to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties, the Group measured the loss allowance on financial guarantee contracts by reference to the historical default rate of the purchasers, the loss on default based on the current property value and the pre-sale deposits already received and the forward-looking information. Detailed disclosure of such guarantees is made in Note 35.

The directors of the Company considered that the loss allowances on financial guarantee contracts at 1 January 2021 and 31 December 2021 were insignificant to the Group. For properties which have been pre-sold, or for the completed properties that have been sold but the building ownership certificate not yet issued, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險

現金及現金等價物和受限制／已抵押銀行存款的信貸風險有限，是由於對手方為信貸評級可接受的銀行／金融機構且過往並無違約記錄。

就出售物業產生的貿易應收款項而言，除非能確立良好的客戶信用狀況，否則本集團透過在交付物業前全數收取現金或恰當安排買家的按揭貸款融資程序管理信貸風險。本集團根據經客戶同意的還款計劃密切監察客戶按期還款的進度。本集團設有政策以確保以適當的首付比例向具有適當財務實力的買家作出銷售。

就本集團就客戶借入抵押貸款以撥資購買物業而向銀行提供的財務擔保合約而言，本集團根據現時物業價值及已收取預售按金以及前瞻性資料，參考買方過往違約率、違約虧損計量財務擔保合約虧損撥備。有關擔保的詳盡披露載於附註35。

本公司董事認為，於2021年1月1日及2021年12月31日的財務擔保合約的虧損撥備對本集團而言並不重大。就已預售的物業或已出售但尚未簽發物業產權證的竣工物業而言，本集團通常就客戶借款的按揭貸款以購買物業而向銀行提供擔保，金額最多為有關物業總購買價的70%。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position for financial guarantee contracts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also provided financial guarantees in proportion of their respective equity interests in certain joint ventures and associated companies for their bank borrowings and other financial institutions borrowings. Detailed disclosure of such guarantees is made in Note 35. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and the Group's guarantee was provided in addition to the pledges. As the fair value of the relevant land use rights pledged by the relevant joint ventures and associates are generally higher than the borrowing amounts, the Group's credit risk exposure associated with such guarantee is insignificant.

The credit risks of other receivables and deposits paid for acquisitions are managed through an internal process. The credit quality of each counterparty is investigated before credit is granted. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of each reporting period.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

倘若一名買家於擔保期間拖欠支付其按揭貸款，持有抵押的銀行可要求本集團償還尚未償還的貸款金額及由此產生的任何利息。在此情況下，本集團可保留客戶的銷售按金及銷售物業，以收回本集團向銀行支付的任何款項。除非售價的下跌高於已收買家的按金，則本集團於財務擔保合約中未必會處於虧損狀態。就此而言，本公司董事認為本集團的信貸風險大大降低。

本集團亦按其於若干合營企業及聯營公司的各自股權比例為該等公司的銀行借款及其他金融機構借款提供財務擔保。有關擔保的詳盡披露載於附註35。有關借款主要來自銀行，用於向該等合營企業及聯營公司的房地產開發項目提供融資，就此，合營企業及聯營公司的土地使用權已抵押予銀行，且本集團亦提供抵押之外的擔保。由於相關合營企業及聯營公司抵押的相關土地使用權的公允值通常高於借款金額，故本集團與該等擔保有關係的信貸風險並不重大。

其他應收款項及用作收購的已付按金的信貸風險乃透過內部程序而加以管理。於授出信貸前，對各對手方的信貸質量進行調查。本集團亦積極監控各債務人所欠付的未償還金額，並及時識別任何信貸風險，以減低產生信貸相關虧損的風險。本集團於各報告期末審閱該等應收款項的可收回金額。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### *Impairment assessment*

The Group formulates the credit losses of cash and cash equivalents and restricted/ pledged bank deposits, trade and other receivables, contract assets and financial guarantees contracts using expected credit losses ("ECL") models according to HKFRS 9 requirements.

###### *Parameters of ECL model*

The parameters and assumptions involved in ECL model are described below.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month lifetime or lifetime 12-month ECL are provided respectively. The ECL is the result of discounting the product of Exposure at Default (EAD), Probability of Default (PD) and Loss given Default (LGD).

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### *減值評估*

本集團根據香港財務報告準則第9號的規定使用預期信貸虧損(「預期信貸虧損」)模型制定現金及現金等價物以及受限制/已抵押銀行存款、貿易及其他應收款項、合約資產及財務擔保合約的信貸虧損。

###### *預期信貸虧損模型的參數*

預期信貸虧損模型所牽涉的參數及假設描述如下。

本集團於釐定信貸風險是否大幅增加時考慮不同金融工具的信貸風險特徵。就信貸風險有或並無大幅增加的金融工具而言，將分別按12個月存續期或存續期12個月的預期信貸虧損作出撥備。預期信貸虧損是違約風險敞口、違約概率及違約損失率三者的乘積折現後的結果。

違約風險敞口是指，在未來12個月或在剩餘存續期，在違約發生時，本集團應被償付的金額。

違約概率是指借款人在未來12個月(12個月違約概率)或在剩餘存續期(存續期違約概率)，無法履行其償付義務的可能性。

違約損失率是指本集團對違約敞口發生損失程度作出的預期。違約損失率因交易對手方的類型、申索的種類和優先順序，以及擔保品或其他信用支持的可獲得性而異。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### *Parameters of ECL model (Continued)*

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the Lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grading band. This is supported by historical analysis.

###### *Judgement of significant increase in credit risk ("SICR")*

Under HKFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group considers various reasonable supporting information to judge if there is significant increase in credit risk when determining the ECL staging for financial assets. Major factors being considered include solvency and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with those at initial recognition.

The Group set quantitative and qualitative criteria to judge whether the credit risk has SICR after initial recognition. The judgement criteria mainly include the PD changes of the debtors, changes of credit risk categories and other indicators of SICR, etc.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### *預期信貸虧損模型的參數(續)*

存續期違約概率乃應用到期日分佈至即期12個月違約概率所得。到期日分佈檢視組合自初始確認起至整段存續期內如何形成違約。到期日分佈乃基於過往可見數據，並假設組合內及信貸級別範圍內之所有資產的到期日分佈皆相同。此乃獲過往分析所支持。

###### *判斷信貸風險大幅增加(「信貸風險大幅增加」)*

根據香港財務報告準則第9號，於考慮金融資產的減值階段時，本集團評估初步確認時的信貸風險，亦評估於各報告期內信貸風險是否有任何大幅增加。於釐定金融資產的預期信貸虧損階段時，本集團考慮不同的合理佐證資料以判斷信貸風險是否大幅增加。主要考慮的因素包括償付能力及經營能力。本集團可基於有相似信貸風險特點的個別金融工具或金融工具組合，通過比較金融工具於報告日期的信貸風險與金融工具於初始確認時的信貸風險，釐定預期信貸虧損階段。

本集團設立定量及定性標準，以判斷經初始確認後信貸風險有否出現信貸風險大幅增加。判斷標準主要包括債務人的違約概率變動、信貸風險類別變動及其他信貸風險大幅增加的指標等。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### *The definition of credit - impaired assets*

Under HKFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debt has overdue for more than 90 days after the contract payment date.
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender.
- The debtor has significant financial difficulties.
- The debtor is likely to go bankrupt or needs other financial restructuring.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

###### *Forward- looking information*

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporates forward- looking information. The Group has performed historical data analysis and identified the key macro- economic variables associated with credit risk and ECL for each portfolio. Through regression analysis, the relationship among economic indicators in history with EAD, PD and LGD is determined, and the EAD, PD, LGD are then determined through forecasting economic indicator.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### *信貸－減值資產的定義*

根據香港財務報告準則第9號，為釐定是否出現信貸減值，本集團於考慮定性及定量標準所採納界定準則與相關金融資產的內部信貸風險管理目標一致。本集團評估債務人是否出現信貸減值時，主要考慮下列因素：

- 債務於合約付款日期後欠款逾期超過90日。
- 貸款人因債務人遇上財務困難而基於經濟或合約理由向債務人授出貸款人於一般情況下不願意授出的寬免。
- 債務人遇上重大財務困難。
- 債務人很可能破產或需要其他財務重組。

金融資產信貸減值可能受多宗事件的共同影響，不一定因個別可識別事件所致。

###### *前瞻性資料*

確定12個月及存續期違約風險敞口、違約概率及違約損失率亦包括前瞻性資料。本集團已進行歷史數據分析，並確定與各組合的信貸風險及預期信貸虧損相關的主要宏觀經濟變數。透過進行迴歸分析，已確定這些經濟指標歷史上與違約風險敞口、違約概率和違約損失率之間的關係，並通過預測經濟指標確定違約風險敞口、違約概率和違約損失率。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### *Forward- looking information (Continued)*

The Group established the forward looking adjustment values used for different scenarios. In addition to the base economic scenario, the Group also considers other possible scenarios and relative weightings. The Group regularly reassess the number of scenarios and their attributes. The Group combined statistical analysis results to determine the weights of different scenarios, and also considered the range of possible outcomes represented by each scenario, to determine the final macro- economic assumptions and weights for measuring the relevant ECL.

The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the relationship between economic indicators with PD and LGD. The Group evaluates and forecasts these economic indicators at least annually, provides the best estimates for the future, and regularly evaluates the results.

Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### *前瞻性資料(續)*

本集團建立了用於不同情景的前瞻性調整價值。除了基本經濟情景外，本集團亦考慮其他可能的情景及相對的權重。本集團定期重新評估情景的數量及其特徵。本集團結合統計分析結果，以釐定不同情景的權重，亦考慮各情景所代表的可能結果範圍，以確定最終宏觀經濟假設及權重以計量有關預期信貸虧損。

本集團全面考慮內外部數據、專家預測以及統計分析，以確定這些經濟指標與違約概率和違約損失率之間的關係。本集團至少每年對該等經濟指標進行評估預測，提供未來的最佳估計，並定期評估有關結果。

與其他經濟預測類似，經濟指標的估計具有高度的固有不确定性，因此實際結果可能與估計存在重大差異。本集團認為以上的估計為對可能結果的最佳估計。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (a) Trade receivables and contract assets

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9 'Financial Instruments', which permits the use of the lifetime expected loss provision for all trade receivables both from third parties and related parties and contract assets.

In calculating the expected credit loss rate of the trade receivables, the Group has considered the historical credit loss experience to incorporate relevant, current and more forward-looking information for different class of trade receivables which grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 and 2020 is determined as follows:

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### (a) 貿易應收款項及合約資產

本集團採用香港財務報告準則第9號「金融工具」規定的簡化方法就預期信貸虧損計提撥備，該法允許按整個存續期的預期虧損就應收第三方及關聯方所有貿易應收款項以及合約資產計提撥備。

於計算貿易應收款項的預期信貸虧損率時，本集團已考慮過往的信貸虧損情況，以整合各類貿易應收款項當前及更富前瞻性的相關資料，而貿易應收款項的類別乃根據其所具有的的信貸風險特徵及逾期天數劃分。於2021年及2020年12月31日的虧損撥備釐定如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3 金融風險管理(續)

3.1 Financial risk factors (Continued)

3.1 金融風險因素(續)

3.1.2 Credit risk (Continued)

3.1.2 信貸風險(續)

(a) Trade receivables and contract assets  
(Continued)

(a) 貿易應收款項及合約資產  
(續)

		Within 90 days 90天 以內	Over 90 days and within 180 days 90天以 上180天 以內	Over 180 days and within 365 days 180天以 上365天 以內	Over 365 days 365天 以上	Total 總計
<b>Trade receivables</b>	<b>貿易應收款項</b>					
As at 31 December 2021	於2021年12月31日					
Expected loss rate (%)	預期虧損率(%)	0.19%	0.45%	0.95%	6.33%	
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	1,317,642	7,919	19,487	7,216	1,352,264
Loss allowance provision (RMB'000)	虧損準備撥備 (人民幣千元)	2,490	36	185	457	3,168
<b>Trade receivables</b>	<b>貿易應收款項</b>					
As at 31 December 2020	於2020年12月31日					
Expected loss rate (%)	預期虧損率(%)	0.10%	1.90%	5.02%	10.00%	
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	18,031	1,051	3,210	15,268	37,560
Loss allowance provision (RMB'000)	虧損準備撥備 (人民幣千元)	18	20	161	1,527	1,726

The contract assets relate to construction services have substantially the similar risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

與建築服務有關的合約資產與同一類型合約的貿易應收款項具備類似的風險特徵。因此，本集團得出結論，貿易應收款項的預期虧損率與合約資產的虧損率合理相若。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (a) Trade receivables and contract assets (Continued)

The Group made no write-off of trade receivables and contract assets during the year ended 31 December 2021.

Subsequent recoveries of amounts previously written off are credited against the same line item.

###### (b) Other receivables

The Group's other receivables mainly include amounts due from third parties, related parties and non-controlling interests. To measure the expected credit losses of other receivables, other receivables have been grouped based on shared credit risk characteristics and the days past due. As at each reporting period end date, other receivables due from related parties and non-controlling interests were performing and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

A provision for loss allowances of RMB67,966,000 (2020: reversal for loss allowance of RMB12,388,000) was recognised in profit or loss in relation to the impaired other receivables.

The Group made no write-off of other receivables during the year ended 31 December 2021 (2020: Nil).

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### (a) 貿易應收款項及合約資產(續)

截至2021年12月31日止年度，本集團並無撤銷貿易應收款項及合約資產。

其後收回之前撤銷的款項於同一項目下入賬。

###### (b) 其他應收款項

本集團的其他應收款項主要包括來自第三方、關聯方及非控股權益的其他應收款項。為計量其他應收款項的預期信貸虧損，其他應收款項已根據共同信貸風險特徵及逾期天數予以分類。於各個報告期末日期，來自關聯方及非控股權益的其他應收款項的內部信用評級為正常，且債務人有強大能力滿足近期的合約現金流義務。

虧損準備撥備人民幣67,966,000元(2020年：虧損準備撥回人民幣12,388,000元)於損益確認為與其他減值應收款項相關。

截至2021年12月31日止年度，本集團並無撤銷其他應收款項(2020年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(c) Cash and bank deposits

The credit risks on cash and bank deposits are limited because the counterparties are banks/financial institutions with acceptable credit ratings, the identified impairment loss was immaterial.

(d) Movement of loss allowance provision for financial and contract assets is summarised as follows:

3 金融風險管理(續)

3.1 金融風險因素(續)

3.1.2 信貸風險(續)

(c) 現金及銀行存款

現金及銀行存款的信貸風險有限，是由於對手方為可接受的信貸評級的銀行/金融機構，可識別的減值虧損不重大。

(d) 金融資產及合約資產的虧損準備撥備變動概述如下：

		Trade receivables 貿易應收款項 RMB'000 人民幣千元	Contract assets 合約資產 RMB'000 人民幣千元	Other receivables 其他應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2021</b>	<b>於2021年1月1日</b>	<b>1,726</b>	<b>7,425</b>	<b>22,613</b>	<b>31,764</b>
Provision/(reversal) for loss allowance recognised	確認虧損準備撥備/(撥回)	<b>2,497</b>	<b>(7,303)</b>	<b>67,966</b>	<b>63,160</b>
Acquisition of subsidiaries	收購附屬公司	<b>29</b>	<b>1,031</b>	<b>23,439</b>	<b>24,499</b>
Disposal of subsidiaries	出售附屬公司	<b>(1,084)</b>	<b>(698)</b>	<b>(10,169)</b>	<b>(11,951)</b>
<b>At 31 December 2021</b>	<b>於2021年12月31日</b>	<b>3,168</b>	<b>455</b>	<b>103,849</b>	<b>107,472</b>
<b>At 1 January 2020</b>	<b>於2020年1月1日</b>	2,075	2,606	35,256	39,937
Provision/(reversal) for loss allowance recognised	確認虧損準備撥備/(撥回)	(349)	4,819	(12,388)	(7,918)
Disposal of subsidiaries	出售附屬公司	-	-	(255)	(255)
<b>At 31 December 2020</b>	<b>於2020年12月31日</b>	<b>1,726</b>	<b>7,425</b>	<b>22,613</b>	<b>31,764</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### 3.1.3 Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, borrowings and funding from shareholders to meet its acquisition and construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, seeking business partners to jointly develop projects etc. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The table below analyses the Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheet, as the impact of discount is not expected to be significant.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.3 流動資金風險

管理層旨在維持充足的現金及現金等價物，或通過維持充足的可用融資（包括預售物業所得款項、借貸及自股東獲取的資金）維持充足的資金，滿足其收購及建設承擔。

倘經濟環境出現重大不利變動，本集團訂有多項其他計劃以減輕對預期現金流量的潛在影響。該等計劃包括調整項目開發時間表以適應不斷變化的當地房地產市場環境、實施成本控制措施、促銷已竣工物業、以更靈活的定價加快銷售、尋求業務夥伴共同開發項目等。本集團將按其對相關未來成本及利益的評估，就此作出選擇。

下表分析本集團於結算日的金融負債到期情況。表內披露的金額為合約未貼現現金流量。因貼現影響預計並不明顯，自結算日起於12個月內到期的結餘等於其於資產負債表內的賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3 金融風險管理(續)

## 3.1 Financial risk factors (Continued)

## 3.1 金融風險因素(續)

## 3.1.3 Liquidity risk (Continued)

## 3.1.3 流動資金風險(續)

		Less than 1 year 1年內 RMB'000 人民幣千元	Between 1 and 2 years 1至2年 RMB'000 人民幣千元	Between 2 and 5 years 2至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
<b>As at 31 December 2021</b>	<b>於2021年12月31日</b>						
Lease liabilities	租賃負債	25,544	25,570	82,973	43,825	177,912	133,031
Borrowings	借款	4,531,219	4,556,776	2,405,670	904,351	12,398,016	10,780,167
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項， 不包括應計未付薪酬 及其他應付稅項	17,929,060	-	-	-	17,929,060	17,929,060
		<b>22,485,823</b>	<b>4,582,346</b>	<b>2,488,643</b>	<b>948,176</b>	<b>30,504,988</b>	<b>28,842,258</b>
<b>Financial guarantees</b>	<b>金融擔保</b>	<b>13,748,053</b>	<b>1,966,653</b>	<b>368,087</b>	<b>479,500</b>	<b>16,562,293</b>	<b>16,562,293</b>
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>						
Lease liabilities	租賃負債	21,075	25,544	81,475	72,470	200,564	143,210
Borrowings	借款	3,358,317	4,709,530	3,343,790	215,701	11,627,338	10,314,138
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項， 不包括應計未付薪酬 及其他應付稅項	13,435,207	-	-	-	13,435,207	13,435,207
		<b>16,814,599</b>	<b>4,735,074</b>	<b>3,425,265</b>	<b>288,171</b>	<b>25,263,109</b>	<b>23,892,555</b>
<b>Financial guarantees</b>	<b>金融擔保</b>	<b>15,847,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,847,748</b>	<b>15,847,748</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings less total cash and bank deposits.

### 3 金融風險管理(續)

#### 3.2 資本管理

本集團管理資本的目標為保障本集團持續經營的能力，為擁有人提供回報及為其他股東提供利益，並保持最佳資本結構，降低資本成本。

為保持或調整資本結構，本集團或會調整任何股東回報金額、返還股東資本、發行新股或出售資產，以降低債務。

本集團基於淨負債比率監督其資本結構。該比率按綜合資產負債表所示借款淨額除以權益總額計算。借款淨額按借款總額減現金及銀行存款總額計算。

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Total borrowings</b>	<b>借款總額</b>	<b>10,780,167</b>	10,314,138
Add: lease liabilities	加：租賃負債	133,031	143,210
Less: cash and bank deposits	減：現金及銀行存款	(5,509,422)	(5,660,333)
<b>Net debt</b>	<b>債務淨額</b>	<b>5,403,776</b>	4,797,015
<b>Total equity</b>	<b>權益總額</b>	<b>10,204,987</b>	7,921,978
<b>Net gearing ratio (%)</b>	<b>淨負債比率(%)</b>	<b>53.0%</b>	60.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation

##### (a) *Financial assets carried at fair value*

The Group's financial assets carried at fair value include financial assets at FVTPL. The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 3 金融風險管理(續)

#### 3.3 公允值預測

##### (a) *按公允值列賬的金融資產*

本集團的按公允值列賬的金融資產包括按公允值計入損益的金融資產。按公允值列賬的金融工具的不同層級按估值法界定如下：

第1級：在活躍市場買賣的金融工具（如公開買賣的衍生工具及買賣與可供出售證券）的公允值按報告期末的市場報價釐定。本集團所持金融資產所用的市場報價指當時買入價。該等金融工具均列入第1級。

第2級：沒有在活躍市場買賣的金融工具的公允值根據估值技術釐定。估值技術盡量利用可觀察市場數據，盡量少依賴公司的具體估計。倘計算一項金融工具的公允值所需的所有重大輸入為可觀察數據，則該金融工具列入第2級。

第3級：倘一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第3級。非上市股本證券屬於此類。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (a) Financial assets carried at fair value (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and expected rate of return.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2021.

The Group performs valuation, or necessary updates, at least once every six months. The Group adopts various techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved when it is necessary.

The different levels of fair value estimation of financial assets have been defined as follows:

#### Financial assets at FVTPL 按公允值列賬的金融資產

		Level 3 第三級	
		2021 2021年	2020 2020年
<b>At 1 January</b>	<b>於1月1日</b>	<b>217,841</b>	200,806
Additions	添置	-	110,741
Change in fair value	公允值變動	<b>(6,372)</b>	17,035
Disposals	出售	<b>(211,469)</b>	(110,741)
At 31 December	於12月31日	-	217,841

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (a) 按公允值列賬的金融資產(續)

對金融工具估值時所用的特定估值方法包括：

- 同類工具的市場報價或交易商報價；及
- 貼現現金流量模型及非可觀察輸入數據，主要包括有關預期未來現金流量及預期回報率的假設。

於截至2021年12月31日止年度進行公允值計量時，第1、2及3級之間並無任何轉移。

本集團至少每六個月進行一次估值或必要的更新。本集團使用各種方法釐定第3級工具的公允值，有需要時亦可能聘請外部估值專家。

金融資產之公允值估計的不同層級劃分如下：

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (b) Investment properties

Investment properties of the Group were measured at fair value.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2021.

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its 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.

Fair values of the Group's investment properties under construction are derived on the basis that they will be developed and completed in accordance with the latest construction plans. It is assumed that all consents, approvals and licenses from relevant government authorities for the construction plans have been obtained without onerous conditions or delays. In arriving at the fair values, the direct comparison approach is adopted by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the construction to reflect the quality of the completed construction. The "market value as if completed" represents the estimate of the aggregate selling prices of the property assuming that it would be completed as at the valuation date.

All resulting fair value estimates for investment properties are included in level 3.

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業

本集團的投資物業按公允值計量。

於截至2021年12月31日止年度進行公允值計量時，第1、2及3級之間並無任何轉移。

董事在合理的公允值估計範圍內釐定物業的價值。本集團已竣工投資物業的公允值採用收益資本化法計算。該估值方法計及從現有租賃中獲得及／或在現有市場中可實現的物業淨租金收入，並適當計及租賃的復歸收入潛力(其後按合適的資本化比率將其資本化以釐定其公允值)。

本集團的在建中投資物業的公允值根據最新在建方案發展及完成而釐定。假設在並無繁重條件或延遲的情況下獲得相關政府部門對在建方案的所有同意、批准及許可。在計算公允值時，採用直接比較法，參考市場上可獲得的可比銷售交易，並考慮將用於完成在建項目以反映已完成在建項目質量的成本。「猶如完成時的市場價值」指假設已於估值日期完成的物業的合共銷售價格估計。

投資物業產生的所有公允值估計均計入第3級。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (b) Investment properties (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Property status 物業狀況		Fair value as at 31 December 於12月31日的公允值	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Completed 已竣工		1,243,440	1,410,730
Under development 在建中		156,100	156,000
		1,399,540	1,566,730

Properties status 物業狀況	Unobservable inputs 不可觀察輸入數據	Range of unobservable inputs 不可觀察輸入數據的範圍	
		As at 31 December 於12月31日	
		2021 2021年	2020 2020年
Completed 已竣工	Capitalisation rate 資本化率	3.5%~6%	3.5%~6%
	Retail and office monthly rental (RMB/sq.m./month) 零售及辦公室月租 (人民幣/平方米/月)	23~111	18~156
	Carpark monthly rental (RMB/space/month) 停車場月租 (人民幣/每個停車位/月)	340	338
Under construction 在建中	Expected profit margin 預期利潤率	15%	15%
	Accommodation value (RMB/sq.m.) 樓面地價 (人民幣/平方米)	4,154~4,567	4,185~4,601

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業(續)

下表概述計量第3級公允值時所用的重大不可觀察輸入數據定量資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3 金融風險管理(續)

3.3 Fair value estimation (Continued)

(b) Investment properties (Continued)

Relationship of unobservable inputs to fair value:

- The higher capitalisation rate, the lower the fair value
- The higher monthly rental, the higher the fair value
- The higher the expected profit margin, the lower the fair value

3.3 公允值預測(續)

(b) 投資物業(續)

不可觀察輸入數據與公允值的關係：

- 資本化率越高，公允值越低
- 月租越高，公允值越高
- 預期利潤率越高，公允值越低

Investment properties 投資物業		Level 3 第3級	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
<b>At 1 January</b>	<b>於1月1日</b>	<b>1,566,730</b>	1,550,540
Transfer from properties under development and completed properties	轉撥自開發中物業及已竣工物業		
– Cost	– 成本	–	44,417
– Revaluation gains	– 重估收益	–	28,464
Other additions	其他添置	<b>627</b>	2,465
Fair value changes	公允值變動	<b>5,563</b>	19,174
Disposals of subsidiaries	出售附屬公司	<b>(39,340)</b>	(42,100)
Other disposals	其他出售	<b>(134,040)</b>	(36,230)
<b>At 31 December</b>	<b>於12月31日</b>	<b>1,399,540</b>	1,566,730

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (Continued)

##### (b) Investment properties (Continued)

The Group's investment properties were valued at each reporting period end date and each transfer date by independent professionally qualified valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and independent valuer during financial reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior period valuation report; and
- Holds discussions with the independent valuer.

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業(續)

本集團的投資物業於各報告期結算日及各轉讓日的價值由獨立專業合資格估值師估值，該估值師持有被認可的相關專業資質，並於近期對所估值投資物業所在地點及分部進行估值。對於所有投資物業，其當前用途等同其最高及最佳用途。

本集團的財務部門包括審閱獨立估值師為財務報告目的而進行的估值的團隊。該團隊直接向執行董事匯報。於財務匯報過程中，執行董事、估值團隊及獨立估值師會對估值程序及結果進行討論。

於各報告期末，財務部門會：

- 核實獨立估值報告的所有重大輸入數據；
- 與上一期間的估值報告進行比較，評估物業估值變動；及
- 與獨立估值師進行討論。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### (a) Estimates for net realisable value of properties under development ("PUD") and completed properties held for sale ("PHS")

The Group assessed the net realisable value of PUD and PHS based on existing selling and development plans, and a forecast of future selling price with reference to the current market price of properties of comparable type, size and location. The determination of net realisable value involved critical accounting estimates on the selling price, the estimated costs necessary to make the sale and, for PUD, the costs of completion.

#### (b) Valuation of investment properties

The fair value of the investment properties was determined by reference to valuations conducted on these properties by independent property valuers using property valuation techniques which involve certain assumptions under prevailing market conditions. Changes to these assumptions may result in changes in the fair value of the investment properties, which will lead to the change of profit for the year.

### 4 重大會計估計及判斷

編製財務報表要求使用會計估計，顧名思義，其不等於實際結果。管理層在應用本集團會計政策過程中亦須行使判斷。

估計及判斷獲持續評估。其基於過往經驗及其他因素，包括可能對實體有財務影響及於有關情況下被認為合理的未來事件的展望。

#### (a) 開發中物業及持作出售的已竣工物業可變現淨值估計

本集團根據現有銷售及發展計劃以及參考相若類型、規模及位置的物業現有市場價格對未來銷售的預測，評估可變現淨值。釐定可變現淨值涉及對銷售價格、實現銷售所需的估計成本，以及開發中物業的竣工成本作出的重大會計估計。

#### (b) 投資物業估值

投資物業公允值乃參考獨立物業估值師使用物業估值技術(涉及在現行市況下的若干假設)對該等物業進行的估值釐定。該等假設變動或會導致投資物業的公允值變動，從而將導致年內溢利變動。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### (c) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.2.

##### (d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

#### 4 重大會計估計及判斷(續)

##### (c) 金融資產減值

金融資產乃根據有關違約風險及預期虧損率的假設計提虧損撥備。本集團於作出該等假設時行使判斷，並根據本集團於各報告期末的過往歷史、現行市況以及前瞻性估計選擇用於減值計算的輸入數據。所採用的主要假設及輸入數據之詳情於表格附註3.1.2披露。

##### (d) 即期及遞延所得稅

本集團須繳納中國企業所得稅。釐定稅項撥備金額及有關稅項的支付時限時須作出判斷。在一般業務過程中，有眾多交易及計算均難以明確作出最終的稅務釐定。倘該等事項的最終稅額與最初記錄的金額不同，則該差額將影響釐定最終稅額期間的所得稅及遞延稅項撥備。

若干暫時差額相關的遞延稅項資產及稅項虧損於管理層認為日後應課稅溢利將可用以抵銷暫時差額或可動用稅務虧損時確認。實際動用結果或會不同。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註



### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (e) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. The Group has not fully finalised its PRC land appreciation taxes calculations and payments of certain development projects with local tax authorities in the PRC. Accordingly, judgment is required in determining the amount of the land appreciation and the related taxes. The Group recognised the land appreciation taxes based on management's best estimates according to their interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the related tax expenses and deferred tax provision in the period in which such taxes are finalised with local tax authorities.

### 5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM.

The Group is principally engaged in property development business in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

All of the Group's revenue are derived in the PRC during the year ended 31 December 2021 and the Group's non-current assets were all located in the PRC. No geographical information is therefore presented.

### 4 重大會計估計及判斷(續)

#### (e) 中國土地增值稅

本集團須繳納中國土地增值稅。本集團尚未與中國的地方稅務機關完全確定若干開發項目的中國土地增值稅的計算及款項。因此，釐定土地增值及相關稅項的金額時，須作出判斷。本集團乃基於管理層根據稅務法規的詮釋作出的最佳估計確認土地增值稅。最終稅務結果或會與最初所記錄的金額有所不同，而該等差額將會影響與地方稅務機關確定有關稅項之期內的相關稅項開支及遞延稅項撥備。

### 5 分部資料

管理層已根據主要經營決策者審閱的報告確定經營分部。

本集團主要在中國從事物業開發。管理層按一個經營分部審閱業務的經營業績，以就資源如何分配作出決策。因此，主要經營決策者認為僅有一個用於作出戰略決策的分部。

截至2021年12月31日止年度，本集團的全部收益均來自中國及本集團的非流動資產均位於中國，故並無呈列地區資料。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 6 REVENUE

Revenue is analysed as follows:

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Sales of properties	銷售物業	10,653,058	10,109,291
Provision of construction services	提供建築服務	208,312	241,973
Management and consulting services income	管理及諮詢服務收入	223,863	105,270
Rental income	租金收入	91,050	56,408
Provision of hotel services	提供酒店服務	54,470	47,848
Others	其他	23,418	27,589
		<b>11,254,171</b>	<b>10,588,379</b>

Represented by:

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	<b>與客戶之間的合約產生的收入</b>		
Sales of properties	銷售物業		
– Recognised at a point in time	– 於某一時點確認	10,653,058	10,109,291
<b>Provision of construction, hotel and other services</b>	<b>提供建築、酒店及其他服務</b>		
– Recognised at a point in time	– 於某一時點確認	23,061	27,589
– Recognised over time	– 於一段時間內確認	487,002	395,091
		<b>510,063</b>	<b>422,680</b>
<b>Revenue from other sources</b>	<b>其他來源收入</b>		
– Rental income	– 租金收入	91,050	56,408
		<b>11,254,171</b>	<b>10,588,379</b>

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues during the years ended 31 December 2021 and 2020.

#### 6 收入

收入分析如下：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Sales of properties	銷售物業	10,653,058	10,109,291
Provision of construction services	提供建築服務	208,312	241,973
Management and consulting services income	管理及諮詢服務收入	223,863	105,270
Rental income	租金收入	91,050	56,408
Provision of hotel services	提供酒店服務	54,470	47,848
Others	其他	23,418	27,589
		<b>11,254,171</b>	<b>10,588,379</b>

呈列為：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	<b>與客戶之間的合約產生的收入</b>		
Sales of properties	銷售物業		
– Recognised at a point in time	– 於某一時點確認	10,653,058	10,109,291
<b>Provision of construction, hotel and other services</b>	<b>提供建築、酒店及其他服務</b>		
– Recognised at a point in time	– 於某一時點確認	23,061	27,589
– Recognised over time	– 於一段時間內確認	487,002	395,091
		<b>510,063</b>	<b>422,680</b>
<b>Revenue from other sources</b>	<b>其他來源收入</b>		
– Rental income	– 租金收入	91,050	56,408
		<b>11,254,171</b>	<b>10,588,379</b>

截至2021年及2020年12月31日止年度，概無任何來自單一外部客戶的收入佔本集團收入的10%或以上。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

## 7 按性質劃分的開支

計入銷售成本、銷售及營銷開支以及行政開支的開支分析如下：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cost of properties sold – including construction costs, land and capitalised interest expenses	已售物業成本 – 包括建築成本、土地及資本化利息開支	7,967,443	7,567,732
Employee benefit expenses (Note 8)	僱員福利開支 (附註8)	490,380	425,386
Cost of construction services	建築服務成本	199,819	229,874
Amortisation of	以下項目攤銷		
– Costs for obtaining contracts (Note 23(a))	– 合約取得成本 (附註23(a))	204,217	135,744
– Intangible assets (Note 17)	– 無形資產 (附註17)	5,331	6,533
Depreciation of	以下項目折舊		
– Property, plant and equipment (Note 15)	– 物業、廠房及設備 (附註15)	82,261	82,550
– Right-of-use assets (Note 18)	– 使用權資產 (附註18)	22,151	13,911
Write-downs of properties under development and completed properties held for sale	撇減開發中物業及持作出售的已竣工物業	290,497	–
Advertising costs	廣告成本	159,313	151,037
Professional service expenses	專業服務開支	90,365	56,592
Other taxes and other levies	其他稅項及其他徵費	78,954	68,918
Property management expenses	物業管理開支	87,122	64,292
Entertainment expenses	招待費	44,285	34,195
Office and travelling expenses	辦公及差旅開支	42,073	34,851
Maintenance costs	維護成本	5,988	5,718
Short-term lease payments	短期租賃付款	5,155	2,128
Auditor's remuneration	核數師酬金		
– Audit services	– 核數服務	5,300	3,800
– Non-audit services	– 非核數服務	788	250
Listing expenses	上市開支	–	9,172
Other expenses	其他開支	8,111	4,691
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>銷售成本、銷售及營銷開支以及行政開支總額</b>	<b>9,789,553</b>	<b>8,897,374</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 8 EMPLOYEE BENEFIT EXPENSES

#### 8 僱員福利開支

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages and salaries	工資及薪金	537,713	455,494
Social insurance expenses (a)	社保開支(a)	39,772	10,912
Housing benefits	住房福利	21,551	17,186
Share-based compensation (Note 29(b))	以股份為基礎的薪酬 (附註29(b))	30,556	28,405
Other employee benefits	其他僱員福利	30,501	26,767
		660,093	538,764
Less: capitalised in properties under development	減：資本化在開發中物業	(169,713)	(113,378)
		490,380	425,386

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

(a) 本集團中國附屬公司之僱員須參與地方市政府管理及運作的界定供款退休計劃。本集團中國附屬公司向計劃作出供款，金額按僱員工資的一定百分比計算，撥付僱員退休福利。概無已被沒收之供款(由僱主代該等在供款悉數歸屬前退出計劃之僱員作出)用以抵銷界定供款計劃之現有供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 3 directors for the year ended 31 December 2021 (2020: 3), whose emoluments are reflected in the analysis shown in Note 43. The emoluments payable to the remaining 2 (2020: 2) individuals during the year are as follows:

8 僱員福利開支(續)

(b) 五名最高薪酬人士

截至2021年12月31日止年度，本集團薪酬最高的五名個人包括3名董事(2020年：3名)，其薪酬分析列示於附註43。年內應付其餘2名個人(2020年：2名)的薪酬如下：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	1,519	1,567
Social insurance expenses	社保開支	179	20
Housing benefits	住房福利	133	56
Share-based compensation	以股份為基礎的薪酬	636	158
		<b>2,467</b>	<b>1,801</b>

The emoluments fell within the following bands:

薪酬位於以下範圍內：

		Number of individuals 人數	
		Year ended 31 December 截至12月31日止年度	
		2021 2021年	2020 2020年
Emolument bands	薪酬範圍		
HK\$1,000,000- HK\$1,500,000	1,000,000港元至1,500,000港元	2	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 9 OTHER INCOME

## 9 其他收入

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Commission income from trading of construction materials	買賣建築材料的佣金收入	20,502	27,418
Government grants	政府補助	8,138	4,196
Others	其他	11,034	10,643
		<b>39,674</b>	<b>42,257</b>

## 10 OTHER EXPENSES

## 10 其他開支

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Donations	捐款	5,852	9,943
Penalty payments	罰款	1,299	613
Others	其他	6,599	1,207
		<b>13,750</b>	<b>11,763</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 11 OTHER GAINS – NET

## 11 其他收益 – 淨額

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Fair value and revaluation gains on investment properties (Note 16)	投資物業公允价值和重估收益 (附註16)	5,563	47,638
Gains/(losses) on disposal of investment properties	出售投資物業的收益/(虧損)	874	(5,419)
Fair value (losses)/gains of financial assets at FVTPL	按公允價值計入損益的金融資產公允價值(虧損)/收益	(6,372)	17,035
Gains/(losses) on disposal of subsidiaries (Note 38(b))	出售附屬公司的收益/(虧損) (附註38(b))	52,185	(5,434)
Loss on de-registration of an associate	聯營公司註銷虧損	-	(2,099)
Gains on disposal of associates (Note 20)	出售聯營公司的收益(附註20)	139,369	-
Gains/(losses) on disposal of property, plant and equipment	出售物業、廠房及設備的收益/(虧損)	140	(778)
Others	其他	1,214	600
		<b>192,973</b>	<b>51,543</b>

## 12 FINANCE COSTS – NET

## 12 融資成本 – 淨額

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Finance income:	融資收入：		
- Interest income from bank deposits	- 銀行存款利息收入	(33,470)	(28,799)
Finance costs:	融資成本：		
- Interest expenses on borrowings	- 借款利息開支	1,452,368	883,149
- Others	- 其他	1,836	1,683
		<b>1,454,204</b>	<b>884,832</b>
- Less: interests capitalised	- 減：資本化利息	(1,375,800)	(842,987)
		<b>78,404</b>	<b>41,845</b>
- Interest expenses on lease liabilities	- 租賃負債利息開支	11,005	6,529
- Net foreign exchange gains on financing activities	- 融資活動的匯兌收益淨額	(7,823)	-
		<b>81,586</b>	<b>48,374</b>
Finance costs – net	融資成本 – 淨額	<b>48,116</b>	<b>19,575</b>

## (a) Capitalised borrowing costs

The capitalisation rate of borrowings was 9.30% per annum for the year ended 31 December 2021 (2020: 8.27% per annum).

## (a) 資本化借貸成本

截至2021年12月31日止年度，借款的年資本化率為9.30%（2020年：每年8.27%）。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 13 INCOME TAX EXPENSES

#### 13 所得稅開支

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Current income tax	即期所得稅		
– PRC corporate income tax	– 中國企業所得稅	392,740	489,152
– PRC land appreciation tax ("LAT")	– 中國土地增值稅(「土地增值稅」)	235,610	415,405
		628,350	904,557
Deferred income tax (Note 33)	遞延所得稅(附註33)		
– PRC corporate income tax	– 中國企業所得稅	54,318	(138,851)
		682,668	765,706

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entities of the Group as follows:

如下表所示，本集團稅前溢利的稅項不同於按適用於本集團實體溢利的稅率計算得出的理論金額：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Profit before income tax	所得稅前溢利	1,708,442	1,715,655
Adjusted:	調整：		
Share of results of joint ventures and associates	分佔合營企業及聯營公司業績	(136,203)	45,730
		1,572,239	1,761,385
Tax calculated at tax rates applicable to profits in the respective entities of the Group	按本集團各實體溢利適用之稅率計算的稅項	393,060	440,346
Tax effects of:	以下各項的稅務影響：		
– Expenses not deductible for tax purposes	– 不可扣稅開支	82,037	13,765
– LAT deductible for income tax purposes	– 可抵扣所得稅的土地增值稅	(58,903)	(103,851)
– Tax losses for which no deferred income tax asset was recognised	– 未確認遞延所得稅資產的稅項虧損	30,864	41
Corporate income tax	企業所得稅	447,058	350,301
LAT	土地增值稅	235,610	415,405
		682,668	765,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



### 13 INCOME TAX EXPENSES (CONTINUED)

#### (a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profit for the year (2020: Nil).

#### (b) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law").

#### (c) LAT

Income from the sale or transfer of land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

#### (d) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, is exempted from Cayman Islands income tax.

### 13 所得稅開支(續)

#### (a) 香港利得稅

年內本集團無應課稅溢利，故並無計提香港利得稅(2020年：無)。

#### (b) 中國企業所得稅

本集團就中國內地業務所作所得稅撥備根據現行有關法例、詮釋及慣例，按年內估計應課稅溢利的適用稅率計算。

根據《中華人民共和國企業所得稅法》(「企業所得稅法」)，適用於中國內地本集團各實體的企業所得稅稅率為25%。

#### (c) 土地增值稅

出售或轉讓中國土地、建築及其附帶設施的所有收入須按增值部分的30%至60%的累進稅率繳納土地增值稅，惟倘普通住宅物業的銷售增值率不超過可扣稅項目總額20%，則會獲豁免。

#### (d) 海外所得稅

本公司於開曼群島根據公司法註冊成立為獲豁免有限公司，並獲豁免繳納開曼群島所得稅。





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 13 INCOME TAX EXPENSES (CONTINUED)

##### (e) PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are qualified as tax residents of Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as they do not have a plan to distribute these earnings out of Mainland China in the foreseeable future.

#### 14 EARNINGS PER SHARE

##### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

#### 13 所得稅開支(續)

##### (e) 中國股息預扣所得稅

根據企業所得稅法實施條例，2008年1月1日後，以中國公司產生的溢利向其海外投資者分派的股息須按10%的稅率繳納預扣所得稅。根據中國與香港簽訂的稅收協定安排，若中國附屬公司的直接控股公司符合香港納稅居民的資格，可採用較低的5%預扣稅率。由於本集團的中國附屬公司並無計劃於可預見未來分派未分派盈利至中國境外，故本集團並未就中國附屬公司的該等盈利計提任何預扣所得稅。

#### 14 每股盈利

##### (a) 基本

每股基本盈利按本公司擁有人應佔溢利除以期內已發行普通股加權平均數計算。

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	726,438	715,372
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數 (千股)	1,363,131	1,019,130
Earnings per share — Basic (RMB)	每股盈利—基本(人民幣元)	0.53	0.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 14 EARNINGS PER SHARE (CONTINUED)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Restricted shares granted to employees under the Group's share incentive scheme are considered to be potentially dilutive ordinary shares. For the restricted shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding restricted shares.

## 14 每股盈利(續)

### (b) 攤薄

每股攤薄盈利乃假設轉換所有具潛在攤薄的普通股後，調整已發行普通股的加權平均數計算得出。根據本集團的股份激勵計劃向僱員授出的受限制股份被視為具潛在攤薄的普通股。就受限制股份而言，已根據已發行受限制股份所付認購權的貨幣價值，計算可按公允值(按本公司股份的年度平均市價釐定)取得的股份數目。

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	726,438	715,372
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數(千股)	1,363,131	1,019,130
Adjustments for restricted shares ('000)	就受限制股份作出調整(千股)	79,017	81,550
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股加權平均數 (千股)	1,442,148	1,100,680
Diluted earnings per share (RMB)	每股攤薄盈利(人民幣元)	0.50	0.65

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 15 PROPERTY, PLANT AND EQUIPMENT

#### 15 物業、廠房及設備

		Buildings and building improvements 樓宇及樓宇 裝修 RMB'000 人民幣千元	Transportation equipment 運輸設備 RMB'000 人民幣千元	Office equipment and machinery 辦公設備及 機器 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Year ended 31 December 2020</b>	<b>截至2020年12月31日止年度</b>					
Opening net book amount	年初賬面淨值	692,793	4,191	33,694	15,023	745,701
Additions	添置	62,696	442	7,505	13,643	84,286
Disposals of subsidiaries	出售附屬公司	(506)	(3)	(121)	-	(630)
Other disposals	其他出售	(4,455)	(182)	(915)	-	(5,552)
Transfer	轉讓	443	-	955	(1,398)	-
Depreciation charge	折舊費用	(74,393)	(1,329)	(6,828)	-	(82,550)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	<b>676,578</b>	<b>3,119</b>	<b>34,290</b>	<b>27,268</b>	<b>741,255</b>
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>					
Cost	成本	906,425	12,532	55,620	27,268	1,001,845
Accumulated depreciation	累計折舊	(229,847)	(9,413)	(21,330)	-	(260,590)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>676,578</b>	<b>3,119</b>	<b>34,290</b>	<b>27,268</b>	<b>741,255</b>
<b>Year ended 31 December 2021</b>	<b>截至2021年12月31日止年度</b>					
Opening net book amount	年初賬面淨值	676,578	3,119	34,290	27,268	741,255
Additions	添置	32,174	4,617	3,000	45,286	85,077
Acquisition of subsidiaries (Note 38(a))	收購附屬公司 (附註38(a))	11,917	23	631	-	12,571
Disposal of subsidiaries (Note 38(b))	出售附屬公司 (附註38(b))	(847)	(4)	(33)	-	(884)
Transfer	轉讓	51,736	-	-	(51,736)	-
Other disposals	其他出售	(27,638)	(74)	(1,005)	-	(28,717)
Depreciation charge	折舊費用	(74,401)	(1,456)	(6,404)	-	(82,261)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	<b>669,519</b>	<b>6,225</b>	<b>30,479</b>	<b>20,818</b>	<b>727,041</b>
<b>As at 31 December 2021</b>	<b>於2021年12月31日</b>					
Cost	成本	989,401	15,937	57,378	20,818	1,083,534
Accumulated depreciation	累計折舊	(319,882)	(9,712)	(26,899)	-	(356,493)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>669,519</b>	<b>6,225</b>	<b>30,479</b>	<b>20,818</b>	<b>727,041</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 15 物業、廠房及設備(續)

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

折舊開支自綜合全面收益表的下列類別扣除：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cost of sales	銷售成本	3,187	2,198
Selling and marketing costs	銷售及營銷開支	41,070	45,296
Administrative expenses	行政開支	38,004	35,056
		<b>82,261</b>	<b>82,550</b>

Pledges of property, plant and equipment for the Group's borrowings is disclosed in Note 31.

為本集團的借款而質押的物業、廠房及設備披露於附註31。

### 16 INVESTMENT PROPERTIES

### 16 投資物業

		Investment properties 投資物業					
		2021 2021年 Under			2020 2020年 Under		
		Completed 已竣工	Construction 在建中	Total 總計	Completed 已竣工	Construction 在建中	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
<b>At fair value</b>	<b>按公允值</b>						
At 1 January	於1月1日	1,410,730	156,000	1,566,730	1,403,070	147,470	1,550,540
Transfer from properties under development and completed properties held for sale	轉自開發中物業及持作出售的已竣工物業						
- Cost	- 成本	-	-	-	44,417	-	44,417
- Revaluation gains	- 重估收益	-	-	-	28,464	-	28,464
Other additions	其他添置	-	627	627	2,465	-	2,465
Fair value changes	公允值變動	6,090	(527)	5,563	10,644	8,530	19,174
Disposal of subsidiaries	出售附屬公司	(39,340)	-	(39,340)	(42,100)	-	(42,100)
Other disposal	其他出售	(134,040)	-	(134,040)	(36,230)	-	(36,230)
At 31 December	於12月31日	<b>1,243,440</b>	<b>156,100</b>	<b>1,399,540</b>	<b>1,410,730</b>	<b>156,000</b>	<b>1,566,730</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 16 INVESTMENT PROPERTIES (CONTINUED)

(a) Amounts recognised in profit or loss for investment properties

## 16 投資物業(續)

(a) 於損益確認的投資物業金額

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Rental income	租金收入	91,050	56,408
Direct operating expenses from properties that generated rental income	來自產生租金收入物業的直接運營開支	(21,012)	(17,197)
Fair value and revaluation gains	公允值及重估收益	5,563	47,638
Gains/(losses) on disposal of investment properties	出售投資物業的收益／(虧損)	874	(5,419)
		<b>76,475</b>	81,430

(b) Pledged investment properties for the Group's borrowings is disclosed in Note 31.

(b) 為本集團的借款而質押的投資物業披露於附註31。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 17 INTANGIBLE ASSETS

## 17 無形資產

		Computer software 計算機軟件	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
<b>At 1 January</b>	<b>於1月1日</b>	<b>15,310</b>	17,320
Additions	添置	829	4,523
Amortisations	攤銷	(5,331)	(6,533)
<b>At 31 December</b>	<b>於12月31日</b>	<b>10,808</b>	15,310
<b>As at 31 December</b>	<b>於12月31日</b>		
Cost	成本	32,457	31,628
Accumulated amortisations	累計攤銷	(21,649)	(16,318)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>10,808</b>	15,310

Amortisation of intangible assets has been charged to profit or loss as follows:

如下表所示，無形資產攤銷已自損益扣除：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cost of sales	銷售成本	202	244
Selling and marketing costs	銷售及營銷開支	329	348
Administrative expenses	行政開支	4,800	5,941
		<b>5,331</b>	6,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 18 RIGHT-OF-USE ASSETS

## 18 使用權資產

		Properties 物業 RMB'000 人民幣千元	Land 土地 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2020</b>	<b>於2020年1月1日</b>			
Opening net book amount	年初賬面淨值	2,374	31,567	33,941
Additions	添置	149,610	-	149,610
Depreciation	折舊	(13,002)	(909)	(13,911)
<b>At 31 December 2020</b>	<b>於2020年12月31日</b>	138,982	30,658	169,640
<b>Year ended 31 December 2021</b>	<b>截至2021年12月31日止年度</b>			
Opening net book amount	年初賬面淨值	138,982	30,658	169,640
Additions	添置	-	880	880
Depreciation	折舊	(21,274)	(877)	(22,151)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	117,708	30,661	148,369

Pledges of land for the Group's borrowings is disclosed in Note 31.

為本集團的借款而質押的土地披露於附註31。

Depreciation of right-of-use assets has been charged to profit or loss as follows:

如下表所示，使用權資產折舊已自損益扣除：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cost of sales	銷售成本	1,079	1,391
Selling and marketing costs	銷售及營銷開支	7,048	6,501
Administrative expenses	行政開支	14,024	6,019
		<b>22,151</b>	13,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 19 FINANCIAL INSTRUMENTS BY CATEGORY

## 19 按類別劃分之金融工具

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
<b>Financial assets at amortised cost:</b>	<b>按攤銷成本計量的金融資產：</b>		
Trade and other receivables excluding prepayments	貿易及其他應收款項， 不包括預付款項	13,309,944	4,846,041
Cash and bank deposits	現金及銀行存款	5,509,422	5,660,333
		<b>18,819,366</b>	10,506,374
<b>Financial assets at fair value:</b>	<b>按公允值計量的金融資產：</b>		
Financial assets at FVTPL	按公允值計入損益的金融資產	-	217,841
<b>Financial liabilities at amortised costs</b>	<b>按攤銷成本計量的金融負債：</b>		
Borrowings	借款	10,780,167	10,314,138
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項，不包括 應計未付薪酬及其他應付稅項	17,929,060	13,435,207
Lease liabilities	租賃負債	133,031	143,210
		<b>28,842,258</b>	23,892,555

## 20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

## 20 以權益法入賬的投資

Amount represented:

金額指：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Investment in joint ventures (a)	於合營企業的投資(a)	1,356,305	2,267,721
Investment in associates (b)	於聯營公司的投資(b)	4,308,654	2,501,277
		<b>5,664,959</b>	4,768,998



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED) 20 以權益法入賬的投資(續)

(a) Investment in joint ventures

The movement of investments in joint ventures is as follows:

(a) 於合營企業的投資

於合營企業的投資變動如下：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Share of net assets:	分佔淨資產：		
Opening balances	年初結餘	2,267,721	625,118
Transfer from investments in subsidiaries	轉撥自於附屬公司的投資	-	5,500
Additions	添置	446,623	1,649,630
Transfer to investments in subsidiaries (Note 38(a))	轉撥至於附屬公司的投資 (附註38(a))	(1,287,579)	-
Share of results	分佔業績	(70,460)	(12,527)
Closing balances	年末結餘	1,356,305	2,267,721

- (i) There were no significant commitments relating to the Group's interests in the joint ventures.
- (ii) The directors of the Company consider that none of the joint ventures was significant to the Group and thus, the individual financial information of the joint ventures was not disclosed.
- (iii) The summarised financial information of the individually immaterial joint ventures on an aggregate basis is as follows:

- (i) 並無有關本集團所持合營企業權益的重大承擔。
- (ii) 本公司董事認為概無對本集團而言屬重大的合營企業，因此合營企業的個別財務資料未予披露。
- (iii) 個別並不重大的合營企業基於合併基準的財務資料概要如下：

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20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED) 20 以權益法入賬的投資(續)

(a) Investment in joint ventures (Continued)

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Carrying amounts in the consolidated balance sheet	綜合資產負債表內賬面值	1,356,305	2,267,721
Share of losses	分佔虧損	(70,460)	(12,527)
Share of total comprehensive loss	分佔綜合虧損總額	(70,460)	(12,527)

(a) 於合營企業的投資(續)

(b) Investment in associates

The movement of investments in associates is as follows:

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Share of net assets:	分佔淨資產：		
Opening balances	期初結餘	2,501,277	881,880
Additions	添置	1,545,333	1,585,495
Transfer from investments in subsidiaries (Note 38(b))	轉撥自於附屬公司的投資 (附註38(b))	277,444	78,690
Disposal (*)	出售(*)	(222,063)	-
Liquidation	清算	-	(11,585)
Share of results	分佔業績	206,663	(33,203)
Closing balances	期末結餘	4,308,654	2,501,277

(b) 於聯營公司的投資

於聯營公司的投資變動如下：

\* During the year ended 31 December 2021, the Group disposed of its 30% equity interest in an associate, Shenzhen Tanghui Investment Holding Co., Ltd., 深圳市唐匯投資有限公司, to a third party at a cash consideration of RMB361,432,000, which resulted in a disposal gain of RMB139,369,000.

(i) The tables below provide summarised financial information of the associates which is material to the Group as at 31 December 2021:

\* 截至2021年12月31日止年度，本集團向第三方出售其於一家聯營公司深圳市唐匯投資有限公司30%的權益，現金代價為人民幣361,432,000元，產生出售收益人民幣139,369,000元。

(i) 下表概述截至2021年12月31日對本集團屬重要的聯營公司之財務資料：

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20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED) 20 以權益法入賬的投資(續)

(b) Investment in associates (Continued)

(b) 於聯營公司的投資(續)

	Place of Incorporation and operation	Principle activities	Ownership interest as at 31 December 2021 and 2020 佔2021年及2020年 12月31日 擁有權益的百分比
	註冊成立及營運地點	主營業務	擁有權益的百分比
Guangxi Zhongqingyiju Investment Co., Ltd. ("Guangxi Zhongqingyiju") 廣西眾擎易舉投資有限公司(「廣西眾擎易舉」)	The PRC 中國	Property Development 物業開發	30%
Guangxi Tangxinxuguang Investment Co., Ltd. ("Guangxi Tangxinxuguang") 廣西唐欣旭光投資有限公司(「廣西唐欣旭光」)	The PRC 中國	Property Development 物業開發	26%

		Guangxi Zhongqingyiju 廣西眾擎易舉		Guangxi Tangxinxuguang 廣西唐欣旭光	
		31 December 2021 2021年 12月31日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Current assets	流動資產				
Cash and bank deposits	現金及銀行存款	69,925	150,888	20,050	142,950
Other current assets	其他流動資產	2,696,428	3,926,608	1,783,816	3,412,305
Total current assets	流動資產總額	2,766,353	4,077,496	1,803,866	3,555,255
Non-current assets	非流動資產	78	117	17,734	17,761
Current liabilities	流動負債	2,566,407	4,269,449	596,786	2,609,550
Non-current liabilities	非流動負債	-	-	345,000	416,000

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20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 20 以權益法入賬的投資(續)

(b) Investment in associates (Continued)

(b) 於聯營公司的投資(續)

		Guangxi Zhongqingyiju 廣西眾擎易舉		Guangxi Tangxinxuguang 廣西唐欣旭光	
		31 December 2021 2021年 12月31日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Net assets	資產淨值	200,024	(191,836)	879,814	547,466
Reconciliation to carrying amounts:	與賬面值對賬：				
Opening net assets	年初資產淨值	(191,836)	(12,512)	547,466	566,372
Profit/(loss) for the year	年度溢利／(虧損)	391,860	(179,324)	332,348	(18,906)
Closing net assets	年末資產淨值	200,024	(191,836)	879,814	547,466
Revenue	收益	2,010,410	1,322,276	2,439,342	–
Selling and marketing expenses	銷售及營銷開支	(56,436)	(15,443)	(2,150)	(19,672)
Administrative expenses	行政開支	(4,466)	(5,913)	(28,743)	(6,892)
Interest expense	利息開支	–	–	(10,343)	–
Interest Income	利息收入	284	485	464	1,244
Income tax expenses	所得稅開支	(130,620)	(32,130)	(110,783)	6,487
Profit/(loss) and total comprehensive income/(loss) for the year	年度溢利／(虧損)及全面收益／(虧損)總額	391,860	(179,324)	332,348	(18,906)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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20 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED) 20 以權益法入賬的投資(續)

(b) Investment in associates (Continued)

*Summarised statement of comprehensive income*

(ii) The summarised financial information of the individually immaterial associates on an aggregate basis is as follows:

(b) 於聯營公司的投資(續)

*全面收入表摘要*

(ii) 個別並不重大的聯營公司基於合併基準的財務資料概要如下：

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Carrying amounts in the consolidated balance sheet	綜合資產負債表內賬面值	4,019,896	2,416,487
Share of profits	分佔業績	2,695	25,510
Share of total comprehensive income	分佔綜合收入總額	2,695	25,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 21 PROPERTIES UNDER DEVELOPMENT

## 21 開發中物業

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Properties under development expected to be completed:	預計按下列方式竣工的開發中物業：		
- Within normal operating cycle included under current assets	- 於正常運營週期內計入流動資產	28,332,047	23,429,576
- Beyond normal operating cycle included under non-current assets	- 超出正常運營週期計入非流動資產	-	14,140
		<b>28,332,047</b>	<b>23,443,716</b>
Properties under development comprise:	開發中物業包括：		
- Construction costs	- 建設成本	11,811,281	8,756,770
- Capitalised interests	- 資本化利息	2,274,207	1,590,091
- Land costs	- 土地成本	14,496,452	13,375,573
Less: write-down provision	減：減記撥備	(249,893)	(278,718)
		<b>28,332,047</b>	<b>23,443,716</b>
Representing	按以下項表示		
- At cost	- 按成本	26,377,125	21,715,888
- At net realisable value	- 按可變現淨值	1,954,922	1,727,828
		<b>28,332,047</b>	<b>23,443,716</b>

Properties under development of the Group are all located in the PRC. The relevant land are on leases of 40 to 70 years.

At 31 December 2021, properties under development amounting to RMB15,449,425,000 was expected to be completed and delivered beyond one year (2020: 17,474,833,000).

The capitalisation rate of borrowings was 9.30% per annum for the year ended 31 December 2021 (2020: 8.27% per annum) (Note 12).

Pledges of properties under development for the Group's borrowings is disclosed in Note 31.

本集團開發中物業均位於中國。有關土地租期為40至70年。

於2021年12月31日，價值人民幣15,449,425,000元的開發中物業預期於一年後完工及交付(2020年：17,474,833,000)。

截至2021年12月31日止年度，借款的年資本化比率為9.30%(2020年：每年8.27%)(附註12)。

為本集團的借款而質押的開發中物業披露於附註31。

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綜合財務報表附註

## 22 COMPLETED PROPERTIES HELD FOR SALE

## 22 持作出售的已竣工物業

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Completed properties held for sale	持作出售的已竣工物業	<b>3,166,623</b>	2,181,330
Less: write-down provision	減：減記撥備	<b>(145,001)</b>	(46,614)
		<b>3,021,622</b>	2,134,716
Representing	按以下項表示		
– At cost	– 按成本	<b>2,147,033</b>	1,815,284
– At net realisable value	– 按可變現淨值	<b>874,589</b>	319,432
		<b>3,021,622</b>	2,134,716

The completed properties held for sale are all located in the PRC.

持作出售的已竣工物業均位於中國。

Pledges of completed properties held for sale for the Group's borrowings is disclosed in Note 31.

為本集團借款而質押的持作出售的已竣工物業披露於附註31。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

23 CONTRACT ASSETS AND CONTRACT ACQUISITION COSTS 23 合約資產及合約取得成本

(a) Details of contract assets and contract acquisition costs are as follows:

(a) 合約資產及合約取得成本明細列示如下：

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Contract assets related to construction services (i)	有關建築服務的合約資產(i)	304,391	167,755
Less: allowance for impairment (Note 3.1.2(d))	減：減值撥備（附註3.1.2(d)）	(455)	(7,425)
		303,936	160,330
Costs for obtaining contracts (ii)	合約獲取成本(ii)	547,671	278,002
Total contract assets and contract acquisition costs	合約資產及合約取得成本總計	851,607	438,332

(i) Contract assets consist of unbilled amount resulting from construction services when revenue recognised exceeds the amounts billed to the customer. Change of contract assets is primarily related to increase in unbilled amounts.

(i) 當確認的收益超過向客戶發出的開票金額時，合約資產包含建築服務的未開票金額。合約資產變動主要與未開票金額增加有關。

(ii) Management expects the incremental costs, primarily represent sale commission and stamp duty for of obtaining the property sale contracts, are recoverable. The Group has capitalised the amounts and amortised them to profit or loss when the related revenue is recognised. For the years ended 31 December 2021, the amount of amortisations was RMB204,217,000 (2020: RMB135,744,000) and there was no impairment loss recognised in relation to the costs capitalised.

(ii) 獲得銷售物業合約而產生的增量成本主要指銷售佣金及印花稅，管理層預計可收回，因此本集團將該增量成本進行資本化並於確認相關收益時於損益攤銷。截至2021年12月31日止年度，增量成本的攤銷金額為人民幣204,217,000元（2020年：人民幣135,744,000元），並且資本化的成本並無確認減值虧損。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 24 CONTRACT LIABILITIES

- (a) The Group has recognised the following liabilities related to contracts with customers:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Contract liabilities related to sales of properties	有關銷售物業的合約負債	18,316,403	11,653,541
Contract liabilities related to construction	有關建築的合約負債	105,237	40,986
Total	總計	18,421,640	11,694,527

The Group receives payments from customers based on the billing schedule as established in sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly for sales of properties. The increase in contract liabilities during the year ended 31 December 2021 was mainly attributable to the increase in Group's contract sales.

- (b) The following table shows how much of the revenue recognised in the year relates to carried-forward contract liabilities.

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Sales of properties	銷售物業	7,897,125	8,919,282
Construction services	建築服務	40,986	85,489
		7,938,111	9,004,771

#### 24 合約負債

- (a) 本集團已確認以下與客戶合約有關的負債：

本集團按照銷售合約約定的付款安排向客戶收取款項。合約款項通常在合約的履約責任完成之前收到，該等合約主要有銷售物業。截至2021年12月31日止年度，合約負債增加，主要由於本集團合約銷售增加所致。

- (b) 下表列示年內所確認與結轉合約負債有關的收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 24 CONTRACT LIABILITIES (CONTINUED)

## (c) Unsatisfied contracts

Related to sales of properties:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Expected to be recognised within one year	預計於一年內確認	11,689,945	8,884,437
Expected to be recognised after one year	預計於一年後確認	16,489,137	12,465,993
		<b>28,179,082</b>	21,350,430

Related to construction services:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Expected to be recognised within one year	預計於一年內確認	114,508	252,263
Expected to be recognised after one year	預計於一年後確認	57,254	126,132
		<b>171,762</b>	378,395

The Group recognises hotel and other services revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

本集團確認的酒店及其他服務收益金額相等於開具發票的權利，而有關權利直接對應本集團至今向客戶作出的履約價值。本集團已選擇可行權宜方法，不披露該等合約類型的餘下履約責任。

## 24 合約負債(續)

## (c) 未履行合約

與銷售物業有關：

與建築服務有關：

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 25 TRADE AND OTHER RECEIVABLES

#### 25 貿易及其他應收款項

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables (a)	貿易應收款項(a)		
– Related parties (Note 39(b))	– 關聯方 (附註39(b))	54,362	3,164
– Third parties	– 第三方	1,297,902	34,396
		1,352,264	37,560
Less: allowance for impairment	減：減值撥備	(3,168)	(1,726)
		1,349,096	35,834
Other receivables	其他應收款項		
– Note receivables	– 應收票據	–	2,010
– Amounts due from related parties (Note 39(b))	– 應收關聯方款項 (附註39(b))	4,552,838	1,175,714
– Amounts due from non-controlling interests	– 應收非控股權益款項	6,780,682	3,392,404
– Prepayment of land and deposits for land auction	– 預付土地款項及土地拍賣 按金	494,473	305,340
– Construction deposits	– 建築按金	135,640	87,582
– Amounts due from governments	– 應收政府款項	277,948	69,828
– Others	– 其他	317,589	105,282
		12,559,170	5,138,160
Less: allowance for impairment	減：減值撥備	(103,849)	(22,613)
		12,455,321	5,115,547
Prepayments	預付款項		
– For acquisitions of land	– 就收購土地	47,478	1,003,629
– For construction costs and construction materials	– 就建築成本及建築原材料	70,866	76,568
– For value-added and other taxes	– 就增值稅及其他稅項	184,140	490,074
		302,484	1,570,271
Total trade and other receivables	總貿易及其他應收款項	14,106,901	6,721,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

25 TRADE AND OTHER RECEIVABLES (CONTINUED) 25 貿易及其他應收款項(續)

- (a) Trade receivables are mainly arisen from sales of properties and provision of construction services. Trade receivables in respect of sale of properties and provision of construction services are settled in accordance with the terms stipulated in the sales contracts.

The aging analysis of trade receivables based on invoice date was as follows:

- (a) 貿易應收款項主要來自銷售物業及提供建築服務。物業銷售及提供建築服務的貿易應收款項根據銷售合約訂立的條款結算。

貿易應收款項按發票日期之賬齡分析如下：

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 90 days	90天內	1,317,642	18,031
Over 90 days and within 180 days	超過90天但在180天內	7,919	1,051
Over 180 days and within 365 days	超過180天但在365天	19,487	3,210
Over 365 days	超過365天	7,216	15,268
		<b>1,352,264</b>	<b>37,560</b>

- (b) For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Impairment losses are recognised in profit or loss within losses of impairment on financial and contract assets. Subsequent recoveries of amounts previously written off are credited against the same line item. See Note 3.1.2 for information about impairment losses.

- (b) 就貿易應收款項，本集團按香港財務報告準則第9號採用簡化法計提預期信貸虧損撥備。減值虧損於損益賬下金融及合約資產減值虧損內確認。其後收回之前撇銷的款項於同一項目下入賬。有關減值虧損的資料，請參閱附註3.1.2。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 25 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) The Group's trade receivables were all denominated in RMB, unsecured, repayable in accordance with terms stipulated in the sales contracts and interest-free.

The Group's other receivables were all denominated in RMB, unsecured, repayable on demand and interest-free.

- (d) Due to the short-term nature of the current receivables, their carrying amount is considered to be close to their fair value.

#### 26 PREPAID INCOME TAX

Prepaid income tax represented amounts prepaid to tax bureau on corporate income tax on profit and LAT for pre-sales of properties.

#### 27 CASH AND BANK DEPOSITS

#### 25 貿易及其他應收款項(續)

- (c) 本集團的貿易應收款項均以人民幣計值，無抵押且須根據銷售合約規定的條款償還及免息。

本集團的其他應收款項以人民幣計值，無抵押且須按要求償還及免息。

- (d) 由於即期應收款項的短期性質，其賬面值視作與彼等的公允值相近。

#### 26 預付所得稅

預付所得稅指預售物業而向稅務局預付的利潤之企業所得稅及土地增值稅的金額。

#### 27 現金及銀行存款

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and bank deposits (a)	現金及銀行存款(a)	5,509,422	5,660,333
Less: Restricted cash (b)	減：受限制現金(b)	(1,198,994)	(2,196,977)
Term deposits	定期存款	-	(567)
Cash and cash equivalents	現金及現金等價物	4,310,428	3,462,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 27 CASH AND BANK DEPOSITS (CONTINUED)

- (a) Cash and bank deposits were denominated in RMB, US dollars and Hong Kong dollars respectively. The carrying amounts of cash and bank deposits are denominated in the following currencies:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Denominated	以下列貨幣計值		
- RMB	- 以人民幣計值	5,503,412	5,585,696
- USD	- 以美元計值	5,669	33,085
- HKD	- 以港幣計值	341	41,552
		<b>5,509,422</b>	<b>5,660,333</b>

## 27 現金及銀行存款(續)

- (a) 現金及銀行存款分別以人民幣、美元及港元計值。現金及銀行存款賬面值以下列貨幣計值：

- (b) Restricted cash

The balance of restricted cash mainly represented RMB-denominated guarantee deposits for construction of pre-sale properties placed in designated accounts which will be released in accordance with certain construction progress milestones.

As at 31 December 2021, the balance of guarantee deposits for construction of pre-sale properties included in restricted cash was RMB978,387,000 and the balance of that included in cash and cash equivalents was RMB1,754,710,000.

- (b) 受限制現金

受限制現金結餘指建設預售物業的保證金，以人民幣計值並存放於指定賬戶，並將根據特定建設進度時間表而退還。

於2021年12月31日，計入受限制現金的建設預售物業的保證金結餘為人民幣978,387,000元，而計入現金及現金等價物的該等結餘為人民幣1,754,710,000元。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 28 SHARE CAPITAL AND SHARE PREMIUM

#### 28 股本及股份溢價

		Number of ordinary shares of US\$0.01 each 每股面值0.01 美元的普通股 數目 RMB'000 人民幣千元	Equivalent nominal value of ordinary share 普通股 的相應 面值 RMB'000 人民幣千元	Share premium 股份 溢價 RMB'000 人民幣千元
Issued:	已發行：			
<b>Balance as at 1 January 2020</b>	<b>於2020年1月1日之結餘</b>	1,000,000	70	508,442
Share issued (a)	已發行股份(a)	333,400,000	21,806	1,277,753
Share issuance costs	股份發行成本	–	–	(42,952)
Capitalisation Issue (b)	資本化發行(b)	999,000,000	65,340	(65,340)
<b>Balance as at 31 December 2020</b>	<b>於2020年12月31日之結餘</b>	<b>1,333,400,000</b>	<b>87,216</b>	<b>1,677,903</b>
<b>Balance as at 1 January 2021</b>	<b>於2021年1月1日之結餘</b>	<b>1,333,400,000</b>	<b>87,216</b>	<b>1,677,903</b>
Issuance of ordinary shares (c)	發行普通股(c)	<b>30,144,000</b>	<b>1,948</b>	<b>117,383</b>
Dividends paid to shareholders	已付股東股息	–	–	(149,990)
<b>Balance as at 31 December 2021</b>	<b>於2021年12月31日之結餘</b>	<b>1,363,544,000</b>	<b>89,164</b>	<b>1,645,296</b>

(a) On 11 December 2020, upon its Listing, the Company issued 333,400,000 new shares with par value US\$0.01 each at HK\$4.56 per share for a total cash consideration of HK\$1,520,304,000 (equivalent to approximately RMB1,299,559,000). The corresponding share capital amount was approximately RMB21,806,000 and share premium arising from the issuance was approximately RMB1,277,753,000.

(b) Following the Listing on 11 December 2020, the Company capitalised an amount of RMB65,340,000 standing to the credit of the share premium account of the Company, by applying such sum in paying up in full at par 999,000,000 shares for issue and allotment to the existing shareholders of the Company before the Listing in proportion to their respective shareholdings in the Company.

(a) 於2020年12月11日上市後，本公司按每股4.56港元發行333,400,000股每股面值0.01美元的新股，現金總代價為1,520,304,000港元（相當於約人民幣1,299,559,000元）。相應的股本金額約為人民幣21,806,000元，發行產生的股份溢價為約人民幣1,277,753,000元。

(b) 於2020年12月11日上市後，本公司通過將有關款項用作按面值悉數繳足999,000,000股股份，以按上市前所持本公司股權比例發行及配發予本公司現有股東，資本化本公司股份溢價賬的進賬金額人民幣65,340,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

28 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED) 28 股本及股份溢價(續)

(c) On 6 January 2021, the Company issued 30,144,000 new shares at HK\$4.56 per share for a total cash consideration of HK\$135,384,640 (equivalent to approximately RMB119,331,000) due to exercise of over-allotment option by ICBC International Capital, the international underwriters of the Listing. The corresponding share capital amount was approximately RMB1,948,000 and share premium arising from the issuance was approximately RMB117,383,000.

(c) 於2021年1月6日，由於工銀國際融資(上市的國際包銷商)行使超額配股權，本公司按每股港幣4.56元發行30,144,000股新股，總現金代價為港幣135,384,640元(相當於約人民幣119,331,000元)。相應股本金額為約人民幣1,948,000元及發行產生的股份溢價為約人民幣117,383,000元。

29 OTHER RESERVES

29 其他儲備

		Capital reserve	Statutory reserve	Share-based compensation reserve	Others	Total
		資本 儲備	法定 儲備	以股份 為基礎的 薪酬儲備	其他	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
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	375,797	358,662	56,809	(32,823)	758,445
Employee share schemes – value of employee services (b)	僱員股份計劃 – 僱員服務價值(b)	–	–	28,405	–	28,405
Appropriation of statutory reserves (a)	撥充法定儲備(a)	–	338,132	–	–	338,132
Contribution from a fellow subsidiary	同系附屬公司供款	–	–	–	22,606	22,606
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	375,797	696,794	85,214	(10,217)	1,147,588
<b>As at 1 January 2021</b>	<b>於2021年1月1日</b>	<b>375,797</b>	<b>696,794</b>	<b>85,214</b>	<b>(10,217)</b>	<b>1,147,588</b>
Employee share schemes – value of employee services (b)	僱員股份計劃 – 僱員服務價值(b)	–	–	30,556	–	30,556
Appropriation of statutory reserves (a)	撥充法定儲備(a)	–	189,735	–	–	189,735
Acquisition of interests in subsidiaries from non-controlling interests	自非控股權益 收購附屬公司權益	–	–	–	(3,745)	(3,745)
<b>As at 31 December 2021</b>	<b>於2021年12月31日</b>	<b>375,797</b>	<b>886,529</b>	<b>115,770</b>	<b>(13,962)</b>	<b>1,364,134</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 29 OTHER RESERVES (CONTINUED)

##### (a) Statutory reserve

The Group's entities in PRC are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

##### (b) Share-based compensation plan

In January 2018, the Group set up a share incentive scheme for the purpose of retaining talent, promoting the long-term sustainable development of the Group. Under the share incentive scheme, certain directors and senior management (the "Grantees") have a right to subscribe the equity interests of Dynasty Cook, the Company's parent company, or of the Company at a predetermined subscription price (the "Restricted Shares"). These Restricted Shares are limited to be transferred or used for pledge within 4 years after the date of the subscription of the Restricted Shares (the "Restricted Period"). If a Grantee ceases to be employed by the Group within the Restricted Period, the Grantees has to sell the Restricted Shares to designated persons at its original subscription price.

This share incentive scheme is accounted for as an equity-settled share-based compensation plan under HKFRS 2 "Share Based Payment".

The fair value of the Restricted Shares at the grant date, were primarily determined by reference to the fair value of the equity interest of Xiamen Dynasty Real Estate Group Company Limited ("Xiamen Datang"), the principal holding company of the Group's operating subsidiaries.

#### 29 其他儲備(續)

##### (a) 法定儲備

本集團中國實體均須將按中國會計準則及法規計算的稅後溢利的10%轉撥至法定儲備基金，直至累計的基金總額達致其註冊資本的50%為止。法定儲備基金僅可在相關部門批准後方可用以抵銷過往年度結轉的虧損或增加有關公司的資本。

##### (b) 以股份為基礎的薪酬計劃

於2018年1月，本集團設立一項股份激勵計劃，藉以挽留人才、促進本集團的長期可持續發展。根據股份激勵計劃，若干董事及高級管理層(「承授人」)有權按預先釐定的認購價認購本公司母公司Dynasty Cook或本公司的股權(「受限制股份」)。該等受限制股份於認購受限制股份當日起計4年內(「受限期」)須受轉讓或質押限制。倘承授人於受限期內不再受僱於本集團，則承授人須按最初認購價將受限制股份出售予指定人士。

根據香港財務報告準則第2號「以股份為基礎的付款」，該股份激勵計劃入賬列作股權結算以股份為基礎的薪酬計劃。

受限制股份於授出日期的公允值乃主要參考本集團運營附屬公司的主要控股公司廈門大唐房地產集團有限公司(「廈門大唐」)股權的公允值釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註**29 OTHER RESERVES (CONTINUED)****(b) Share-based compensation plan (Continued)**

As at 31 December 2021 and 2020, the Group estimates that all of the Grantees will stay with the Group throughout the Restricted Period for the determination of the amount of share-based compensation expenses. As at 31 December 2021 and 2020, the total number of the outstanding Restricted Shares was 222,121,000 (2020: 222,121,000), there was no movement in the total number of Restricted Shares during the year.

For the year ended 31 December 2021, expenses arising from share-based payment transactions were RMB30,556,000 (2020: RMB28,405,000).

**29 其他儲備(續)****(b) 以股份為基礎的薪酬計劃(續)**

於2021年及2020年12月31日，本集團估計全部承授人將於釐定以股份為基礎的薪酬開支的整個受限期留任本集團。於2021年及2020年12月31日，尚未發行的受限制股份總數為222,121,000股(2020年：222,121,000股)，年內受限制股份總數並無任何變動。

截至2021年12月31日止年度，以股份為基礎付款交易產生的開支為人民幣30,556,000元(2020年：人民幣28,405,000元)。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 30 TRADE AND OTHER PAYABLES

## 30 貿易及其他應付款項

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables (a)	貿易應付款項(a)		
– Related parties (Note 39(b))	– 關聯方 (附註39(b))	169,681	24,002
– Third parties	– 第三方	3,396,678	3,241,716
– Notes payable	– 應付票據	350,397	98,489
		<b>3,916,756</b>	3,364,207
Other payables	其他應付款項		
– Amounts due to related parties (Note 39(b))	– 應付關聯方款項 (附註39(b))	8,345,369	6,746,015
– Amounts due to non-controlling interests(b)	– 應付非控股權益款項(b)	4,767,930	2,312,216
– Construction guarantee deposits received	– 已收施工保證金	227,378	368,170
– Accrued payroll	– 應計工資	156,218	139,924
– Other taxes payables	– 其他應付稅項	798,780	1,006,524
– Interest payables	– 應付利息	10,581	39,747
– Others	– 其他	661,046	604,852
		<b>14,967,302</b>	11,217,448
		<b>18,884,058</b>	14,581,655

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綜合財務報表附註

## 30 TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The aging analysis of the trade payables based on invoice date is as follows:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 90 days	90天內	2,895,806	2,379,388
Over 90 days and within 180 days	超過90天但在180天內	262,363	309,780
Over 180 days and within 365 days	超過180天但在365天內	122,247	271,922
Over 365 days	超過365天	636,340	403,117
		<b>3,916,756</b>	3,364,207

- (b) Amounts due to non-controlling interests and third parties are unsecured, repayable on demand and denominated in RMB. As at 31 December 2021, RMB95,000,000 of amounts due to non-controlling interests and RMB128,000,000 of amounts due to third parties were interest-bearing at rates of 8.0% to 18.5% per annum, while the remaining amounts due to non-controlling interests and third parties were interest-free.

## 30 貿易及其他應付款項(續)

- (a) 貿易應付款項按發票日期之賬齡分析如下：

- (b) 應付非控股權益及第三方款項為無抵押且須按要求償還，以人民幣計值。於2021年12月31日，應付非控股權益款項人民幣95,000,000元及應付第三方款項人民幣128,000,000元乃按年利率8.0%至18.5%計息，而應付非控股權益及第三方的餘下款項為免息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 31 BORROWINGS

## 31 借款

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Non-current</b>	<b>非即期</b>		
Bank borrowings – secured/guaranteed	銀行借款—有抵押／擔保	6,162,561	6,439,838
Other borrowings – secured/guaranteed (a)	其他借款—有抵押／擔保(a)	2,701,700	3,459,300
		<b>8,864,261</b>	9,899,138
Less: current portion of non-current borrowings	減：非即期借款的即期部分	(1,901,725)	(2,251,675)
		<b>6,962,536</b>	7,647,463
<b>Current</b>	<b>即期</b>		
Bank borrowings – secured/guaranteed	銀行借款—有抵押／擔保	–	100,000
Senior notes (a)	優先票據(a)	1,915,906	–
Other borrowings – secured/guaranteed (b)	其他借款—有抵押／擔保(b)	–	315,000
Current portion of non-current borrowings	非即期借款的即期部分	1,901,725	2,251,675
		<b>3,817,631</b>	2,666,675
Total borrowings	借款總額	<b>10,780,167</b>	10,314,138

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## 31 BORROWINGS (CONTINUED)

- (a) On 7 June 2021, the Group issued US\$300,000,000 12.5% senior notes which are listed on the Hong Kong Stock Exchange. The notes are unsecured, will mature in June 2022 and are repayable at its nominal value. The senior notes are guaranteed by certain wholly-owned subsidiaries of the Company. The Group may redeem all or a portion of the note at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.
- (b) Certain subsidiaries in the PRC have entered into funding arrangements with trust companies, securities companies and assets management companies, pursuant to which these financial institutions raised funds and provided the proceeds, directly or through entrusted banks, to the Group.

## 31 借款(續)

- (a) 於2021年6月7日，本集團發行於香港聯交所上市的12.5厘息300,000,000美元優先票據。該等票據為無抵押，將於2022年6月到期，應按面值償還。優先票據由本公司若干全資附屬公司擔保。本集團可於提取日期後按發售通函指定的贖回價加上直至贖回日期應計未付的利息贖回全部或部分票據，惟須遵守發售通函所述的條款及條件。
- (b) 中國的若干附屬公司已與信託公司、證券公司及資產管理公司訂立資金安排，據此，該等金融機構直接或透過委託銀行籌資並將所得款項注入本集團。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 31 BORROWINGS (CONTINUED)

- (c) Bank borrowings were secured by the following assets with book value of:

#### 31 借款(續)

- (c) 借款由下列賬面值為以下金額的資產作擔保：

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Land use right included in properties under development and completed properties held for sale	土地使用權(計入開發中物業及持作出售的已竣工物業)	14,491,858	11,122,644
Investment properties	投資物業	682,698	938,010
Property, plant and equipment	物業、廠房及設備	213,105	121,293
Right-of-use assets	使用權資產	15,204	10,600
		<b>15,402,865</b>	<b>12,192,547</b>

- (d) As at 31 December 2021, the Group's bank borrowings of RMB1,851,378,000, were guaranteed by Fuxin Group Co., Ltd. ("Fuxin Group"), or Mr. Wu Di, a director and shareholder of the Company, or jointly guaranteed by Fuxin Group and Mr. Wu Di; and the Group's borrowings of RMB120,000,000, were jointly guaranteed by Fuxin Group and Mr. Hao Shengchun, the executive director of the Company (2020: RMB2,433,620,000 guaranteed by Mr. Wu Di).

- (d) 於2021年12月31日，本集團人民幣1,851,378,000元的銀行借款由福信集團有限公司(「福信集團」)或本公司董事及股東吳迪先生提供擔保或由福信集團及吳迪先生共同提供擔保；及本集團的借款人民幣120,000,000元由福信集團及本公司執行董事郝勝春先生共同提供擔保(2020年：人民幣2,433,620,000元由吳迪先生提供擔保)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 31 BORROWINGS (CONTINUED)

(e) The Group's borrowings were repayable as follows:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 1 year	1年以內	3,817,631	2,666,675
Between 1 and 2 years	1至2年	4,228,710	4,310,213
Between 2 and 5 years	2至5年	2,243,448	3,122,000
Over 5 years	5年以上	490,378	215,250
		<b>10,780,167</b>	10,314,138

(f) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
At fixed rate	按固定利率	7,674,984	5,999,368
At variable rate by repricing dates:	重新定價日期按可變利率：		
– Within 6 months	– 6個月以內	–	547,500
– Between 6 and 12 months	– 6至12個月	3,105,183	743,800
– Between 1 and 5 years	– 1至5年	–	3,023,470
		<b>3,105,183</b>	4,314,770
		<b>10,780,167</b>	10,314,138

## 31 借款(續)

(e) 本集團的借款須於以下期間償還：

(f) 借款相對於利率變化的風險以及合約重新訂價日期或到期日(以較早者為準)如下：



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 31 BORROWINGS (CONTINUED)

- (g) The weighted average effective interest rates per annum were as follows:

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank borrowings (%)	銀行借款(%)	7.30%	6.36%
Other borrowings (%)	其他借款(%)	12.73%	10.79%
All borrowings (%)	所有借款(%)	9.30%	8.27%

- (h) The fair value of borrowings except for the senior notes approximate their carrying amounts, as the impact of discounting is not significant. The fair value of senior notes as at 31 December 2021 was approximately RMB1,641,296,000, which is determined using the quoted price of the senior notes at 31 December 2021. The fair value measurement of the senior notes is categorized within level 1 fair value hierarchy.
- (i) The senior notes of the Group denominated in US dollar("USD\$"), apart from this, the Group's borrowings are denominated in RMB.

Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition and at 31 December 2021.

#### 31 借款(續)

- (g) 加權平均實際年利率如下：

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank borrowings (%)	銀行借款(%)	7.30%	6.36%
Other borrowings (%)	其他借款(%)	12.73%	10.79%
All borrowings (%)	所有借款(%)	9.30%	8.27%

- (h) 由於貼現影響並不重大，故借款(優先票據除外)的公允值與其賬面值相若。於2021年12月31日，優先票據的公允值約為人民幣1,641,296,000元，乃使用於2021年12月31日優先票據的報價釐定。優先票據的公允值計量分類至第1級公允值層級。
- (i) 本集團的優先票據以美元(「美元」)計值，此外，本集團的借款以人民幣計值。

本集團提早行使贖回權被視為與主合約不密切相關的嵌入式衍生工具。於2021年12月31日，本公司董事認為上述提早行使贖回權於初始確認時並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 32 LEASE LIABILITIES

## 32 租賃負債

(a) Amounts recognised in the consolidated balance sheet

(a) 於綜合資產負債表中確認的金額

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease of office properties for operation	租賃辦公物業以供運營		
– Current	– 流動	12,207	9,256
– Non-current	– 非流動	120,824	133,954
		<b>133,031</b>	143,210

(b) Amounts presented in the consolidated statement of cash flows

(b) 綜合現金流量表內呈列的金額

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Included in cash flows from financing activities	包括在融資活動現金流量		
Cash outflow for lease payments	租賃付款現金流出	21,184	15,346

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 32 LEASE LIABILITIES (CONTINUED)

- (c) A maturity analysis of lease liabilities is shown in the table below:

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Minimum lease payments due</b>	<b>於下列期間到期的 最低租賃付款</b>		
- Within 1 year	- 1年以內	<b>25,544</b>	21,075
- Between 1 and 2 years	- 1至2年	<b>25,570</b>	25,544
- Between 2 and 5 years	- 2至5年	<b>82,973</b>	81,475
- Later than 5 years	- 5年後	<b>43,825</b>	72,470
		<b>177,912</b>	200,564
Less: future finance charges	減：未來融資費用	<b>(44,881)</b>	(57,354)
Present value of lease liabilities	租賃負債現值	<b>133,031</b>	143,210

The Group leases various properties to operate its businesses and the liabilities of these lease were measured at net present value of the future lease payments during the lease terms. The lease contracts do not include renewal option or termination option and no extension options are included in such property leases across the Group.

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 9%.

#### 32 租賃負債(續)

- (c) 租賃負債到期日分析如下表所示：

本集團租賃各類物業經營業務，該等租賃負債按租期內的未來租賃付款淨現值計量。租賃合約並無包含重續權或終止權，且本集團層面的有關物業租賃並無載入延期權。

該等租賃負債按餘下租賃付款的現值計量，使用承租人增量借款利率進行貼現。適用於租賃的加權平均承租人增量借款利率為9%。

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綜合財務報表附註

33 DEFERRED INCOME TAX ASSETS AND LIABILITIES 33 遞延所得稅資產及負債

The analysis of deferred tax assets and deferred tax liabilities is as follows:

遞延稅項資產及遞延稅項負債分析如下：

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deferred tax assets:	遞延稅項資產：		
- Deferred tax asset to be recovered after more than 12 months	— 將於12個月後收回的遞延稅項資產	690,713	697,453
- Deferred tax asset to be recovered within 12 months	— 將於12個月內收回的遞延稅項資產	85,931	106,739
		<b>776,644</b>	804,192
Deferred tax liabilities:	遞延稅項負債：		
- Deferred tax liability to be recovered after more than 12 months	— 將於12個月後收回的遞延稅項負債	(1,078,407)	(1,041,269)
- Deferred tax liability to be recovered within 12 months	— 將於12個月內收回的遞延稅項負債	(221,958)	(175,957)
		<b>(1,300,365)</b>	(1,217,226)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 33 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED) 33 遞延所得稅資產及負債(續)

Deferred income tax assets and liabilities:

The movement in deferred income tax assets and liabilities during the year ended 31 December 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

遞延所得稅資產及負債：

截至2021年12月31日止年度，遞延所得稅資產及負債變動(未計及同一稅務司法權區內的結餘抵銷)如下：

		Impairment of financial assets and contract assets	Write-down of properties under development and completed properties held for sale	Tax losses	Accrued LAT	Depreciation of right-of- use assets	Others	Total DTA
		金融資產 及合約資產減值 RMB'000 人民幣千元	開發中物業及持 作出售的已竣工 物業減記 RMB'000 人民幣千元	稅項 虧損 RMB'000 人民幣千元	應計土地增 值稅 RMB'000 人民幣千元	使用權資產 折舊 RMB'000 人民幣千元	其他 RMB'000 人民幣千元	遞延所得稅 資產總計 RMB'000 人民幣千元
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	12,475	81,446	385,161	177,636	187	-	656,905
(Charged)/credited to profit or loss	(扣除自)/計入損益	(1,980)	-	135,345	17,943	870	-	152,178
Disposal of subsidiaries	出售附屬公司	(5)	-	(4,886)	-	-	-	(4,891)
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	10,490	81,446	515,620	195,579	1,057	-	804,192
<b>As at 1 January 2021</b>	<b>於2021年1月1日</b>	10,490	81,446	515,620	195,579	1,057	-	804,192
(Charged)/credited to profit or loss	(扣除自)/計入損益	15,790	72,624	(12,277)	(58,903)	5,228	15,455	37,917
Acquisition of subsidiaries (Note 38(a))	收購附屬公司(附註38(a))	3,576	-	-	-	-	-	3,576
Disposal of subsidiaries (Note 38(b))	出售附屬公司(附註38(b))	(2,988)	(55,346)	(3,997)	(6,710)	-	-	(69,041)
<b>As at 31 December 2021</b>	<b>於2021年12月31日</b>	26,868	98,724	499,346	129,966	6,285	15,455	776,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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33 DEFERRED INCOME TAX ASSETS AND LIABILITIES 33 遞延所得稅資產及負債(續)  
(CONTINUED)

		Recognition of construction revenue over time	Revaluation resulted from business combinations	Revaluation of investment properties	Capitalisation of interests expenses	Capitalisation of costs for obtaining contracts	Revaluation of financial assets at FVTPL 按公允值計入	Total DTL 遞延所得稅 負債總計
		隨時間確認的 建築收益 RMB'000 人民幣千元	業務合併導致 的重估 RMB'000 人民幣千元	投資物業重估 RMB'000 人民幣千元	利息開支資 本化 RMB'000 人民幣千元	獲得合約的成 本資本化 RMB'000 人民幣千元	損益的金融資 產重估 RMB'000 人民幣千元	RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	(153,328)	(811,605)	(95,656)	(69,395)	(55,928)	(17,987)	(1,203,899)
(Charged)/credited profit or loss	(扣除自)/計入損益	(36,651)	97,411	(17,922)	(29,286)	(22,621)	(4,258)	(13,327)
As at 31 December 2020	於2020年12月31日	(189,979)	(714,194)	(113,578)	(98,681)	(78,549)	(22,245)	(1,217,226)
As at 1 January 2021	於2021年1月1日	(189,979)	(714,194)	(113,578)	(98,681)	(78,549)	(22,245)	(1,217,226)
(Charged)/credited profit or loss	(扣除自)/計入損益	(38,884)	35,446	(1,391)	(51,282)	(58,369)	22,245	(92,235)
Disposal of subsidiaries (Note 38(b))	出售附屬公司(附註38(b))	-	-	9,096	-	-	-	9,096
As at 31 December 2021	於2021年12月31日	(228,863)	(678,748)	(105,873)	(149,963)	(136,918)	-	(1,300,365)

Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through future taxable profits is probable. As at 31 December 2021, the Group did not recognise deferred income tax assets of RMB30,905,000 (2020: RMB41,000) in respect of tax losses of RMB181,828,000 (2020: RMB172,000) that can be carried forward against future taxable income, out of which RMB10,656,000 will expire by year of 2027, whereas the remaining amount has no expiry date.

As at 31 December 2021, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB2,035,504,000 (2020: RMB1,994,781,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's best estimates of the Group's overseas funding requirements.

如有關稅務利益很可能通過未來應課稅溢利實現，則會就結轉的稅務虧損確認遞延稅項資產。於2021年12月31日，本集團並無就可結轉抵銷未來應課稅收入的人民幣181,828,000元(2020年：人民幣172,000元)的稅項虧損確認遞延所得稅資產人民幣30,905,000元(2020年：人民幣41,000元)，其中人民幣10,656,000元將於2027年到期，餘下款項無到期日。

於2021年12月31日，本集團中國境內附屬公司未匯入境外註冊成立的控股公司的未計提遞延所得稅負債的保留溢利約為人民幣2,035,504,000元(2020年：人民幣1,994,781,000元)。根據管理層對本集團海外資金需求的最佳估計，該等溢利預期將由中國附屬公司保留作再投資用途，且在可預見未來不會匯回其海外控股公司。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 34 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

#### 34 綜合現金流量表附註

(a) The reconciliation of profit before income tax to cash generated from/(used in) from operations

(a) 除所得稅前溢利與經營所得／（所用）現金的對賬

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	除所得稅前溢利	1,708,442	1,715,655
Adjustments for:	下列各項之調整：		
- Depreciation of property, plant and equipment (Note 7)	- 物業、廠房及設備折舊（附註7）	82,261	82,550
- Amortisation of intangible assets (Note 7)	- 無形資產攤銷（附註7）	5,331	6,533
- Depreciation of right-of-use assets (Note 7)	- 使用權資產折舊（附註7）	22,151	13,911
- Net provision/(reversal) of impairment losses for financial and contract assets	- 金融及合約資產減值虧損撥備／（撥回）淨額	63,160	(7,918)
- Share-based compensation (Note 8)	- 以股份為基礎的薪酬（附註8）	30,556	28,405
- Provision of write-down for properties under development and completed properties held for sale (Note 7)	- 開發中物業及持作出售的已竣工物業減記撥備（附註7）	290,497	-
- (Gains)/losses on disposal of property, plant and equipment (Note 11)	- 出售物業、廠房及設備的（收益）／虧損（附註11）	(140)	778
- (Gains)/losses on disposal of investment properties (Note 11)	- 出售投資物業的（收益）／虧損（附註11）	(874)	5,419
- Fair value gains on investment properties (Note 11)	- 投資物業公允價值收益（附註11）	(5,563)	(47,638)
- Fair value losses/(gains) of financial assets at FVTPL (Note 11)	- 按公允價值計入損益的金融資產公允價值虧損／（收益）（附註11）	6,372	(17,035)
- Share of results of investments in joint ventures and associates (Note 20)	- 分佔於合營企業及聯營公司的投資之業績（附註20）	(136,203)	45,730
- Finance costs, net (Note 12)	- 融資成本淨額（附註12）	48,116	19,575
- (Gains)/losses on disposal of subsidiaries (Note 11)	- 出售附屬公司的（收益）／虧損（附註11）	(52,185)	5,434
- Loss on de-registration of an associate	- 聯營公司註銷產生的虧損	-	2,099
- Gains on disposal of associates (Note 11)	- 出售聯營公司的收益（附註11）	(139,369)	-
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):	營運資金變動（不包括收購及出售附屬公司的影響）：		
- Inventories	- 存貨	(20,223)	1,835
- Properties under development and completed properties held for sale	- 開發中物業及持作出售的已竣工物業	(2,474,682)	(539,840)
- Prepayments for acquisition of land use rights	- 預付收購土地使用權款項	956,151	(956,151)
- Trade and other receivables	- 貿易及其他應收款項	(2,750,039)	(1,358,793)
- Trade and other payables	- 貿易及其他應付款項	465,163	1,797,353
- Contract assets and contract acquisition costs	- 合約資產及合約取得成本	(447,086)	(159,998)
- Contract liabilities	- 合約負債	4,564,069	(1,578,850)
- Restricted guarantee deposits for construction of pre-sale properties	- 建設預售物業的受限制保證金	784,864	(300,997)
		3,000,769	(1,241,943)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

34 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) 34 綜合現金流量表附註(續)

(b) The reconciliation of liabilities arising from financing activities is as follows:

(b) 融資活動產生的負債對賬如下：

		Borrowings	Amounts due to related parties (excluding joint ventures and associates)	Lease liabilities	Dividend payable	Amounts due to non-controlling interests and entities controlled by the Ultimate Controlling Shareholder	Total
		借款	應付關聯方款項 (不包括合營企業及聯營公司)	租賃負債	應付股息	應付非控股權益及最終控股股東所控制實體的款項	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
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	7,770,445	89,655	3,121	12,619	-	7,875,840
Cash flows	現金流量						
- Inflows/(outflows) of financing activities	- 融資活動現金流入/(流出)	2,543,693	(89,655)	(15,346)	-	-	2,438,692
Non-cash movements	非現金變動						
- Transfer to financing activities	- 轉撥到融資活動	-	-	-	-	3,832,518	3,832,518
- Interest expenses	- 利息開支	-	-	6,529	-	-	6,529
- Waiver of dividend payable	- 應付股息豁免	-	-	-	(12,619)	-	(12,619)
- Debts capitalisation (c)	- 負債資本化(c)	-	-	-	-	(1,520,302)	(1,520,302)
- Others	- 其他	-	-	148,906	-	-	148,906
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	10,314,138	-	143,210	-	2,312,216	12,769,564
<b>As at 1 January 2021</b>	<b>於2021年1月1日</b>	10,314,138	-	143,210	-	2,312,216	12,769,564
Cash flows	現金流量						
- Inflows/(outflows) of financing activities	- 融資活動現金流入/(流出)	(274,086)	-	(21,184)	-	2,203,168	1,907,898
Non-cash movements	非現金變動						
- Acquisition of subsidiaries	- 收購附屬公司	1,572,900	-	-	-	959,762	2,532,662
- Disposal of subsidiaries	- 出售附屬公司	(832,785)	-	-	-	(400,711)	(1,233,496)
- Interest expenses	- 利息開支	-	-	11,005	-	-	11,005
- Acquisition of interests in subsidiaries from non-controlling interests	- 自非控股股東收購附屬公司權益	-	-	-	-	47,040	47,040
- Debts capitalisation (c)	- 負債資本化(c)	-	-	-	-	(217,545)	(217,545)
<b>As at 31 December 2021</b>	<b>於2021年12月31日</b>	10,780,167	-	133,031	-	4,903,930	15,817,128



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 34 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

- (c) Non-cash financing transactions:  
The significant non-cash financing activities during the year ended 31 December 2021 represented capitalization of amounts due to non-controlling interests as disclosed in Note 37(b).
- (d) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment and investment properties comprise:

#### 34 綜合現金流量表附註(續)

- (c) 非現金融資交易：  
截至2021年12月31日止年度的重大非現金融資活動指附註37(b)所披露的資本化應付非控股權益的款項。
- (d) 於綜合現金流量表中，出售物業、廠房及設備及投資物業所得款項包括：

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Net book amount disposed of (Notes 15 and 16)	出售賬面淨值 (附註15及16)	162,757	41,782
Gains/(losses) on disposal (Note 11)	出售所得收益/(虧損) (附註11)	1,014	(6,197)
		163,771	35,585

#### 35 FINANCIAL GUARANTEES

#### 35 財務擔保

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Guarantees in respect of mortgage facilities for purchasers (a)	為買家提供按揭融資的擔保(a)	12,817,112	12,080,907
Guarantees provided for the borrowings of joint ventures	就合營企業的借款提供的擔保	1,262,411	941,000
Guarantees provided for the borrowings of associates	就聯營公司的借款提供的擔保	2,482,770	2,825,841
		16,562,293	15,847,748

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 35 FINANCIAL GUARANTEES (CONTINUED)

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers.
- (b) The directors of the Company have assessed that the fair values of guarantees provide to purchasers, joint ventures, associates and other related parties as at initial recognition were insignificant. The financial guarantees are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

### 36 COMMITMENTS

#### Commitments for capital expenditures

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 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	8,779	15,188
– Investment properties	– 投資物業	11,171	24,692
		<b>19,950</b>	<b>39,880</b>

### 35 財務擔保(續)

- (a) 本集團已為本集團物業單位的若干買家安排銀行融資，並為有關買家的還款責任提供擔保。有關擔保於(i)發出不動產所有權證(一般於完成擔保登記後兩至三年的平均年期內取得)；或(ii)買家支付按揭貸款的較早者終止。
- (b) 本公司董事已對初始確認時向買方、合營企業、聯營公司及其他關聯方提供的擔保的公允值作出評估，並認為其不重大。財務擔保亦須遵守香港財務報告準則第9號的減值規定，所識別的減值虧損並不重大。

### 36 承擔

#### 資本開支承擔

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

#### 37 非控股權益交易

##### (a) Acquisition of interests in subsidiaries from non-controlling

During the year ended 31 December 2021, the Group acquired additional equity interest of certain subsidiaries from the respective non-controlling interests for a total consideration of RMB150,040,000. The differences between the carrying amounts of non-controlling interests acquired and consideration paid and payable are set out below.

##### (a) 自非控股股東收購附屬公司權益

截至2021年12月31日止年度，本集團自各自的非控股權益收購部分附屬公司的額外股權，總代價為人民幣150,040,000元。已收購非控股權益賬面值以及已付和應付代價之間的差異載列如下：

		2021 2021年 RMB'000 人民幣千元
Total carrying amounts of non-controlling interests acquired	已收購非控股權益的總賬面值	146,295
Less: Consideration paid to non-controlling interests	減：向非控股權益支付的代價	(103,000)
Consideration payable to non-controlling interests	應付非控股權益的代價	(47,040)
Total difference recognised within equity		(3,745)

##### (b) Capitalisation of amounts due to non-controlling interests

During the year ended 31 December 2021, certain non wholly-owned subsidiaries of the Group increased their registered capital in proportional to shareholders' respective ratio. A portion of the capital contributions was settled by offsetting the amounts due to their shareholders, resulting RMB217,545,000 of the amounts due to non-controlling interests were capitalized (2020: RMB1,520,302,000).

##### (b) 資本化應付非控股權益的款項

截至2021年12月31日止年度，本集團若干非全資附屬公司按股東各自比例增加其註冊資本。部分出資乃通過抵銷應付股東款項清償，導致應付非控股權益款項中的人民幣217,545,000元資本化(2020年：人民幣1,520,302,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註**38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES****(a) Acquisition of subsidiaries**

During the year ended 31 December 2021, the Group acquired of certain interests in a number of subsidiaries from third parties and obtained control of these companies. The directors of the Company applied the optional test to identify concentration of fair value as prescribed by HKFRS 3 “Business Combination” and considered that the acquired set of activities and assets of these subsidiaries individually are not businesses. Accordingly, the above acquisition of subsidiaries was accounted for as acquisitions of assets and the consideration for each acquisition was allocated to the individual assets acquired and liabilities assumed of each acquired companies on the respective acquisition dates.

**38 收購及出售附屬公司****(a) 收購附屬公司**

截至2021年12月31日止年度，本集團從第三方收購多家附屬公司的若干權益並取得該等公司的控制權。本公司董事應用選擇性測試甄別香港財務報告準則第3號「業務合併」所述的公允值集中程度，並認為所收購的一組業務及該等附屬公司的資產並非單項業務。因此，上述收購附屬公司入賬列作為收購資產，且於各收購日期各項收購的代價分配至所收購的單項資產及各收購公司所承擔的負債。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED) 38 收購及出售附屬公司(續)

##### (a) Acquisition of subsidiaries (Continued)

Details of the acquisitions are as follows:

##### (a) 收購附屬公司(續)

收購詳情如下：

		2021 2021年 RMB'000 人民幣千元
Purchase consideration	購買代價	
– Cash consideration paid	– 已付現金代價	1,122
– Investments in joint ventures (Note 20(a))	– 於合營企業的投資 (附註20(a))	1,287,579
		<b>1,288,701</b>
Recognised amounts of identifiable assets acquired and liabilities assumed	確認已收購的可識別資產及所承擔的負債金額	
– Cash and cash equivalents	– 現金及現金等價物	836,710
– Trade and other receivables	– 貿易及其他應收款項	2,144,850
– Properties under development	– 開發中物業	5,081,786
– Property, plant and equipment	– 物業、廠房及設備	12,571
– Deferred income tax assets	– 遞延所得稅資產	3,576
– Borrowings	– 借款	(1,572,900)
– Contract liabilities	– 合約負債	(2,794,746)
– Trade and other payables	– 貿易及其他應付款項	(1,351,640)
Total net assets of subsidiaries acquired of	所收購附屬公司的總資產淨值	2,360,207
Less: non-controlling interests	減：非控股權益	(1,071,506)
Net assets acquired	所收購的資產淨值	<b>1,288,701</b>
Payments of acquisition of subsidiaries, net of cash acquired	收購附屬公司之付款，減去已收購的現金	
– Cash paid	– 已付現金	(1,122)
– Cash and cash equivalents of the subsidiaries acquired	– 收購附屬公司的現金及現金等價物	836,710
Net cash inflow on acquisitions	收購導致的現金流入淨額	<b>835,588</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES  
(CONTINUED)

38 收購及出售附屬公司(續)

(b) Disposal of subsidiaries

During the year ended 31 December 2021, the Group disposed of certain interests in a number of subsidiaries to third parties. Details of the disposal are as follows:

(b) 出售附屬公司

截至2021年12月31日止年度，本集團向第三方出售所持多家附屬公司的若干權益。出售詳情如下：

		2021 2021年 RMB'000 人民幣千元
Disposal consideration	出售代價	
- Cash consideration received	- 已收現金代價	163,580
- Outstanding and included in other receivables	- 未結算及計入其他應收款項	10,000
- Offsetted with other payables	- 抵銷其他應付款項	344,700
- Fair value of investments in associates (Note 20(b))	- 於聯營公司投資的公允值 (附註20(b))	277,444
		795,724
Less:	減：	
- Cash and cash equivalents	- 現金及現金等價物	(27,967)
- Trade and other receivables	- 貿易及其他應收款項	(1,604,313)
- Contract assets	- 合約資產	(33,811)
- Properties under development	- 開發中物業	(1,910,383)
- Investment properties	- 投資物業	(39,340)
- Property, plant and equipment	- 物業、廠房及設備	(884)
- Deferred income tax assets	- 遞延所得稅資產	(69,041)
Add:	加：	
- Deferred income tax liabilities	- 遞延所得稅負債	9,096
- Borrowings	- 借款	832,785
- Contract liabilities	- 合約負債	631,702
- Trade and other payables	- 貿易及其他應付款項	1,139,219
- Total net assets of subsidiaries disposed of	- 出售附屬公司的淨資產總值	(1,072,937)
- Non-controlling interests disposed of	- 出售的非控股權益	329,398
		(743,539)
Gains on disposal (Note 11)	出售所得收益 (附註11)	52,185
Cash proceeds from disposal, net of cash disposed of	出售所得現金，減去出售的現金	
- Cash consideration received	- 已收現金代價	163,580
- Cash and cash equivalents of the subsidiaries disposed of	- 出售附屬公司的現金及現金等價物	(27,967)
Net cash inflow on disposal	出售導致的現金流入淨額	135,613

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 39 RELATED PARTY TRANSACTIONS

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

##### (a) Transactions with related parties

#### 39 關聯方交易

除綜合財務報表其他部分所披露的關聯方交易外，以下交易均與關聯方進行。

##### (a) 與關聯方的交易

		Year ended 31 December 截至12月31日止年度	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
(i) Entities controlled by the Ultimate Controlling Shareholder	(i) 最終控股股東控制的實體		
Rental income	租金收入	3,698	3,480
Purchases of property management services	採購物業管理服務	93,358	62,125
Purchases of architectural design services	採購建築設計服務	2,237	3,272
Purchases of advertising services	採購廣告服務	-	8,396
(ii) Key management of the Company	(ii) 本公司主要管理層		
Sale of properties	出售物業	1,640	1,416
(iii) Joint ventures	(iii) 合營企業		
Sales of materials	材料銷售	-	2,863
Provision of project management services	提供項目管理服務	18,487	7,449
(iv) Associates	(iv) 聯營公司		
Provision of project management services	提供項目管理服務	135,164	62,105
Purchases of project management services	採購項目管理服務	5,773	1,985

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

上述交易的價格根據相關協議的條款確定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

39 RELATED PARTY TRANSACTIONS (CONTINUED) 39 關聯方交易(續)

(b) Balances with related parties

(b) 與關聯方的結餘

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(i) Entities controlled by the Ultimate Controlling Shareholder, included in:	(i) 最終控股股東控制的實體，計入：		
Trade receivables	貿易應收款項	22	112
Trade payables	貿易應付款項	50,979	18,085
Amounts due from related parties	應收關聯方款項	802	-
Amounts due to related parties	應付關聯方款項	136,000	-
(ii) Joint ventures, included in:	(ii) 合營企業，計入：		
Trade receivables	貿易應收款項	18,266	1,403
Amounts due from related parties	應收關聯方款項	1,764,627	18,741
Amounts due to related parties	應付關聯方款項	2,204,839	1,877,660
(iii) Associates, included in:	(iii) 聯營公司，計入：		
Trade receivables	貿易應收款項	36,074	1,649
Trade payables	貿易應付款項	118,702	5,917
Amounts due from related parties	應收關聯方款項	2,787,409	1,156,973
Amounts due to related parties	應付關聯方款項	6,004,530	4,868,355



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 39 RELATED PARTY TRANSACTIONS (CONTINUED)

##### (b) Balances with related parties (Continued)

Amounts due from/to related parties are unsecured, repayable on demand, denominated in RMB and interest-free.

##### (c) Key management compensation

Compensations for key management (including executive directors and senior management) is set out below.

#### 39 關聯方交易(續)

##### (b) 與關聯方的結餘(續)

應收／應付關聯方款項無抵押且須按要求償還，以人民幣計值及免息。

##### (c) 主要管理人員酬金

主要管理人員(包括執行董事及高級管理層)酬金載列如下。

		Year ended 31 December	
		截至12月31日止年度	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages and salaries	薪金及福利	6,400	8,487
Social insurance expenses	社會保險開支	510	90
Housing benefits and other employee benefits	住房補貼及其他僱員福利	495	250
Share-based compensation	以股份為基礎的薪酬	29,601	28,405
		<b>37,006</b>	<b>37,232</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



## 40 DIVIDENDS

## 40 股息

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Dividends	股息	-	149,990

The board of directors has recommended not to declare dividends for the year ended 31 December 2021 (2020: HK\$13 cents per share). The final dividend of RMB11 cents (equivalent to approximately HK\$13 cents) per share for the year ended 31 December 2020 out of the share premium account of the Company, totaling RMB149,990,000, was paid in July 2021.

董事會並無建議派付截至2021年12月31日止年度的股息(2020年:每股13港仙)。截至2020年12月31日止年度,末期股息每股人民幣11分(約相當於13港仙)自本公司股份溢價賬扣除,合共人民幣149,990,000元並已於2021年7月支付。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY 41 本公司資產負債表及儲備變動

		As at 31 December 於12月31日	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
	Note 附註		
<b>Assets</b>	<b>資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Investments in subsidiaries (a)	於附屬公司投資(a)	5,529,842	3,831,289
<b>Current assets</b>	<b>流動資產</b>		
Cash and bank deposits	現金及銀行存款	5,878	3,123
<b>Total assets</b>	<b>資產總值</b>	<b>5,535,720</b>	<b>3,834,412</b>
<b>Equity</b>	<b>權益</b>		
Share capital	股本	28 89,164	87,216
Share premium	股份溢價	28 1,645,296	1,677,903
Other reserves (b)	其他儲備(b)	2,096,726	2,066,170
Accumulated losses (c)	累計虧損(c)	(211,605)	(37,831)
Total equity	權益總額	3,619,581	3,793,458
<b>Current liabilities</b>	<b>流動負債</b>		
Amounts due to subsidiaries	應付附屬公司款項	–	33,117
Other payables	其他應付款項	233	7,837
Senior notes (Note 31)	優先票據(附註31)	1,915,906	–
<b>Total liabilities</b>	<b>負債總額</b>	<b>1,916,139</b>	<b>40,954</b>
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>	<b>5,535,720</b>	<b>3,834,412</b>

The balance sheets of the Company was approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

本公司資產負債表於2022年3月30日獲董事會批准簽署。

Mr. Wu Di  
吳迪先生  
Director  
董事

Mr. Hao Shengchun  
郝勝春先生  
Director  
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED) 41 本公司資產負債表及儲備變動(續)

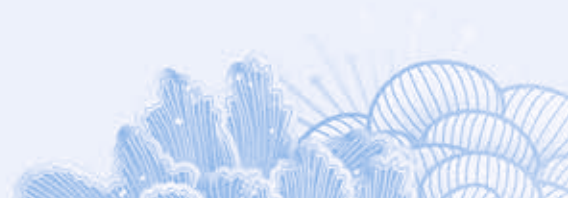
(a) Investments in subsidiaries

(a) 於附屬公司的投資

		As at 31 December	
		於12月31日	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Investment, at cost:	投資，按成本：		
– Deemed contribution	– 視同注資	1,753,281	1,753,281
– Capital injection to a subsidiary	– 向一間附屬公司注資	3,698,664	2,030,667
– Share-based compensation	– 以股份為基礎的薪酬	77,897	47,341
		<b>5,529,842</b>	3,831,289

Details of the principal subsidiaries are set out in Note 42.

主要附屬公司詳情載於附註42。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED) 41 本公司資產負債表及儲備變動(續)

## (b) Other reserves

## (b) 其他儲備

		Other reserves 其他儲備 RMB'000 人民幣千元
<b>At 1 January 2020</b>	<b>於2020年1月1日</b>	<b>2,037,765</b>
Share-based compensation to employees of subsidiaries	以股份為基礎支付附屬公司員工的薪酬	<b>28,405</b>
<b>At 31 December 2020</b>	<b>於2020年12月31日</b>	<b>2,066,170</b>
<b>At 1 January 2021</b>	<b>於2021年1月1日</b>	<b>2,066,170</b>
Share-based compensation to employees of subsidiaries	以股份為基礎支付附屬公司員工的薪酬	<b>30,556</b>
<b>At 31 December 2021</b>	<b>於2021年12月31日</b>	<b>2,096,726</b>

## (c) Accumulated losses

## (c) 累計虧損

		Accumulated losses 累計虧損 RMB'000 人民幣千元
<b>At 1 January 2020</b>	<b>於2020年1月1日</b>	<b>(28,660)</b>
Loss for the year	年內虧損	<b>(9,171)</b>
<b>At 31 December 2020</b>	<b>於2020年12月31日</b>	<b>(37,831)</b>
<b>At 1 January 2021</b>	<b>於2021年1月1日</b>	<b>(37,831)</b>
Loss for the year	年內虧損	<b>(173,774)</b>
<b>At 31 December 2021</b>	<b>於2021年12月31日</b>	<b>(211,605)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註



## 42 SUBSIDIARIES

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below:

## 42 附屬公司

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
<b>Directly held by the Company:</b> 本公司直接持有：					
Dynasty Management International Limited 大唐管理國際有限公司	BVI, Limited Liability Company ("LLC") 英屬處女群島，有限責任公司 （「有限責任公司」）	US\$100 100美元	100%	100%	Investment holding 投資控股
Datang Investment Limited 大唐投資香港有限公司	Hong Kong, LLC 香港，有限責任公司	HK\$11 11港元	100%	100%	Investment holding 投資控股
<b>Indirectly held by the Company:</b> 本公司間接持有：					
Xiamen Datang Real Estate Group Co., Ltd. 廈門大唐房地產集團有限公司	The PRC, LLC 中國，有限責任公司	US\$524,239,400 524,239,400美元	100%	100%	Property development 物業開發
Nanning Huadu Real Estate Co., Ltd. 南寧華都房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Datang Real Estate Co., Ltd. 廣西大唐房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Xiamen Jingding Sports Culture Development Co., Ltd. 廈門京鼎體育文化發展有限公司	The PRC, LLC 中國，有限責任公司	RMB311,998,081 人民幣311,998,081元	100%	100%	Sports facilities operation 運動設施運營
Guangxi Xindi Investment Co., Ltd. 廣西信地投資有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Tianjin Haihui Real Estate Development Co., Ltd. 天津海匯房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB 110,000,000 人民幣110,000,000元	100%	100%	Property development 物業開發



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Tianjin Xinghuafu Real Estate Co., Ltd. 天津星華府置業有限公司	The PRC, LLC 中國，有限責任公司	RMB 1,200,000,000 人民幣1,200,000,000 元	100%	100%	Property development 物業開發
Zhongling Sports Industrial Changtai Co., Ltd. 中翎體育產業長泰有限公司	The PRC, LLC 中國，有限責任公司	RMB20,000,000 人民幣20,000,000元	90%	90%	Sports facilities operation 運動設施運營
Zhangzhou Datang Real Estate Co., Ltd. 漳州大唐房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Datang Shijia Investment Co., Ltd. 廣西大唐世家投資有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangzhuang Real Estate Co., Ltd. 漳州唐莊房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發
Guangxi Tangzhuang Investment Co., Ltd. 廣西唐莊投資有限公司	The PRC, LLC 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	100%	100%	Property development 物業開發
Tianjin Datang Real Estate Development Co., Ltd. 天津大唐房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Gefusite Commercial Management Co., Ltd. 廣西歌福斯特商業管理有限公司	The PRC, LLC 中國，有限責任公司	RMB2,000,000 人民幣2,000,000元	100%	100%	Commercial property operation 商業物業運營
Guangxi Tangmei Investment Co., Ltd. 廣西唐美投資有限公司	The PRC, LLC 中國，有限責任公司	RMB34,000,000 人民幣34,000,000元	100%	100%	Property development 物業開發
Changtai Datang Real Estate Co., Ltd. 長泰大唐房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB2,000,000 人民幣2,000,000元	70%	70%	Property development 物業開發
Xiamen Tangmen Real Estate Co., Ltd. 廈門唐門房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB20,000,000 人民幣20,000,000元	100%	100%	Property development 物業開發

#### 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註



#### 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

#### 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Zhangzhou Tangsheng Real Estate Co., Ltd. 漳州唐盛房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Tangju Investment Co., Ltd. 廣西唐聚投資有限公司	The PRC, LLC 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	70%	70%	Property development 物業開發
Zhangzhou Tanghua Real Estate Co., Ltd. 漳州唐華房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB 30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Tangning Investment Co., Ltd. 廣西唐寧投資有限公司	The PRC, LLC 中國·有限責任公司	RMB65,000,000 人民幣65,000,000元	77%	77%	Property development 物業開發
Guangxi Tangyu Investment Co., Ltd. 廣西唐宇投資有限公司	The PRC, LLC 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Tangrun Investment Co., Ltd. 廣西唐潤投資有限公司	The PRC, LLC 中國·有限責任公司	RMB800,000,000 人民幣800,000,000元	100%	100%	Property development 物業開發
Guangxi Tangsheng Investment Co., Ltd. 廣西唐昇投資有限公司*	The PRC, LLC 中國·有限責任公司	RMB100,000,000 人民幣100,000,000元	40%	40%	Property development 物業開發
Zhangzhou Tangxing Real Estate Development Co., Ltd. 漳州唐興房地產開發有限公司	The PRC, LLC 中國·有限責任公司	RMB30,000,000 人民幣30,000,000元	80%	80%	Property development 物業開發
Zhangzhou Tangyi Real Estate Development Co., Ltd. 漳州唐毅房地產開發有限公司	The PRC, LLC 中國·有限責任公司	RMB30,000,000 人民幣30,000,000元	64%	64%	Property development 物業開發
Guangxi Tangxun Investment Co., Ltd. 廣西唐勛投資有限公司	The PRC, LLC 中國·有限責任公司	RMB51,610,200 人民幣51,610,200元	97%	97%	Property development 物業開發
Guangxi Tangtong Investment Co., Ltd. 廣西唐通投資有限公司	The PRC, LLC 中國·有限責任公司	RMB87,720,000 人民幣87,720,000元	56%	56%	Property development 物業開發





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

#### 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Hunan Xingrong Investment Co., Ltd. 湖南興榮投資有限公司*	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Tangming Investment Co., Ltd. 廣西唐銘投資有限公司	The PRC, LLC 中國，有限責任公司	RMB259,991,000 人民幣259,991,000元	98%	98%	Property development 物業開發
Fushou Tangmei Real Estate Co., Ltd. 福州唐美房地產有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Tanghui Investment Co., Ltd. 廣西唐暉投資有限公司	The PRC, LLC 中國，有限責任公司	RMB159,897,000 人民幣159,897,000元	100%	100%	Property development 物業開發
Liuzhou Tangmei Real Estate Co., Ltd. 柳州唐美房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB255,000,000 人民幣255,000,000元	80%	80%	Property development 物業開發
Zhangzhou Tangrun Real Estate Co., Ltd. 漳州唐潤房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	100%	100%	Property development 物業開發
Yueyang Tangyun Real Estate Co., Ltd. 岳陽唐韻房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Yueyang Tangsheng Real Estate Co., Ltd. 岳陽唐盛房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangfeng Real Estate Co., Ltd. 漳州唐峰房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	51%	51%	Property development 物業開發
Chongqing Tangmei Real Estate Co., Ltd. 重慶唐美房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangshun Real Estate Co., Ltd. 漳州唐順房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	70%	70%	Property development 物業開發
Jiangxi Lianyue Real Estate Co., Ltd. 江西蓮越房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB447,804,000 人民幣447,804,000元	62%	-	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註



#### 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

#### 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Fuzhou Tangxun Investment and Development Co., Ltd. 福州唐勛投資發展有限公司	The PRC, LLC 中國，有限責任公司	RMB90,000,000 人民幣90,000,000元	100%	–	Property development 物業開發
Xuzhou Tangli Engineering Management Co., Ltd. 徐州唐力工程管理有限公司	The PRC, LLC 中國，有限責任公司	RMB650,000,000 人民幣650,000,000元	100%	100%	Property development 物業開發
Xuzhou Tangxu Engineering Management Co., Ltd. 徐州唐徐工程管理有限公司	The PRC, LLC 中國，有限責任公司	RMB400,000,000 人民幣400,000,000元	100%	100%	Property development 物業開發
Xiamen Tangjia Enterprise Management Co., Ltd. 廈門唐嘉企業管理有限公司	The PRC, LLC 中國，有限責任公司	RMB81,724,000 人民幣81,724,000元	100%	100%	Commercial property operation 商業物業運營
Fuzhou Tangrong Real Estate Development Co., Ltd. 福州唐榮房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	60%	–	Property development 物業開發
Nanning Qingzhou Real Estate Development Co., Ltd. 南寧晴洲房地產開發有限公司*	The PRC, LLC 中國，有限責任公司	RMB220,000,000 人民幣220,000,000元	34%	34%	Property development 物業開發
Guigang Yuegui Real Estate Development Co., Ltd. 貴港悅桂房地產開發有限公司*	The PRC, LLC 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	34%	34%	Property development 物業開發
Taizhou Tangshun Real Estate Co., Ltd. 台州唐順置業有限公司	The PRC, LLC 中國，有限責任公司	RMB340,000,000 人民幣340,000,000元	66%	47%	Property development 物業開發
Changzhou Tangsheng Real Estate Co., Ltd. 常州唐盛房地產有限公司*	The PRC, LLC 中國，有限責任公司	RMB392,156,000 人民幣392,156,000元	36%	37%	Property development 物業開發
Guangxi Tanggui Investment Co., Ltd. 廣西唐桂房地產投資有限公司	The PRC, LLC 中國，有限責任公司	RMB117,300,000 人民幣117,300,000元	85%	85%	Property development 物業開發
Zhangzhou Tanghe Real Estate Development Co., Ltd. ("Zhangzhou Tanghe") 漳州唐和房地產開發有限公司(「漳州唐和」)	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	60%	60%	Property development 物業開發



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Changsha Hantang Real Estate Co., Ltd. ("Changsha Hantang") 長沙漢唐置業有限公司*(「長沙漢唐」)	The PRC, LLC 中國·有限責任公司	RMB80,000,000 人民幣80,000,000元	49%	49%	Property development 物業開發
Anxi Tangrui Real Estate Development Co., Ltd. 安溪唐瑞房地產開發有限公司*	The PRC, LLC 中國·有限責任公司	RMB300,000,000 人民幣300,000,000元	45%	45%	Property development 物業開發
Guangxi Beihai Tangrun Kuanggui Real Estate Co., Ltd. 廣西北海唐潤礦桂房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB80,000,000 人民幣80,000,000元	90%	90%	Property development 物業開發
Liuzhou Datang Real Estate Co., Ltd. 柳州大唐房地產開發有限公司	The PRC, LLC 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Nantong Tangsheng Real Estate Co., Ltd. 南通唐盛房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB20,000,000 人民幣20,000,000元	55%	55%	Property development 物業開發
Zhejiang Tangsheng Real Estate Co., Ltd. 浙江唐盛房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Longwen Tanguang Real Estate Co., Ltd. 漳州龍文唐光房地產開發有限公司*	The PRC, LLC 中國·有限責任公司	RMB800,000,000 人民幣800,000,000元	50%	50%	Property development 物業開發
Sichuan Tangmei Real Estate Co., Ltd. 四川唐美房地產有限公司	The PRC, LLC 中國·有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Fuzhou Tangsheng Real Estate Co., Ltd. 福州唐盛房地產開發有限公司	The PRC, LLC 中國·有限責任公司	RMB351,000,000 人民幣351,000,000元	80%	80%	Property development 物業開發
Guangxi Tangxiang Investment Co., Ltd. 廣西唐祥投資有限公司	The PRC, LLC 中國·有限責任公司	RMB400,000,000 人民幣400,000,000元	51%	51%	Property development 物業開發
Ningbo Tangyao Real Estate Co., Ltd. 寧波唐耀置業有限公司	The PRC, LLC 中國·有限責任公司	RMB100,000,000 人民幣100,000,000元	100%	100%	Property development 物業開發

#### 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 42 SUBSIDIARIES (CONTINUED)

(a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

## 42 附屬公司(續)

(a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and operation of incorporation, and kinds of legal entity 經營及註冊成立地點， 法律實體類別	Registered/issued and paid-up capital 註冊/已發行 及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2021 2021年	2020 2020年	
Guangxi Tangrong Investment Co., Ltd. 廣西唐榮投資有限公司	The PRC, LLC 中國，有限責任公司	RMB200,000,000 人民幣200,000,000元	55.55%	55.55%	Property development 物業開發
Guangxi Tangshun Investment Co., Ltd. 廣西唐順投資有限公司	The PRC, LLC 中國，有限責任公司	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Ningde Tangsheng Real Estate Co., Ltd. 寧德唐盛房地產開發有限公司	The PRC, LLC 中國，有限責任公司	RMB322,000,000 人民幣322,000,000元	55%	55%	Property development 物業開發
Guangxi Tangxi Investment Co., Ltd. 廣西唐璽投資有限公司	The PRC, LLC 中國，有限責任公司	RMB1,200,000,000 人民幣1,200,000,000元	100%	100%	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 SUBSIDIARIES (CONTINUED)

- (a) Particulars of the principal subsidiaries of the Group as at 31 December 2021 and 2020 are set out as below: (Continued)

\* As the Group has the rights to variable returns from its involvement with these companies, and has the ability to affect those returns through its majority voting position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies are thus accounted for as subsidiaries of the Group.

- (b) Material non-controlling interests (NCI)

Set out below is summarised financial information for two subsidiaries, Zhangzhou Tanghe and Changsha Hantang, which has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

#### 42 附屬公司(續)

- (a) 於2021年及2020年12月31日，本集團的主要附屬公司詳情載列如下：(續)

\* 因參與該等公司業務而有可變回報的權利，並能透過其於該等公司董事會的多數投票權及釐定該等公司的預算、定價及推廣策略，本集團對該等公司擁有控制權，因此該等公司被視為本集團的附屬公司。

- (b) 重大非控股權益(非控股權益)

以下載列擁有對本集團而言屬重大之非控股權益的兩間附屬公司漳州唐和及長沙漢唐的財務資料摘要。就各附屬公司所披露金額為公司間抵銷前的金額。

Summarised balance sheet	資產負債表摘要	Zhangzhou Tanghe		Changsha Hantang	
		漳州唐和		長沙漢唐	
		31 Dec 2021 2021年 12月31日 RMB'000 人民幣千元	31 Dec 2020 2020年 12月31日 RMB\$'000 人民幣千元	31 Dec 2021 2021年 12月31日 RMB'000 人民幣千元	31 Dec 2020 2020年 12月31日 RMB'000 人民幣千元
Current assets	流動資產	1,178,600	877,959	4,842,098	2,915,020
Current liabilities	流動負債	905,899	581,863	2,756,634	415,430
Current net assets	流動資產淨值	272,701	296,096	2,085,464	2,499,590
Non-current assets	非流動資產	9	16	7,157	176
Non-current liabilities	非流動負債	-	250,000	546,836	897,900
Non-current net assets	非流動資產淨值	9	(249,984)	(539,679)	(897,724)
Net assets	資產淨值	272,710	46,112	1,545,785	1,601,866
Accumulated NCI	累計非控股權益	109,084	18,445	788,350	816,952

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綜合財務報表附註

## 42 SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (NCI) (Continued)

Summarised statement of comprehensive income	全面收益表摘要	Zhangzhou Tanghe		Changsha Hantang	
		漳州唐和		長沙漢唐	
		2021	2020	2021	2020
		2021年	2020年	2021年	2020年
		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
Revenue	收益	1,200,225	–	–	–
Profit/(loss) for the year	年度溢利／（虧損）	226,598	(2,671)	(56,081)	(10,436)
Other comprehensive income	其他全面收益	–	–	–	–
Total comprehensive income/(loss)	全面收益／（虧損）	226,598	(2,671)	(56,081)	(10,436)
Profit/(loss) allocated to NCI	分配至非控股權益的 收益／（虧損）	90,639	(1,068)	(28,602)	(5,323)

## 42 附屬公司(續)

(b) 重大非控股權益(非控股權益)(續)

Summarised cash flows	現金流量摘要	Zhangzhou Tanghe		Changsha Hantang	
		漳州唐和		長沙漢唐	
		2021	2020	2021	2020
		2021年	2020年	2021年	2020年
		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
Cash flows from operating activities	經營活動現金流量	(85,151)	(273,316)	630,558	(651,863)
Cash flows from financing activities	融資活動現金流量	–	250,000	(260,900)	897,900
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 （減少）／增加淨額	(85,151)	(23,316)	369,658	246,037

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 BENEFITS AND INTERESTS OF DIRECTORS

##### (a) Directors' and chief executive's emoluments

The directors received emoluments from the Group for the year ended 31 December 2021 as follows:

#### 43 董事福利及權益

##### (a) 董事及行政總裁酬金

截至2021年12月31日止年度，董事從本集團獲得的酬金如下：

Name	Fees	Wages and salaries	Social insurance expenses	Housing and other employee benefits	Share-based compensation	Total	
姓名	袍金	薪金及福利	社保開支	住房及其他僱員福利	以股份為基礎的薪酬	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	
<i>Executive directors</i>							
Mr. Wu Di	吳迪先生	-	785	26	63	27,692	28,566
Mr. Hao Shengchun *	郝勝春先生*	-	1,016	93	67	318	1,494
Mr. Tang Guozhong	唐國鐘先生	-	913	26	63	318	1,320
Ms. Zhang Jianhua	張建華女士	-	534	-	43	318	895
Ms. Chan Tan Yee	陳天怡女士	-	103	2	-	-	105
<i>Non-executive director</i>							
Ms. Chen Xiaoyun	陳曉筠女士	-	-	-	-	-	-
<i>Independent Non-executive directors</i>							
Mr. Qu Wenzhou	屈文洲先生	166	-	-	-	-	166
Ms. Xin Zhu	辛珠女士	166	-	-	-	-	166
Mr. Tam Chi Choi	譚志才先生	166	-	-	-	-	166
		498	3,351	147	236	28,646	32,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

43 BENEFITS AND INTERESTS OF DIRECTORS 43 董事福利及權益(續)  
(CONTINUED)

(a) Directors' and chief executive's emoluments  
(Continued)

The directors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees	Wages and salaries	Social insurance expenses	Housing and other employee benefits	Share-based compensation	Total
姓名	袍金	薪金及福利	社保開支	住房及其他僱員福利	以股份為基礎的薪酬	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
<i>Executive directors</i> 執行董事						
Mr. Wu Di 吳迪先生	-	1,011	10	28	27,692	28,741
Mr. Hao Shengchun* 郝勝春先生*	-	1,193	10	28	79	1,310
Mr. Tang Guozhong 唐國鐘先生	-	1,151	10	28	79	1,268
Ms. Zhang Jianhua 張建華女士	-	737	-	-	79	816
<i>Independent Non-executive directors</i> 獨立非執行董事						
Mr. Qu Wenzhou 屈文洲先生	19	-	-	-	-	19
Ms. Xin Zhu 辛珠女士	19	-	-	-	-	19
Mr. Tam Chi Choi 譚志才先生	19	-	-	-	-	19
	57	4,092	30	84	27,929	32,192

\* President of the Company

Ms. Chan Tan Yee was appointed as a non-executive director on 9 July 2021 and re-designated as an executive director on 26 October 2021.

Ms. Chen Xiaoyun was appointed as a non-executive director on 9 July 2021.

Mr. Qu Wenzhou, Ms. Xin Zhu and Mr. Tam Chi Choi were appointed as the Independent Non-executive Directors of the Company on 20 November 2020.

(a) 董事及行政總裁酬金(續)

截至2020年12月31日止年度，董事從本集團獲得的酬金如下：

Name	Fees	Wages and salaries	Social insurance expenses	Housing and other employee benefits	Share-based compensation	Total
姓名	袍金	薪金及福利	社保開支	住房及其他僱員福利	以股份為基礎的薪酬	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
<i>Executive directors</i> 執行董事						
Mr. Wu Di 吳迪先生	-	1,011	10	28	27,692	28,741
Mr. Hao Shengchun* 郝勝春先生*	-	1,193	10	28	79	1,310
Mr. Tang Guozhong 唐國鐘先生	-	1,151	10	28	79	1,268
Ms. Zhang Jianhua 張建華女士	-	737	-	-	79	816
<i>Independent Non-executive directors</i> 獨立非執行董事						
Mr. Qu Wenzhou 屈文洲先生	19	-	-	-	-	19
Ms. Xin Zhu 辛珠女士	19	-	-	-	-	19
Mr. Tam Chi Choi 譚志才先生	19	-	-	-	-	19
	57	4,092	30	84	27,929	32,192

\* 本公司總裁

陳天怡女士於2021年7月9日獲委任為非執行董事，後於2021年10月26日調任為執行董事。

陳曉筠女士於2021年7月9日獲委任為非執行董事。

屈文洲先生、辛珠女士及譚志才先生於2020年11月20日獲委任為本公司獨立非執行董事。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

##### (b) Directors' retirement benefits

During the year ended 31 December 2021 and 2020, there were no additional retirement benefit received by the directors except for the emoluments as disclosed in (a) above.

##### (c) Directors' termination benefits

During the year ended 31 December 2021 and 2020, no payments to the directors of the Company as compensation for the early termination of the appointment.

##### (d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the year ended 31 December 2021 and 2020.

##### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodied corporate by and connected entities with such directors

Except for the balances disclosed in Note 39(b), no loans, quasi-loans and other dealings in favour of directors, controlled bodied corporate by and connected entities with such directors subsisted at the end of or at any time during the year.

#### 43 董事福利及權益(續)

##### (b) 董事退休福利

截至2021年及2020年12月31日止年度，除上述(a)所披露之酬金外，董事概無獲得任何其他退休福利。

##### (c) 董事離職福利

截至2021年及2020年12月31日止年度，概無向本公司董事支付作為提早終止委任的補償的款項。

##### (d) 就獲提供董事服務向第三方支付代價

截至2021年及2020年12月31日止年度末或年內任何時間概無就獲提供董事服務而向第三方支付或由第三方應收的代價。

##### (e) 有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

除附註39(b)所披露的結餘外，於年末或年內任何時間，概無有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註



#### 43 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

##### (f) Directors' material interests in transactions, arrangements or contracts

Except for the transactions disclosed in Note 39(a), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at the end of 31 December 2021 and 2020 or at any time during the year.

#### 44 SUBSEQUENT EVENTS

On 26 January 2022, the Company announced that it, as guarantor, has entered into guarantee agreements with China Minsheng Bank Corp., Ltd. Xiamen Branch (the "China Minsheng Bank") in December 2021, pursuant to which the Company agreed to provide guarantee to secure the repayment obligations of Xiamen Hongfu Trading Co., Ltd. ("Xiamen Hongfu") and Xiamen Rongyin Trading Co., Ltd. ("Xiamen Rongyin") under their respective facility agreements of total amount of RMB1,300,000,000 with China Minsheng Bank. Good First as guarantor also entered into two guarantee agreements with the China Minsheng Bank to provide guarantees to Xiamen Hongfu and Xiamen Rongyin under the respective facility agreements.

Meanwhile, Good First entered into the counter-guarantee agreement with the Company, pursuant to which Good First shall provide a counter-guarantee in favour of the Company for all liabilities and obligations and all reasonable expenses which may be borne by the Company under its guarantee to Xiamen Hongfu and Xiamen Rongyin.

Xiamen Hongfu and Xiamen Rongyin are subsidiaries of Good First, which is owned as to 51.03% by Ms. Wong, the Ultimate Controlling Shareholder of the Company. The financial guarantee constitutes a major and connected transaction of the Company and was approved in the extraordinary general meeting of the Company on 21 February 2022.

#### 43 董事福利及權益(續)

##### (f) 董事於交易、安排或合約的重大權益

除附註39(a)所披露的交易外，於2021年及2020年12月31日末或年內任何時間，本公司董事概無於本公司訂立與本集團業務有關之重大交易、安排及合約中擁有任何直接或間接權益。

#### 44 期後事項

於2022年1月26日，本公司宣佈其(作為擔保人)與中國民生銀行股份有限公司廈門分行(「中國民生銀行」)於2021年12月簽訂擔保協議，據此，本公司同意向中國民生銀行提供擔保，以擔保廈門鴻孚貿易有限公司(「廈門鴻孚」)及廈門融銀貿易有限公司(「廈門融銀」)於各自融資協議項下總金額人民幣1,300,000,000元的還款責任。福信集團(作為擔保人)亦與中國民生銀行簽訂兩份擔保協議，以就廈門鴻孚及廈門融銀的各自融資協議提供擔保。

同時，福信集團與本公司簽訂反擔保協議，據此，福信集團應以本公司為受益人就所有責任及義務提供反擔保，所有合理開支或會由本公司根據其向廈門鴻孚及廈門融銀作出的擔保而承擔。

廈門鴻孚及廈門融銀為福信集團之附屬公司，而福信集團為一間由本公司最終控股股東黃女士擁有51.03%權益的公司。財務擔保構成本公司的一項重大關連交易，並於2022年2月21日在本公司股東特別大會上獲批准。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



### To the Shareholders of Datang Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

### OPINION

#### What we have audited

The consolidated financial statements of Datang Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 121 to 267, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### 致大唐集團控股有限公司股東

(於開曼群島註冊成立的有限公司)

### 意見

#### 我們已審計的內容

大唐集團控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第121至267頁的綜合財務報表，包括：

- 於2020年12月31日的綜合資產負債表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

#### 我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於2020年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

### 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.

Key audit matter identified in our audit is summarised as follows:

- Assessment of net realisable value of properties under development and completed properties held for sale

### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

#### 獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 評估開發中物業及持作出售的已竣工物業的可變現淨值

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### Key audit matter 關鍵審核事項

#### Assessment of net realisable value of properties under development and completed properties held for sale

Refer to note 4 "Critical accounting estimates and judgements", note 22 "Properties under development" and note 23 "Completed properties held for sale" to the consolidated financial statements.

Properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to RMB23,444 million and RMB2,135 million respectively as at 31 December 2020, which in total accounted for approximately 54% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV").

Management assessed the NRV based on existing selling and development plans, and a forecast of future selling price with reference to the current market price of properties of comparable type, size and location. The determination of NRV involved critical accounting estimates on the selling price, variable selling expenses and, for PUD, the costs to completion.

We focused on auditing the assessment of NRV because the total balance of PUD and PHS is significant and the estimation of the NRV is subject to a high degree of estimation uncertainty. Therefore, the assessment of NRV of PUD and PHS is considered a key audit matter.

### How our audit addressed the key audit matter 我們審核時如何處理關鍵審核事項

For assessment of NRV, we assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, and performed audit procedures as follows:

- (i) Obtained an understanding of, evaluated and tested, on a sample basis, the relevant internal control procedures over the Group's process in determining the NRV;
- (ii) Compared the actual selling prices of relevant PUD and PHS in 2020, on a sample basis, against the result of management's assessment made in the prior year to assess the accuracy of management's historical NRV assessment; and
- (iii) Tested management's key estimates, on a sample basis, for:
  - selling price which is estimated based on the prevailing market conditions, we compared the estimated selling price to recent transactions by making reference to the Group's selling price of pre-sold units or the prevailing market price of comparable properties with comparable type, size and location.
  - variable selling expenses which were estimated based on certain percentage of selling price, we compared the above estimated percentage with the budget and the actual average selling expenses to revenue ratio of the Group in recent years.
  - estimated costs to completion for PUD, we reconciled the estimated costs to completion to the budget and examined the construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.

Based on the audit procedures performed, we considered that management's judgements and assumptions applied in the assessment of NRV of PUD and PHS were supportable by available evidence.

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### Key audit matter 關鍵審核事項

#### 評估開發中物業及持作出售的已竣工物業的可變現淨值

請參閱綜合財務報表附註4「重大會計估計及判斷」、附註22「開發中物業」以及附註23「持作出售的已竣工物業」。

於2020年12月31日，貴集團開發中物業及持作出售的已竣工物業的金額分別為人民幣23,444百萬元及人民幣2,135百萬元，合共佔貴集團總資產約54%。開發中物業及持作出售的已竣工物業的賬面價值以成本及可變現淨值中的較低者計量。

管理層根據現有銷售及發展計劃以及參考相若類型、規模及位置的物業現有市場價格對未來銷售的預測，評估可變現淨值。釐定可變現淨值涉及對銷售價格、可變銷售費用，以及開發中物業的竣工成本作出的重大會計估計。

由於開發中物業及持作出售的已竣工物業的總結餘屬重大，且可變現淨值的預測過程中存在很大程度的估計不確定性，故我們側重審核可變現淨值的評估。因此，評估開發中物業及持作出售的已竣工物業的可變現淨值被認為是一項關鍵審核事項。

### How our audit addressed the key audit matter 我們審核時如何處理關鍵審核事項

就可變現淨值評估而言，經考慮估計不確定性的程度及其他固有風險因素水平，我們評估重大錯誤陳述的固有風險，並執行以下審計程序：

- (i) 了解、評估及採用抽樣的方式測試貴集團釐定可變現淨值的流程的相關內部控制程序；
- (ii) 採用抽樣的方式，將2020年的相關開發中物業及持作出售的已竣工物業的實際售價與管理層於上一年度作出的評估比較，以評估管理層過往可變現淨值評估的準確性；及
- (iii) 採用抽樣的方式，測試管理層的關鍵估計，用於：
  - 基於現行市況估計銷售價格，我們將估計銷售價格與近期交易進行比較，並參考貴集團預售單位的售價，或相若類型、規模及位置的可比物業的現行市場價格。
  - 可變銷售費用以其佔銷售價格的一定比率來進行估計，我們將上述估計比率與貴集團近年來的預算及實際平均銷售費用佔收入的比率進行比較。
  - 開發中物業的估計竣工成本，我們將估計竣工成本及預算進行比對，並檢查建築合同，或將預計竣工成本與貴集團同類型已竣工物業的實際成本進行比較。

根據我們執行的審計程序，我們認為管理層評估開發中物業及持作出售的已竣工物業可變現淨值的判斷及假設可以通過可獲得的證據佐證。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### 其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，並在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。我們在這方面沒有任何報告。

### 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。

## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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. We report our opinion 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.

### 核數師就審計財務報表所承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。



## INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

- 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.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構及內容，包括披露，以及綜合財務報表是否中肯反映交易及事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督及執行。我們為審計意見承擔全部責任。

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.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係及其他事項，以及在適用的情況下，用以消除對獨立性產生威脅的行動或採取的防範措施。

## INDEPENDENT AUDITOR'S REPORT

### 獨立核數師報告

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 Cheung Siu Cheong.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 16 March 2021

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是張肇昌。

**羅兵咸永道會計師事務所**  
執業會計師

香港，2021年3月16日

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	Note 附註		
<b>Revenue</b>	6	<b>10,588,379</b>	8,108,026
Cost of sales	7	<b>(7,892,454)</b>	(5,922,653)
<b>Gross profit</b>		<b>2,695,925</b>	2,185,373
Selling and marketing costs	7	<b>(482,694)</b>	(444,185)
Administrative expenses	7	<b>(522,226)</b>	(454,868)
Net reversal of impairment on financial and contract assets	3.1.2	<b>7,918</b>	2,858
Other income	9	<b>42,257</b>	39,152
Other expenses	10	<b>(11,763)</b>	(35,575)
Other gains – net	11	<b>51,543</b>	129,176
<b>Operating profit</b>		<b>1,780,960</b>	1,421,931
Finance income	12	<b>28,799</b>	25,539
Finance costs	12	<b>(48,374)</b>	(48,466)
Finance costs – net	12	<b>(19,575)</b>	(22,927)
Share of results of joint ventures and associates	21	<b>(45,730)</b>	8,860
<b>Profit before income tax</b>		<b>1,715,655</b>	1,407,864
Income tax expenses	13	<b>(765,706)</b>	(780,451)
<b>Profit and total comprehensive income for the year</b>		<b>949,949</b>	627,413
<b>Profit attributable to:</b>			
– Owners of the Company		<b>715,372</b>	710,256
– Non-controlling interests		<b>234,577</b>	(82,843)
		<b>949,949</b>	627,413
<b>Earnings per share (expressed in RMB per share)</b>			
Basic	14	<b>0.70</b>	0.90
Diluted	14	<b>0.65</b>	0.84

上述綜合全面收益表應與隨附附註一併閱讀。

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET

## 綜合資產負債表

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	Note 附註		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	741,255	745,701
Investment properties	16	1,566,730	1,550,540
Intangible assets	17	15,310	17,320
Right-of-use assets	18	169,640	33,941
Properties under development	22	14,140	14,140
Investments accounted for using the equity method	21	4,768,998	1,506,998
Financial assets at fair value through profit or loss	20	217,841	200,806
Deferred income tax assets	34	804,192	656,905
		<b>8,298,106</b>	4,726,351
<b>Current assets</b>			
Inventories		1,214	2,599
Properties under development	22	23,429,576	21,343,530
Completed properties held for sale	23	2,134,716	1,926,651
Contract assets and contract costs	24	438,332	278,334
Trade and other receivables	26	6,721,652	3,949,303
Prepaid income taxes	27	571,369	717,022
Cash and bank deposits	28	5,660,333	4,095,171
		<b>38,957,192</b>	32,312,610
<b>Total assets</b>		<b>47,255,298</b>	37,038,961

CONSOLIDATED BALANCE SHEET  
綜合資產負債表

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	Note 附註		
<b>Equity</b>	<b>權益</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔權益</b>		
Share capital	股本	29	70
Share premium	股份溢價	29	508,442
Other reserves	其他儲備	30	758,445
Retained earnings	保留盈利		1,610,225
		<b>4,900,172</b>	2,877,182
<b>Non-controlling interests</b>	<b>非控股權益</b>	38	207,111
		<b>3,021,806</b>	
<b>Total equity</b>	<b>權益總額</b>		3,084,293
		<b>7,921,978</b>	
<b>Liabilities</b>	<b>負債</b>		
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Bank and other borrowings	銀行及其他借款	32	5,468,682
Lease liabilities	租賃負債	33	1,372
Deferred income tax liabilities	遞延所得稅負債	34	1,203,899
		<b>8,998,643</b>	6,673,953
<b>Current liabilities</b>	<b>流動負債</b>		
Trade and other payables	貿易及其他應付款項	31	10,709,986
Contract liabilities	合約負債	25	13,273,377
Bank and other borrowings	銀行及其他借款	32	2,301,763
Lease liabilities	租賃負債	33	1,749
Current income tax liabilities	即期所得稅負債		993,840
		<b>1,382,564</b>	
		<b>30,334,677</b>	27,280,715
<b>Total liabilities</b>	<b>負債總額</b>		33,954,668
		<b>39,333,320</b>	
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		37,038,961
		<b>47,255,298</b>	

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述綜合資產負債表應與隨附附註一併閱讀。

The financial statements on pages 121 to 267 were approved by the Board of Directors on 16 March 2021 and were signed on its behalf.

第121至267頁的財務報表於2021年3月16日獲董事會批准簽署。

**Mr. Wu Di**  
吳迪先生  
Director  
董事

**Mr. Hao Shengchun**  
郝勝春先生  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

		Attributable to owners of the Company 本公司擁有人應佔					Non-controlling interests	Total equity
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total		
	附註	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	
		(Note 29)	(Note 29)	(Note 30)	(Note 30)	(Note 30)	(Note 30)	
		(附註29)	(附註29)	(附註30)	(附註30)	(附註30)	(附註30)	
<b>Balance at 1 January 2019</b>	於2019年1月1日之結餘	-	-	384,765	1,009,241	1,394,006	11,485	1,405,491
<b>Comprehensive income</b>	全面收入	-	-	-	710,256	710,256	(82,843)	627,413
Profit for the year	年內溢利	-	-	-	710,256	710,256	(82,843)	627,413
<b>Transactions with owners</b>	與擁有人的交易							
Issue of shares	發行股份	29	70	508,442	-	508,512	-	508,512
Capital injection from shareholders of the Company	本公司股東注資	30(a)	-	-	265,548	265,548	-	265,548
Employee share schemes – value of employee services	僱員股份計劃—僱員服務價值	30(c)	-	-	22,724	22,724	-	22,724
Capital injection from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-
Disposals of subsidiaries	出售附屬公司	39	-	-	-	-	308,104	308,104
Disposal of interests in a subsidiary without loss of control	出售一間附屬公司權益而並無失去控制權	38(a)	-	-	645	645	(28,245)	(28,245)
Acquisitions of additional interests in subsidiaries	收購附屬公司額外權益	-	-	(24,509)	-	(24,509)	(2,491)	(27,000)
Appropriation of statutory reserves	撥充法定儲備	30(b)	-	-	(109,272)	-	-	-
			70	508,442	373,680	(109,272)	278,469	1,051,389
<b>Balance at 31 December 2019</b>	於2019年12月31日之結餘		70	508,442	758,445	1,610,225	207,111	3,084,293
<b>Balance at 1 January 2020</b>	於2020年1月1日之結餘		70	508,442	758,445	1,610,225	207,111	3,084,293
<b>Comprehensive income</b>	全面收入		-	-	-	715,372	234,577	949,949
Profit for the year	年內溢利		-	-	-	715,372	234,577	949,949
<b>Transactions with owners</b>	與擁有人的交易							
Share issued in Public Offering	公開發售已發行股份	29(b)	21,806	1,277,753	-	1,299,559	-	1,299,559
Capitalisation Issue	資本化發行	29(d)	65,340	(65,340)	-	-	-	-
Share issuance costs for Public Offering	公開發售之股份發行成本	29(c)	-	(42,952)	-	(42,952)	-	(42,952)
Contributions from a fellow subsidiary	同系附屬公司注資	30(d)	-	-	22,606	22,606	-	22,606
Employee share schemes – value of employee services	僱員股份計劃—僱員服務價值	30(c)	-	-	28,405	28,405	-	28,405
Capital injections from non-controlling interests	非控股權益注資	-	-	-	-	-	2,506,618	2,506,618
Disposals of interests in subsidiaries without loss of control	出售附屬公司權益而並無失去控制權	38(a)	-	-	-	-	73,500	73,500
Appropriation of statutory reserves	撥充法定儲備	30(b)	-	-	338,132	(388,132)	-	-
			87,146	1,169,461	389,143	(338,132)	2,580,118	3,887,736
<b>Balance at 31 December 2020</b>	於2020年12月31日之結餘		87,216	1,677,903	1,147,588	1,987,465	3,021,806	7,921,978

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. 上述綜合權益變動表應與隨附附註一併閱讀。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

		Year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note 附註		
<b>Cash flows from operating activities</b>	<b>經營活動現金流量</b>		
Cash (used in)/generated from operations	經營(所用)/所得現金	(1,241,943)	4,591,283
Income tax paid	已付所得稅	(370,180)	(542,032)
Interest paid	已付利息	(886,451)	(729,154)
<b>Net cash (used in)/generated from operating activities</b>	<b>經營活動(所用)/所得現金淨額</b>	<b>(2,498,574)</b>	<b>3,320,097</b>
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>		
Purchases of property, plant and equipment	購置物業、廠房及設備	(84,286)	(128,676)
Purchases of intangible assets	購置無形資產	(4,523)	(11,934)
Payments for construction of investment properties	投資物業建築款項	(2,465)	(95,325)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	4,774	31,468
Proceeds from disposals of investment properties	出售投資物業所得款項	30,811	-
Investment in joint ventures	於合營企業的投資	(1,380,430)	(346,812)
Investment in associates	於聯營公司的投資	(1,585,495)	(806,000)
Advances to related parties and non-controlling interests	向關聯方及非控股權益墊款	(3,836,654)	(3,429,128)
Repayments from related parties and non-controlling interests	關聯方及非控股權益還款	5,649,048	2,795,573
Proceeds from disposals of subsidiaries, net of cash and cash equivalent disposed of	出售附屬公司所得款項 (扣除出售現金及現金等價物)	159,180	145,810
Proceeds from de-registration of associates	註銷聯營公司所得款項	9,486	-
Acquisitions of subsidiaries, net of cash and cash equivalent acquired	收購附屬公司 (扣除收購現金及現金等價物)	-	(119,914)
Decrease/(increase) in term deposits with original maturities over three months	原到期日為三個月以上的定期存款 減少/(增加)	2,183	(95)
Purchase of financial assets at fair value through profit or loss	購買按公允值計入損益的金融資產	(110,741)	-
Proceeds from disposals of financial assets at fair value through profit or loss	出售按公允值計入損益的金融資產所得款項	110,741	-
Interest received	已收利息	28,799	25,539
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>	<b>(1,009,572)</b>	<b>(1,939,494)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### 綜合現金流量表

		Year ended 31 December	
		截至12月31日止年度	
	Note	2020	2019
	附註	2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>		
Issue of shares	股份發行	29	508,512
Capital injection from shareholders of the Company	本公司股東注資	30	265,548
Proceeds from bank and other borrowings	銀行及其他借款所得款項		6,761,556
Repayments of bank and other borrowings	償還銀行及其他借款		(7,451,565)
Proceeds from amounts due to related parties	應付關聯方貸款所得款項		6,375,495
Repayments to related parties	向關聯方還款		(7,662,708)
Acquisitions of additional shares in subsidiaries	收購附屬公司的額外股份		(27,000)
Share issuance costs	股份發行成本		(6,276)
Increase in deposits pledged for bank and other borrowings	為銀行及其他借款設置的按金抵押增加	28(b)	(17,720)
Contribution from a fellow subsidiary	同系附屬公司注資		9,987
Capital injections from non-controlling interests	非控股權益注資		986,316
Principal elements of lease payments	租賃付款的本金部分		(15,346)
Proceeds from disposal of subsidiaries without loss of control	出售附屬公司而並無失去控制權所得款項	38(a)	73,500
<b>Net cash generated from/(used in) financing activities</b>	<b>融資活動所得／（所用）現金淨額</b>		<b>4,756,349</b>
			(1,032,523)
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>		<b>1,248,203</b>
Cash and cash equivalents at beginning of year	年初現金及現金等價物		2,214,161
Effect of exchange rate changes on cash and cash equivalents	現金及現金等價物匯率變動影響		425
			39
<b>Cash and cash equivalents at end of year</b>	<b>年末現金及現金等價物</b>	28	<b>3,462,789</b>
			2,214,161

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. 上述綜合現金流量表應與隨附附註一併閱讀。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 1 GENERAL INFORMATION AND GROUP REORGANISATION 1 一般資料及集團重組

#### 1.1 General Information

Datang Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 14 December 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 consolidated and revised). The address of the Company’s registered office and the principal place of business are respectively located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and No. 2001, Lvling Road, Siming District, Xiamen.

The Company is engaged in investment holding and its subsidiaries (collectively the “Group”) are primarily engaged in property development business in the People’s Republic of China (the “PRC”). Ms. Wong Hei is the ultimate controlling shareholder (the “Ultimate Controlling Shareholder”) of the Company.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”) since 11 December 2020 (the “Listing”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 March 2021.

#### 1.1 一般資料

大唐集團控股有限公司(「本公司」)根據1961年第3號法例(經綜合及修訂)第22章《公司法》於2018年12月14日在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址及主要營業地分別位於Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands及廈門思明區呂嶺路2001號。

本公司從事投資控股，而其附屬公司(統稱「本集團」)主要於中國人民共和國(「中國」)從事物業開發業務。黃晞女士為本公司最終控股股東(「最終控股股東」)。

本公司股份自2020年12月11日起在香港聯合交易所有限公司(「香港聯交所」)上市(「上市」)。

除另有說明外，綜合財務報表以人民幣(「人民幣」)呈列。該等綜合財務報表於2021年3月16日獲董事會批准刊發。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 1 GENERAL INFORMATION AND GROUP REORGANISATION (Continued) 1 一般資料及集團重組(續)

### 1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the business of the Group was operated through Xiamen Dynasty Real Estate Group Company Limited (廈門大唐房地產集團有限公司, "Xiamen Datang") and its subsidiaries in the PRC. Xiamen Datang, a wholly owned subsidiary of Dynasty International Co. Ltd. ("Dynasty Cook"), was incorporated in Xiamen, the PRC, on 29 August 1997 as a limited liability company. Dynasty Cook is incorporated in the Cook Islands and was 70% indirectly owned by Ms. Wong Hei.

In preparation for the Listing, the Reorganisation was undertaken pursuant to which Xiamen Datang and its subsidiaries were transferred to the Company. The Reorganisation involved in the following steps:

#### (a) Incorporation of the Company

On 14 December 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. Upon its incorporation, 1 fully-paid share was issued to the initial subscriber, an independent third party, at par and was transferred to Dynasty Cook at par on the same day.

#### (b) Incorporation of offshore subsidiaries

Datang Investment Limited ("Datang Investment") was incorporated in Hong Kong on 30 January 2019. On the same date, one share was issued to the Company. Upon completion of the shares allotment and issue, Datang Investment became a wholly-owned subsidiary of the Company.

### 1.2 重組

本公司註冊成立及完成下述重組(「重組」)前，本集團業務透過廈門大唐房地產集團有限公司(「廈門大唐」)及其中國附屬公司經營。1997年8月29日，廈門大唐於中國廈門註冊成立為有限公司，為大唐國際有限公司(「Dynasty Cook」)的一間全資附屬公司。Dynasty Cook於庫克群島註冊成立並由黃晞女士間接持有70%。

為籌備上市，本公司已進行重組，據此，廈門大唐及其附屬公司轉讓予本公司。重組涉及以下步驟：

#### (a) 註冊成立本公司

於2018年12月14日，本公司於開曼群島註冊成立，法定股本為50,000美元，分為50,000股每股面值1.00美元的普通股。於註冊成立後，一股繳足股份已按面值發行予初步認購人(為獨立第三方)並已於同日按面值轉讓予Dynasty Cook。

#### (b) 註冊成立境外附屬公司

大唐投資(香港)有限公司(「大唐投資」)於2019年1月30日在香港註冊。同日，一股股份獲發行予本公司。於股份配發及發行完成後，大唐投資成為本公司全資附屬公司。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 1 GENERAL INFORMATION AND GROUP REORGANISATION (Continued) 1 一般資料及集團重組(續)

#### 1.2 Reorganisation (Continued)

##### (b) Incorporation of offshore subsidiaries (Continued)

Dynasty Management International Limited (“Dynasty Management”) was incorporated in the British Virgin Islands on 19 June 2019. On the same date, 100 shares were issued to the Company. Upon completion of the shares allotment and issue, Dynasty Management became a wholly-owned subsidiary of the Company.

Dynasty Development International Limited (“Dynasty Development”) was incorporated in Hong Kong on 27 June 2019. On the same date, 100 shares were issued to Dynasty Management. Upon completion of the shares allotment and issue, Dynasty Development became wholly-owned by Dynasty Management.

##### (c) Transfer of Xiamen Datang

On 24 April 2019, the Company acquired the entire equity interest in Xiamen Datang from Dynasty Cook at a consideration of allotting and issuing 1 share to Dynasty Cook by the Company. Upon completion of the equity transfer on 30 April 2019, Xiamen Datang became a wholly-owned subsidiary of the Company.

On 13 May 2019, Datang Investment acquired the entire equity interest in Xiamen Datang from the Company at a consideration of allotting and issuing 10 shares to the Company by Datang Investment. Upon completion of the equity transfer on 11 June 2019, Xiamen Datang became a wholly-owned subsidiary of Datang Investment.

#### 1.2 重組(續)

##### (b) 註冊成立境外附屬公司(續)

大唐管理國際有限公司(「大唐管理」)於2019年6月19日在英屬處女群島註冊成立。同日，100股股份獲發行予本公司。於股份配發及發行完成後，大唐管理成為本公司全資附屬公司。

大唐發展國際有限公司(「大唐發展」)於2019年6月27日在香港註冊成立。同日，100股股份獲發行予大唐管理。於股份配發及發行完成後，大唐發展由大唐管理全資擁有。

##### (c) 轉讓廈門大唐

於2019年4月24日，本公司自Dynasty Cook收購廈門大唐全部股權，代價為本公司配發及發行一股股份予Dynasty Cook。於2019年4月30日股權轉讓完成後，廈門大唐成為本公司全資附屬公司。

於2019年5月13日，大唐投資自本公司收購廈門大唐全部股權，代價為大唐投資向本公司配發及發行10股股份。於2019年6月11日股權轉讓完成後，廈門大唐成為大唐投資全資附屬公司。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 1 GENERAL INFORMATION AND GROUP REORGANISATION (Continued) 1 一般資料及集團重組(續)

#### 1.2 Reorganisation (Continued)

As a result of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

#### 1.3 Public Offering and Listing

On 11 December 2020, upon its listing on The Hong Kong Stock Exchange Limited, the Company issued 333,400,000 new shares with par value US\$0.01 each at HK\$4.56 per share for a total cash consideration of HK\$1,520,304,000 (equivalent to approximately RMB1,299,559,000) (the "Public Offering").

On 6 January 2021, the Company issued 30,144,000 ordinary shares with par value US\$0.01 each at HK\$4.56 per share to public pursuant to an over-allotment option granted in conjunction with Public Offering. Gross proceeds from the issue are HK\$137,457,000 (equivalent to approximately RMB114,548,000).

#### 1.2 重組(續)

由於重組，本公司成為本集團旗下現有附屬公司的控股公司。

#### 1.3 公開發售及上市

於2020年12月11日在香港聯合交易所有限公司上市後，本公司按每股4.56港元發行333,400,000股每股面值0.01美元的新股，現金總代價為1,520,304,000港元(相當於約人民幣1,299,559,000元)(「公開發售」)。

於2021年1月6日，本公司配合公開發售根據已授出的超額配股權按每股4.56港元向公眾發行每股面值0.01美元的30,144,000股普通股。發行所得款項總額為137,457,000港元(相當於約人民幣114,548,000元)。

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2 主要會計政策概要

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

本附註提供一系列於編製該等綜合財務報表時採納的主要會計政策。除非另有說明，該等政策已貫徹應用於所有呈列年度。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**      **2 主要會計政策概要(續)**

**2.1 Basis of preparation**

**(a) Compliance with Hong Kong Financial Reporting Standards (“HKFRS”) and the Hong Kong Companies Ordinance**

The consolidated financial statements of the Group have been prepared in accordance with HKFRS and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

**(b) Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”) and investment properties, which are carried at fair value.

**(c) New and amended standards and interpretation adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform

The adoption of the above new and amended standards does not have any significant impact on the financial performance and position of the Group.

**2.1 編製基準**

**(a) 符合香港財務報告準則(「香港財務報告準則」)及香港公司條例**

本集團綜合財務報表乃根據香港財務報告準則及香港公司條例第622章的披露規定編製。

**(b) 歷史成本法**

綜合財務報表乃按歷史成本法編製，惟按公允值計入損益的金融資產及投資物業按公允值列賬除外。

**(c) 本集團採納的新訂及經修訂標準及詮釋**

本集團於2020年1月1日開始的年度報告期間首次應用以下準則及修訂：

香港財務報告準則第3號(修訂本)	業務的定義
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義
財務報告概念框架	經修訂之財務報告概念框架
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革

採納上述新訂及經修訂準則對本集團財務表現及狀況並無任何重大影響。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

### 2.1 Basis of preparation (Continued)

#### (d) *New, revised and amended standards not yet adopted*

Certain new and revised standards, amendments to existing standards have been published that are not effective in current year and have not been early adopted by the Group.

### 2.1 編製基準(續)

#### (d) 尚未採納的新準則、經修改及修訂準則

已頒佈的若干新準則及經修改準則以及現有準則修訂本於本年度尚未生效，本集團未提早予以採納。

Effective for annual periods  
beginning on or after  
於下列日期或之後開始的  
年度期間生效

Amendments to HKFRS 16 香港財務報告準則第16號 (修訂本)	Covid-19-related Rent Concessions Covid-19相關租金寬減	1 June 2020 2020年6月1日
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號 (修訂本)	Interest rate benchmark reform – phrase 2 利率基準改革—第二階段	1 January 2021 2021年1月1日
Amendments to HKFRS 3 香港財務報告準則第3號 (修訂本)	Reference to the Conceptual Framework 概念框架引用	1 January 2022 2022年1月1日
Amendments to HKAS 16 香港會計準則第16號 (修訂本)	Proceeds before intended use 擬定用途前之所得款項	1 January 2022 2022年1月1日
Amendments to HKAS 37 香港會計準則第37號 (修訂本)	Cost of Fulfilling a Contract 履行合約之成本	1 January 2022 2022年1月1日
Annual improvement project 年度改進項目	Annual Improvements 2018-2020 Cycle 2018年至2020年週期之年度改進	1 January 2022 2022年1月1日
Accounting Guideline 5 (Revised) 會計指引第5號 (經修訂)	Merger accounting for common control combinations 共同控制下業務合併的合併會計處理	1 January 2022 2022年1月1日
HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合約	1 January 2023 2023年1月1日
Amendments to HKAS 1 香港會計準則第1號 (修訂本)	Classification of Liabilities as Current or Non-Current 流動或非流動負債分類	1 January 2023 2023年1月1日
HK Interpretation 5 (2020) 香港—詮釋公告5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause 財務報表列報—借款人對具按求償還條款的有期貸款的分類	1 January 2023 2023年1月1日
HKFRS 10 and HKAS 28 (Amendments) 香港財務報告準則第10號及香港會計準則第28號 (修訂本)	Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合營企業之間的資產出售或注資	To be determined 待定

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.1 Basis of preparation (Continued)

##### (d) *New, revised and amended standards not yet adopted (Continued)*

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

#### 2.2 Subsidiaries

##### 2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

#### 2.1 編製基準(續)

##### (d) *尚未採納的新準則、經修改及修訂準則(續)*

本集團已評估該等新準則或經修改準則、註釋及修訂之影響，而其中部分與本集團的運營有關。根據本公司董事作出的初步評估，預計該等新準則或經修改準則、註釋及修訂生效時不會對本集團的財務表現及狀況產生重大影響。

#### 2.2 附屬公司

##### 2.2.1 合併賬目

附屬公司指本集團擁有控制權之所有實體(包括結構性實體)。倘本集團就其參與實體所得可變回報承擔風險或擁有權利並能透過其指導有關實體活動的權力影響上述回報，則本集團對有關實體擁有控制權。附屬公司自控制權轉移至本集團之日起全面綜合入賬，自控制權終止之日起停止綜合入賬。

集團內公司間交易、結餘及集團公司間交易的未變現收益均予撇銷。未變現虧損亦予撇銷，除非交易提供所轉撥資產的減值證據。附屬公司呈報金額於必要時調整，以符合貴集團會計政策。

於附屬公司業績及權益的非控股權益會在綜合全面收益表、綜合權益變動表及綜合資產負債表分別獨立入賬。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.2 Subsidiaries (Continued)

##### 2.2.1 Consolidation (Continued)

##### (a) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group, fair value of any assets and liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interests in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

#### 2.2 附屬公司(續)

##### 2.2.1 合併賬目(續)

##### (a) *非共同控制下的業務合併*

本集團採用收購會計法將業務合併入賬。收購附屬公司的轉讓代價包括所轉讓資產、欠被收購業務前擁有人的負債、本集團所發行股權的公允值、因或然代價安排而產生的任何資產及負債的公允值以及於附屬公司的任何先前存在股權的公允值。除少數例外情況外，於業務合併中所收購的可識別資產及所承擔的負債及或然負債初步按收購日期的公允值計量。本集團根據逐項收購基準按公允值或非控股權益應佔被收購實體可識別淨資產的比例確認所持被收購實體的任何非控股權益。

收購相關成本於產生時支銷。

所轉讓代價、被收購實體非控股權益金額及原先所持被收購實體股本權益於收購日期的公允值超出所收購可識別淨資產的公允值的差額列賬為商譽。倘有關金額低於所收購業務可識別淨資產的公允值，差額直接於損益確認為議價購買收益。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.2 Subsidiaries (Continued)

##### 2.2.1 Consolidation (Continued)

##### (a) Business combinations not under common control (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### 2.2 附屬公司(續)

##### 2.2.1 合併賬目(續)

##### (a) 非共同控制下的業務合併(續)

倘任何部分的現金代價延後結算，日後應付金額會貼現至換算日期的現值。貼現率為實體的增量借款利率，即可自獨立融資方按相若條款及條件取得類似借貸的利率。或然代價分類為權益或金融負債。分類為金融負債的金額其後按公允值重新計量，而公允值的變動會於損益確認。

倘業務合併分階段進行，收購方原先所持被收購方股本權益的收購日期賬面值按收購日期的公允值重新計量。該重新計量產生的任何收益或虧損於損益確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

### 2.2 Subsidiaries (Continued)

#### 2.2.1 Consolidation (Continued)

##### (b) Business combinations under common control

The consolidated financial statements incorporate the financial statement items of the entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for 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.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

### 2.2 附屬公司(續)

#### 2.2.1 合併賬目(續)

##### (b) 共同控制下的業務合併

綜合財務報表包括共同控制合併的實體或業務的財務報表項目，猶如其自該等實體或業務首次受控制方控制當日起已綜合入賬。

綜合合併實體或業務的資產淨值按控制方的現有賬面值綜合入賬。在控制方持續擁有權益的情況下，共同控制合併時並無就商譽的代價或收購方於被收購方的可識別資產、負債及或然負債的公允值淨值之權益超出成本的部分確認任何金額。

該等實體採用一套統一的會計政策。所有的集團內公司間交易、結餘及合併實體或業務間交易的未變現收益均於合併入賬時予以撇銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(c) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions—that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) *Disposals of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.2 附屬公司(續)

2.2.1 合併賬目(續)

(c) *不導致失去控制權的附屬公司權益變動*

如與非控股權益的交易不會導致失去控制權，則入賬列作為權益交易，即作為與附屬公司擁有人以其作為擁有人身份交易。任何已付代價的公允值與附屬公司資產淨值相關已收購股份的賬面值的差額已計入權益。向非控股權益出售的收益或虧損亦計入權益。

(d) *出售附屬公司*

當本集團不再持有控制權，在實體的任何保留權益重新計量至失去控制權當日的公允值，賬面值的變動在損益中確認。公允值為就保留權益的後續入賬而言的初始賬面值，作為聯營公司、合營企業或金融資產。此外，之前就該實體在其他全面收入中確認的任何數額猶如本集團已直接處置相關資產或負債。即意味著之前在其他全面收入確認的數額重新分類至損益或轉撥至適用香港財務報告準則指定／許可的其他權益類別。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.2 Subsidiaries (Continued)

##### 2.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.2 附屬公司(續)

##### 2.2.2 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。本公司將附屬公司業績按已收及應收股息入賬。

當收到於附屬公司投資的股息時，而股息超過附屬公司在宣派股息期間的全面收入總額，或在獨立財務報表的投資賬面值超過被投資方資產淨值(包括商譽)在綜合財務報表的賬面值時，則須對附屬公司投資進行減值測試。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of results of associates in profit or loss.

2.3 聯營公司

聯營公司指本集團對其有重大影響力而無控制權或共同控制權的實體，本集團通常持有20%至50%投票權。聯營公司投資以權益會計法入賬。根據權益會計法，投資初始以成本確認，其後會調整，於損益確認本集團應佔被投資者收購後的溢利或虧損以及於其他全面收入確認本集團應佔被投資者的其他全面收入變動。自聯營公司的已收或應收股息確認為投資賬面值減項。本集團於聯營公司的投資包括收購時已確認的商譽。收購聯營公司的所有權權益時，收購成本與本集團享有的對聯營公司可識別資產及負債的公允值淨額的差額確認為商譽。

本集團於每個報告日期釐定有否客觀證據顯示於聯營公司的投資已減值。如有，本集團會計算減值金額，即聯營公司的可收回金額與其賬面值之差額，並於損益確認為「應佔聯營公司業績」的分項。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

### 2.3 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

### 2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

### 2.3 聯營公司(續)

本集團與聯營公司的上下游交易所產生的損益，僅按於聯營公司的無關連投資者權益比例在本集團的財務報表確認。未變現虧損會撤銷，除非交易顯示所轉讓資產已減值。

聯營公司的會計政策已作出必要的更改，以確保與本集團所採納的政策一致。

於聯營公司股權攤薄的收益或虧損於損益確認。

### 2.4 合營安排

於合營安排的投資分類為共同經營或合營，視各投資者的合約權利與責任釐定，而非基於合營安排的法定結構。本集團已評估其合營安排的性質，釐定屬合營。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.4 Joint arrangements (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of joint ventures' in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.4 合營安排(續)

根據權益會計法，合營企業權益初步以成本確認，其後經調整以確認本集團分佔收購後溢利或虧損以及其他全面收入變動。本集團於合營企業的投資包括收購時已確認的商譽。自合營企業已收或應收的股息確認為投資賬面值的減項。收購合營企業的所有者權益時，合營企業成本與本集團分佔合營企業可識別資產及負債的公允值淨值的差額入賬列為商譽。當本集團應佔一間合營企業的虧損超過或相等於在該合營企業的權益(包括任何其他無抵押的應收款項)，則本集團不確認進一步虧損，除非本集團已產生義務或已代合營企業付款。

本集團於每個報告日期釐定有否客觀證據顯示於合營企業的投資已減值。如有，本集團會計算減值金額，即合營企業的可收回金額與其賬面值之差額，並於損益確認為「應佔合營企業業績」的分項。

本集團與其合營企業之間的未變現交易收益按本集團於該等合營企業的權益予以撇銷。未變現虧損亦予以撇銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已作出必要的改變以符合本集團已採納的政策。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (“CODM”), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The CODM regards that there is only one segment, that is property development business, which is used to make strategic decisions.

#### 2.6 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is RMB. The Company’s primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

#### 2.5 分部呈報

經營分部按照與向主要經營決策者提供之內部報告一致的方式呈報。負責分配資源及評估經營分部表現的主要經營決策者（「主要經營決策者」），已被確認為作出策略性決策的董事會。主要經營決策者認為僅有一個分部可用於作出戰略決策，即物業開發業務。

#### 2.6 外幣換算

##### (a) 功能及呈列貨幣

本集團各實體的財務報表所列項目均以該實體經營所處的主要經濟環境的貨幣（「功能貨幣」）計量。本公司的功能貨幣為人民幣。本公司的主要附屬公司於中國註冊成立，以人民幣為功能貨幣。由於本集團的主要業務均位於中國境內，因此本集團決定其綜合財務報表以人民幣呈列。

##### (b) 交易及結餘

外幣交易按交易日期的匯率換算為功能貨幣。因結算該等交易及按年終匯率換算以外幣計值的貨幣資產及負債所產生的匯兌收益及虧損一般於損益確認。倘與合資格現金流對沖及合資格淨投資對沖或歸屬於在海外業務淨投資的一部分，則於權益遞延。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.6 Foreign currency translation (Continued)

(c) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.6 外幣換算(續)

(c) *集團公司*

功能貨幣非呈列貨幣之海外業務(概無高度通貨膨脹經濟之貨幣)的業績及財務狀況已按如下方式換算為呈列貨幣：

- 各資產負債表的資產及負債已按資產負債表結算日的收市匯率換算；
- 各全面收入表的收入與開支已按平均匯率換算(除非各相關交易日期的匯率累計影響無合理近似值，在該情況下則按交易日期的匯率換算)；及
- 所有換算差額於其他全面收入確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.6 Foreign currency translation (Continued)

##### (c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of bank and other borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any bank and other borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### 2.7 Leases

##### (a) The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

#### 2.6 外幣換算(續)

##### (c) 集團公司(續)

合併入賬時，任何海外實體投資淨額以及銀行及其他借款及指定作為該等投資對沖的其他金融工具換算所產生的匯兌差額於其他全面收入確認。倘海外業務出售或屬投資淨額一部分的銀行及其他借款已償還，相關匯兌差額會重新分類至損益，計入出售收益或虧損。

收購海外業務產生的商譽及公允值調整視作海外業務的資產及負債，按收市匯率換算。

#### 2.7 租賃

##### (a) 本集團作為承租方

租賃於所租用資產可供本集團使用當日確認為使用權資產及相關負債。租賃產生的資產及負債初始按現值確認。租賃負債包括以下租金付款的淨現值：

- 固定付款(包括實質固定付款)，減任何應收租金優惠；
- 按一項指數或比率釐定的不定額租金付款，初始按租賃開始日期的相關指數或比率計量；
- 根據餘值保證預期本集團應付的金額；

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.7 Leases (Continued)

##### (a) *The Group as a lessee (Continued)*

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

#### 2.7 租賃(續)

##### (a) *本集團作為承租方(續)*

- 倘本集團合理確定會行使購買權，則購買權的行使價；及
- 倘租賃條款顯示本集團會行使終止權，則終止租賃的罰款。

計算負債時，亦包括將合理根據若干延期選擇權作出的租金付款。

租金付款按租約內含利率貼現。倘無法確定該利率(本集團的租賃普遍如此)，則使用承租方的增量借貸利率，即個別承租方在相若經濟環境按相若條款、抵押及條件為取得價值與使用權資產相若的資產所需借款的利率。

為釐定增量借款利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資為出發點，有所調整以反映自獲得第三方融資以來融資條件的變動。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.7 Leases (Continued)

##### (a) *The Group as a lessee (Continued)*

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group's right-of-use assets consist of various leases for properties and up-front payments to acquire long-term interest in the usage of land.

Right-of-use assets resulted from leases of properties are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs. Depreciation is calculated on a straight-line basis over the respective lease terms and is charged to profit or loss in the consolidated statements of comprehensive income.

#### 2.7 租賃(續)

##### (a) *本集團作為承租方(續)*

- 使用累計法，首先就本集團所持有租賃的信貸風險(最近沒有第三方融資)調整無風險利率，及
- 針對租賃進行特定調整(例如期限、國家、貨幣及抵押)。

倘個別承租人透過近期融資或市場數據可使用具有與租賃類似付款方式的可靠攤銷貸款利率，則集團實體以該利率為起點釐定增量借款利率。

本集團的使用權資產包括多項物業租賃及取得用地長期權益的預付款項。

來自物業租賃的使用權資產按成本計量，包括租賃負債初始計量金額、租約開始日期或之前作出的任何租金付款減已收租金優惠、任何初始直接成本及復原成本。折舊按直線基準在相關租期內計算，於綜合全面收益表的損益扣除。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.7 Leases (Continued)

##### (a) *The Group as a lessee (Continued)*

Right-of-use assets resulted from prepaid land lease payments are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land and other direct related costs from the date when the respective rights were granted. Depreciation of prepaid land lease payments is calculated on a straight-line basis over the lease terms as stated in the relevant land certificates granted for usage by the Group in the PRC and is charged to profit or loss in the consolidated statements of comprehensive income.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of properties for staff quarters are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

##### *Practical expedients applied*

In applying HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review; and
- accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

#### 2.7 租賃(續)

##### (a) *本集團作為承租方(續)*

來自預付土地租金的使用權資產按成本減累計折舊及累計減值虧損列賬。成本包括就使用土地權利支付的代價以及自獲授相關權利當日起的其他直接相關成本。預付土地租金折舊在授權本集團在中國使用的相關土地證書所列租期按直線基準計算，於綜合全面收益表的損益扣除。

租賃付款在本金及融資成本之間分配。融資成本於租賃期內於損益扣除，以產生各期間負債餘額之固定定期利率。

與員工宿舍物業的短期租約相關的付款乃按直線法於損益確認為開支。短期租約指租期為12個月或以內無購買選擇權的租約。

##### *所應用的可行權宜方法*

於應用香港財務報告準則第16號時，本集團使用以下該準則所允許的可行權宜方法：

- 對具有合理相似特徵之租賃組合使用單一貼現率；
- 依賴先前關於租賃是否繁重的評估以替代進行減值評估；及
- 將剩餘租賃期少於12個月的經營租賃入賬列為短期租賃。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.7 Leases (Continued)

##### (b) *The Group as a lessor*

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivables under lease arrangements are recognised as “trade receivable” in the consolidated balance sheets.

#### 2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

#### 2.7 租賃(續)

##### (b) *本集團作為出租方*

出租房將其各項租賃分為經營租賃或融資租賃。倘租賃將絕大部分附帶於相關資產所有權的風險及回報轉移，則分類為融資租賃。倘租賃並未將絕大部分附帶於相關資產所有權的風險及回報轉移，則有關租賃分類為經營租賃。

經營租賃的租金收入按直線基準於相關租期在損益確認。相當大額的初始直接成本於產生時資本化，並按與租金收入的相同基準在租期內於損益確認。金額不大的其他初始成本於產生的期間在損益扣除。

租賃安排項下的應收租金於綜合資產負債表確認為「貿易應收款項」。

#### 2.8 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購項目的直接應佔開支。

後續成本僅在與該項目相關的未來經濟利益很可能歸於本集團，且能可靠計量該項目成本的情況下，方計入有關資產的賬面值或確認為單獨資產(倘適合)。被取代部分的賬面值予以終止確認。所有其他維修及維護成本於其產生的財務期間自損益扣除。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.8 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings  
20-40 years
- Building improvements  
5 years
- Transportation equipment  
5 years
- Office equipment and machinery  
3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### 2.8 物業、廠房及設備(續)

折舊乃於估計可使用年期內按直線法將其成本或重估金額(扣除剩餘價值)分攤計算，或倘為租賃裝修以及若干租賃廠房及設備，則以下列租期之較短者為準：

- 樓宇  
20至40年
- 樓宇裝修  
5年
- 運輸設備  
5年
- 辦公設備及機械  
3至5年

資產的剩餘價值及可使用年期於各報告期末進行檢討並適時調整。

倘資產賬面值高於估計可收回金額，則立即將資產賬面值撇減至可收回金額。

在建工程指物業、廠房及設備的直接建設成本減任何減值虧損。在建工程不會計提折舊撥備，直至相關資產建成並投入使用為止。在建工程完工並可供使用時，會重新分類為物業、廠房及設備的適當分類。

出售收益及虧損乃按所得款項與賬面值的差額釐定，並於損益內確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.9 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss.

If an item of completed properties held for sale or properties under development becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer shall be recognised in profit or loss.

#### 2.10 Intangible assets

##### *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 5 years).

#### 2.9 投資物業

投資物業(主要包括租賃土地及樓宇)持作長期出租或資本增值或以上兩個目的,而非本集團佔用。投資物業初步按成本計量,包括相關交易成本及適用的借貸成本,其後按公允值列賬。公允值變動於損益呈列。

倘持作出售的已竣工物業或開發中物業項目因其用途改變而成為投資物業,該項目於轉讓日期的賬面值與公允值之間的差額應於損益確認。

#### 2.10 無形資產

##### *電腦軟件*

購入的電腦軟件許可證根據購買及使用該特定軟件所引起的成本資本化。該等成本於其估計可使用年期(2至5年)內攤銷。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposals and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 2.12 Financial assets

##### (a) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### 2.11 非金融資產減值

具有無限使用年期的商譽及無形資產毋須攤銷，每年須進行減值測試，倘有事件發生或情況有變顯示可能減值，則須更頻密測試。於事件發生或情況有變而顯示賬面值未必能夠收回時，須對其他資產進行減值測試。減值虧損按有關資產的賬面值超過其可收回金額的數額予以確認。可收回金額為資產的公允值減銷售成本或使用價值(以較高者為準)。為進行減值評估，資產按可大致獨立於其他資產或資產組合現金流入的可單獨識別現金流入的最小單位(現金產生單位)分類。出現減值的非金融資產(商譽除外)於各報告期末檢討是否可能進行減值撥回。

#### 2.12 金融資產

##### (a) 分類

本集團的金融資產分為以下類別：

- 其後按公允值計量(變動於其他全面收入或損益入賬)；及
- 按攤銷成本計量。

分類取決於實體管理金融資產的業務模式及現金流的合約條款。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.12 Financial assets (Continued)

##### (a) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (b) Recognition and derecognition

Regular way of purchases and sales of financial assets is recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### 2.12 金融資產(續)

##### (a) 分類(續)

以公允值計量的資產的收入及虧損計入損益或其他全面收入。對於並非持作買賣的權益工具投資而言，將取決於本集團是否於最初確認時不可撤銷地選擇將權益投資按公允值計入其他全面收入列賬。

本集團當且僅當管理該等資產的業務模式改變時重新分類債務投資。

##### (b) 確認及終止確認

以常規方式買賣金融資產於交易日(本集團承諾購買或出售該資產之日)確認。當自金融資產收取現金流量之權利已屆滿或已轉讓且本集團已轉讓擁有權的絕大部分風險及回報時，則終止確認金融資產。

##### (c) 計量

初始確認時，本集團按公允值加(就並非按公允值計入損益的金融資產而言)收購金融資產直接應佔的交易成本計量金融資產。按公允值計入損益的金融資產的交易成本於損益內支銷。

釐定現金流量是否純粹為支付本金及利息時，附帶嵌入衍生工具的金融資產作為整體考慮。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.12 Financial assets (Continued)

##### (c) Measurement (Continued)

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(loss) in the period in which it arises.

#### 2.12 金融資產(續)

##### (c) 計量(續)

##### *債務工具*

債務工具的後續計量視本集團管理資產的業務模式及資產的現金流量特徵而定。本集團按以下兩種方式計量債務工具：

- 攤銷成本：對於持作收回合約現金流量的資產，若現金流量僅指支付之本金及利息，則按攤銷成本計量。該等金融資產的利息收入採用實際利率法計入融資收入。因終止確認產生之任何收入或虧損直接於損益內確認並與外匯收入及虧損一起列入其他收益／（虧損）。減值虧損於全面收入表呈列為單獨項目。
- 按公允值計入損益：不符合攤銷成本計量標準的資產或按公允值計入其他全面收入的資產按公允值計入損益計量。後續按公允值計入損益計量的債務投資的損益於損益確認，並於產生期間在其他收益／（虧損）呈列淨額。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.12 Financial assets (Continued)

##### (c) Measurement (Continued)

###### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

##### (d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income and lease receivable. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.1.2 for further details.

#### 2.12 金融資產(續)

##### (c) 計量(續)

###### 權益工具

本集團後續按公允值計量所有權益投資。倘本集團管理層選擇於其他全面收入列報權益投資的公允損益，則終止確認投資後不會將公允值損益重新分類至損益。當本集團有權收取股息時，該等投資的股息繼續於損益確認為其他收入。

按公允值計入損益的金融資產的公允值變動在適用情況下於全面收入表內其他收益／(虧損)確認。按公允值計入其他全面收入的金融資產的權益投資減值虧損(及減值虧損撥回)不會與其他公允值變動分開呈報。

##### (d) 減值

本集團按前瞻性基準評估與按攤銷成本列賬並按公允值計入其他全面收入的債務工具及應收租賃款項有關的預期信貸虧損。應用的減值方法視信用風險有否大幅增加而定。對於貿易應收款項，本集團採用香港財務報告準則第9號允許的簡化方法，該方法要求初步確認應收款項時確認預期存續期虧損。詳情請參閱附註3.1.2。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### 2.14 Inventories

Inventories mainly comprise of spare parts and consumables for hotel business, which are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 2.15 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually around 3 years.

#### 2.13 金融工具對銷

當本集團有法定可執行權利對銷已確認金額，並有意按淨額基準結清或同時變現資產及結清負債時，有關金融資產與負債可互相抵銷，並於資產負債表列報淨額。本集團亦有不符合對銷條件的安排，惟相關金額可於破產或終止合約等若干情況下撇銷。

#### 2.14 存貨

存貨主要包括酒店業務的備件及消耗品，按成本或可變現淨值的較低者列賬。成本使用加權平均法釐定。可變現淨值為一般業務過程中的估計售價減適用可變銷售開支。

#### 2.15 開發中物業

開發中物業按成本與可變現淨值之間的較低者列賬。可變現淨值參考一般業務過程中所售物業的銷售所得款項減適用的可變銷售開支及預期竣工成本，或參考管理層根據現行市況作出的估計釐定。

開發中物業動工興建時，相關物業會分類為流動資產，除非有關物業發展項目的建築期預期將超出一般運營週期。一般運營週期通常約為三年。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.16 Completed properties held for sale

Completed properties remaining unsold at reporting period end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

#### 2.17 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 2.16 持作出售的已竣工物業

於報告期末仍未出售的已竣工物業按成本或可變現淨值的較低者列賬。

成本包括未出售物業應佔的開發成本。

可變現淨值參考一般業務過程中所售物業的銷售所得款項減適用的可變銷售開支，或參考管理層根據現行市況作出的估計釐定。

#### 2.17 貿易及其他應收款項

貿易應收款項為就日常業務過程中所售物業或所提供服務而應收客戶的款項。倘預期於一年或以內(或倘較長，則在業務的正常運營週期內)收回貿易及其他應收款項，則將其分類為流動資產，反之則列為非流動資產。

貿易及其他應收款項初步按公允值確認，其後採用實際利率法按攤銷成本減去減值撥備計量。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.18 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract cost if the Group expects to recover those costs.

#### 2.19 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

#### 2.18 合約資產及負債及取得合約的成本

與客戶訂立合約後，本集團有權向客戶收取代價，並承擔將貨品轉讓予客戶或為客戶提供服務的履約責任。該等權利與履約責任相互對銷後形成淨資產或淨負債（取決於剩餘權利與履約責任的關係）。倘剩餘權利金額超過剩餘履約責任金額，則合約為資產，確認為合約資產。相反，倘剩餘履約責任金額超過剩餘權利金額，則合約為負債，確認為合約負債。

倘本集團預期能收回與客戶訂立合約的增量成本，則於合約成本確認有關成本。

#### 2.19 現金及現金等價物以及受限制現金

就呈列綜合現金流量表而言，現金及現金等價物包括手頭現金、銀行通知存款及原有效期不超過三個月及其他短期高流動性投資，可隨時轉換為已知現金且價值變動風險不重大。限制使用的銀行存款計入綜合資產負債表的「受限制現金」。受限制現金不計入現金及現金等價物。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.21 Trade and other payables

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.22 Bank and other borrowings

Bank and other borrowings are recognised initially at fair value, net of transaction costs incurred. Bank and other borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the Bank and other borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

#### 2.20 股本

普通股分類為權益。

發行新股份或購股權直接應佔成本增加於權益內列為所得款項的扣減(扣除稅項)。

#### 2.21 貿易及其他應付款項

貿易應付款項為就支付建築成本或於日常業務過程中向供應商購買服務作出付款的責任。倘付款於一年或以內(或倘較長,則在業務的正常運營週期內)到期,則貿易及其他應付款項分類為流動負債,反之則列為非流動負債。

貿易及其他應付款項初步按公允值確認,其後則採用實際利率法按攤銷成本計量。

#### 2.22 銀行及其他借款

銀行及其他借款初步按公允值扣除已產生的交易成本確認。銀行及其他借款隨後按攤銷成本列賬;所得款項(扣除交易成本)與贖回價值之間的任何差額採用實際利率法於銀行及其他借款期間於損益表內確認。

設立貸款融資時支付的費用於有可能提取部分或全部融資時確認為貸款的交易成本。在此情況下,該費用會遞延至提取融資為止。倘並無證據顯示有可能提取部分或全部融資,則有關費用將撥充資本作流動資金服務的預付款項,並於融資相關期間攤銷。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.22 Bank and other borrowings (Continued)

Bank and other borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Bank and other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### 2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific bank and other borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

#### 2.22 銀行及其他借款(續)

當合約規定的責任得以履行、撤銷或屆滿時，銀行及其他借款從資產負債表移除。已償清或轉移至另一方的金融負債賬面值與已付代價(包括任何已轉讓非現金資產或所承擔負債)之間的差額於損益確認為其他收入或融資成本。

除非本集團有無條件權利將負債的結算日期遞延至報告期末後至少12個月，否則銀行及其他借款分類為流動負債。

#### 2.23 借貸成本

直接歸屬於收購、建築或產生合資格資產的一般及特定借貸成本於完成及準備資產作擬定用途或銷售所需的期間內撥充資本。合資格資產指須較長時間準備以作擬定用途或銷售的資產。

特定用於合資格資產的銀行及其他借款於其尚未支銷時用作暫時投資所賺取的投資收入，於合資格撥充資本的借貸成本中扣除。

其他借貸成本於產生期間支銷。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### 2.24 即期及遞延所得稅

即期所得稅開支或抵免為按各司法權區適用所得稅率計算的當期應課稅收入的應付稅項，並根據暫時差額及未動用稅項虧損而導致的遞延稅項資產及負債的變動作出調整。

##### *即期所得稅*

即期所得稅開支根據本集團及其聯營公司與合營企業運營及產生應課稅收入所在國家於結算日已頒佈或實質頒佈的稅法計算。管理層就受適用稅務規則詮釋所規限之情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款作出撥備。

##### *遞延所得稅*

對於資產及負債的稅基與於綜合財務報表的賬面值之間的暫時差額，使用負債法悉數計提遞延所得稅。然而，倘於初始確認商譽時產生遞延稅項負債，則不予以確認。倘遞延所得稅來自交易(不包括業務合併)時初步確認資產或負債，而在交易時既不影響會計亦不影響可課稅損益，則同樣不予以入賬。遞延所得稅基於報告期末已頒佈或實質已頒佈的稅率(及稅法)釐定，並預期於變現相關遞延所得稅資產或結算遞延所得稅負債時應用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.24 Current and deferred income tax (Continued)

*Deferred income tax (Continued)*

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.24 即期及遞延所得稅(續)

*遞延所得稅(續)*

與以公允值計量的投資物業相關的遞延稅項負債乃假設該物業可透過出售而悉數收回予以釐定。

遞延稅項資產僅在未來應課稅款項可動用暫時差額及虧損時予以確認。

倘本集團可控制暫時差額的撥回時間，且該差額可能不會於可預見未來撥回時，則不會就海外業務投資之賬面值與稅基之間的暫時差額確認遞延稅項負債及資產。

倘有可依法行使的權利以抵銷即期稅項資產與負債，且遞延稅項結餘與同一稅務機構相關，則遞延稅項資產與負債可予以抵銷。倘實體有可依法行使的權利以抵銷且有意按淨額基準結算或同時變現資產及結算負債時，則即期稅項資產與稅項負債可予以抵銷。

即期及遞延稅項於損益內確認，惟與其他全面收入確認或直接於權益確認之項目有關則除外。於此情況下，稅項亦分別於其他全面收入或直接於權益中確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

### 2.25 Employee benefits

#### (a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulation in the PRC, the PRC based employees of the Group participate in various defined contribution pension plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

### 2.25 僱員福利

#### (a) 退休金責任

本集團僅運營界定供款退休金計劃。根據中國的法規及條例，本集團的中國僱員參與由中國相關省市級政府組織的多項界定供款退休金計劃，據此，本集團及中國僱員需按僱員工資的比例計算按月向該等計劃供款。省市級政府承諾承擔根據上文所述計劃應付的所有現有及未來退休中國僱員的退休福利責任。除每月供款外，本集團概無任何向其僱員作出退休及其他退休後福利付款的進一步責任。該等計劃的資產與本集團的資產分開持有，並由中國政府獨立管理的基金保管。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.25 Employee benefits (Continued)

(a) Pension obligations (Continued)

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution pension plans are expensed as incurred.

(b) Housing benefits and social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing benefits and social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Groups liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing benefits and social insurances are expensed as incurred.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.25 僱員福利(續)

(a) 退休金責任(續)

本集團亦根據強制性公積金計劃(「強積金計劃」)條例的規則及規例，為其於香港的所有僱員參與一項定額供款的退休金計劃。強積金計劃的供款是按合資格僱員相關收入總額5%的最低法定供款規定作出。這項退休金計劃的資產由獨立管理基金持有，並與本集團的資產分開持有。

本集團於界定供款退休金計劃的供款於產生時列作開支。

(b) 住房公積金及社會保險

本集團於中國的僱員有權參與多項政府監管的住房公積金及社會保險計劃。本集團根據僱員薪資的一定比例(不超過特定上限)按月向該等基金繳存供款。本集團對該等基金的負債以其各年應付的供款為限。向住房公積金及社會保險作出的供款在發生時作為費用支銷。

倘實體並無遞延結算至報告期後至少十二個月之無條件權利(不論是否預期會發生實際結算)，則該等責任於綜合資產負債表內呈列為流動負債。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.26 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme.

##### *Share incentive scheme*

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of restricted equity interest is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the restricted equity interests that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

#### 2.26 以股份為基礎的付款

以股份為基礎的薪酬福利通過僱員股份激勵計劃提供予僱員。

##### *股份激勵計劃*

本集團設有以權益結算、以股份為基礎的薪酬計劃，根據該等計劃，實體獲取僱員的服務以作為本集團的權益工具的代價。僱員為換取獲授予受限制股權而提供服務的公允值確認為開支。

將予支銷的總額乃參考所授權益工具的公允值釐定：

- 包括任何市場表現條件(如實體股價)；
- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標及實體之員工於規定期間內留任)的影響；及
- 包括任何非歸屬條件(如有關僱員於規定期間保留或持有股份的規定)的影響。

計算預期歸屬受限制股權數目時會計及非市場表現及服務條件。開支總額於歸屬期間確認，歸屬期指將達成所有指定歸屬條件的期間。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.26 Share-based payments (Continued)

##### *Share incentive scheme (Continued)*

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

#### 2.26 以股份為基礎的付款(續)

##### *股份激勵計劃(續)*

倘條款及條件出現會增加已授出權益工具的公允值之任何修訂時，則在就於餘下歸屬期所得服務而確認的款項的計量中，本集團計入已授出的增量公允值。增量公允值乃經修訂權益工具的公允值與原權益工具公允值之間的差額，兩個公允值均於修訂日期估計。按增量公允值計算的開支於修訂日期至經修訂權益工具歸屬日期的期間內確認，而有關原有工具的任何金額應繼續於原有歸屬期的餘下期間確認。此外，倘有關實體按減少以股份為基礎的支付安排的公允值總額的方式或以其他未令僱員受惠的方式，修訂已授出權益工具的條款或條件，則該實體仍繼續就所得服務按已授出權益工具的代價入賬，猶如該修訂並無發生(惟不包括對部分或全部已授出權益工具的註銷)。

於各期間末，實體根據非市場歸屬及服務條件修訂其對預期歸屬的權益工具數目所作的估計。修訂原來估計數目的影響(如有)會於損益確認，權益亦會相應調整。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

### 2.27 Provisions

Provisions for environmental restoration, restructuring costs, and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales within the Group companies.

### 2.27 撥備

倘本集團因過往事件須承擔現時法定或推定責任、承擔該責任可能須動用資源及該責任所涉及的金額能可靠地估計時，則須確認環境修復、重建成本及法律索償撥備。並無為未來經營虧損確認撥備。

倘出現多項類似責任，而承擔該等責任是否須動用資源於考慮該等責任的整體類別後釐定。即使同類責任中任何一項或須動用資源的機會不大，仍會確認撥備。

撥備採用稅前利率按預期須償付有關責任之開支的現值計量，該利率反映當時市場對金錢時間值與有關責任特定風險的評估。隨時間而增加之撥備確認為利息支出。

### 2.28 收益確認

收益按本集團日常業務過程中銷售物業及提供服務所收取或應收取代價的公允值計量。收益於扣除折扣及撇銷本集團旗下公司間銷售後列示。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.28 Revenue recognition (Continued)

(a) *Sales of properties*

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset maybe transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance 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 is transferred 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 customer obtains control of the asset.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is 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.

2.28 收益確認(續)

(a) *銷售物業*

資產的控制權轉移至客戶時確認收益。資產的控制權可於一段時間內或一個時點轉移，取決於合約條款與適用於合約的法律。本集團於履約過程中，倘並無創造可供本集團替代使用的資產，且本集團有權就至今已完成的履約部分收取款項，則資產的控制權於一段時間內轉移。

倘資產的控制權於一段時間內轉移，則參考履約責任的完成進度於整個合約期間內確認收益。否則，收益於客戶獲得資產控制權的時間點確認。

在釐定交易價格時，如融資成份重大，本集團將會根據融資成份來調整承諾代價。

就於一個時間點轉移物業控制權的物業開發及銷售合約而言，於客戶獲得實物所有權或已完工物業的法定所有權且本集團當前有權支付及可能收取代價時確認收益。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.28 Revenue recognition (Continued)

##### (b) Construction contracts

For provision of construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

##### (c) Hotel operation income

Revenue from provision of hotel services is recognised in the accounting period in which the related services are rendered.

#### 2.29 Interest income

Interest income is recognised using the effective interest method.

#### 2.30 Commission income

Commission income from trading of construction materials is recognised in profit or loss on net basis when the related service is rendered.

#### 2.31 Dividend income

Dividends are recognised as income when the right to receive payment is established.

#### 2.28 收益確認(續)

##### (b) 建築合約

就提供建築服務而言，倘本集團的履約行為製造或改良一項資產被製造或改良時受客戶控制的資產或在建工程，故本集團可參考某項交易的完成情況，隨時間履行履約責任及確認收益，而交易的完成情況乃根據截至報告期末所產生的實際成本佔各合約估計成本總額的百分比的基準進行評估。

##### (c) 酒店運營收入

提供酒店服務所得收益於提供相關服務的會計期間確認。

#### 2.29 利息收入

利息收入採用實際利率法確認。

#### 2.30 佣金收入

買賣建築材料的佣金收入於提供相關服務時按淨額基準於損益確認。

#### 2.31 股息收入

當有權收到付款時，股息確認為收入。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)      2 主要會計政策概要(續)

#### 2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

#### 2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

#### 2.34 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 'Financial Instruments' and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 'Revenue from Contracts with Customers'.

#### 2.32 政府補助

倘能合理保證獲得補貼，且本集團將能遵守所有附帶條件，則政府補助會按公允值確認。

與成本相關的政府補助會遞延至須與擬補貼成本相應入賬的期間之損益確認。與購買資產相關的政府補助作為遞延收入計入非流動負債，並於有關資產的預計有效期內按直線基準計入損益。

#### 2.33 股息分派

向本公司股東分派的股息於本公司股東或董事(視情況而定)批准股息之期間於財務報表中確認為負債。

#### 2.34 金融擔保合約

金融擔保合約於擔保發行時確認為金融負債。負債初步按公允值計量，其後按以下之較高者計量

- 根據香港財務報告準則第9號「金融工具」之預期信貸虧損模型釐定的金額；及
- 初步確認金額減(如適用)根據香港財務報告準則第15號「與客戶的合約收益」所確認的累計收入金額。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

#### 2.34 Financial guarantee contracts (Continued)

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

#### 2.35 Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 2.34 金融擔保合約(續)

金融擔保的公允值按債務工具下所要求的合約付款與無擔保時須支付的款項，或就承擔義務而應付第三方的估計款項之間現金流量之差額的現值釐定。倘就聯營公司貸款或其他應付款項提供不作賠償的擔保，則公允值作為供款入賬並確認為投資成本的一部分。

#### 2.35 每股盈利

##### *每股基本盈利*

每股基本盈利按本公司擁有人應佔溢利除以財政年度內尚未發行普通股加權平均數計算。

##### *每股攤薄盈利*

每股攤薄盈利調整用於釐定每股基本盈利的數字，以計及所有具攤薄性潛在普通股獲轉換後將予發行在外的額外普通股加權平均數。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### 3.1.1 Market risk

The Group's market risk arises mainly from interest rate risk of long-term bank and other borrowings. Bank and other borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Bank and other borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2020, if interest rates on bank and other borrowings at floating rates have been 100 basis points higher or lower with all other variables held constant and without taking into account interest capitalisation, interest charges for the year ended 31 December 2020 would have been increased/decreased by RMB59,994,000 (2019: RMB41,965,000).

### 3 金融風險管理

#### 3.1 金融風險因素

本集團的業務面臨多種金融風險：市場風險、信貸風險及流動資金風險。本集團的整體風險管理方案注重金融市場的不可預測性，務求盡量減少對本集團財務表現的潛在不利影響。

##### 3.1.1 市場風險

本集團的市場風險主要來自長期銀行及其他借款的利率風險。按浮動利率取得的銀行及其他借貸使本集團面臨現金流量利率風險，部分被按浮動利率持有的現金所抵銷。按固定利率取得的銀行及其他借貸使本集團面臨公允值利率風險。本集團密切監控利率趨勢及其對本集團所面臨利率風險的影響。本集團現時並未採用任何利率掉期安排，但會於需要時考慮對沖利率風險。

於2020年12月31日，倘浮息銀行及其他借貸的利率上調或下調100個基點，而所有其他變量保持不變且不計及資本化利息，截至2020年12月31日止年度的利息支出將上升/下降人民幣59,994,000元(2019年：人民幣41,965,000元)。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash deposits with banks and financial assets at FVTPL. The carrying amounts of these assets represent the Group's maximum exposure to credit risk in relation to financial assets.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit position of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default, it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險

本集團面臨與貿易及其他應收款項、合約資產、銀行現金存款以及按公允價值計入損益的金融資產有關的信貸風險。該等資產之賬面值為本集團面臨的與金融資產有關的最大信貸風險。

就出售物業產生的貿易應收款項而言，除非能確立良好的客戶信用狀況，否則本集團透過在交付物業前全數收取現金或恰當安排買家的按揭貸款融資程序管理信貸風險。本集團根據經客戶同意的還款計劃密切監察客戶按期還款的進度。本集團設有政策以確保以適當的首付比例向具有適當財務實力的買家作出銷售。

同時，客戶如拖欠還款，本集團即有權取消合同；其亦設有其他監督程序以確保採取跟進措施收回逾期結欠。此外，本集團定期檢討各項貿易應收款項的可收回金額，確保對無法收回的金額作出充分減值撥備。本集團並無重大信貸風險集中的情況，風險分佈於多名對手方及客戶。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

The Group has arranged bank financing for certain purchasers of the Group's property and provided guarantees to secure obligations of such purchasers for repayment. Detailed disclosure of such guarantees is made in Note 36. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also provided financial guarantees for the bank and other borrowings of certain related parties, which were raised mainly for the purpose to finance their property development projects. Detailed disclosure of such guarantees is made in Note 36. The Group reviews the financial performance of the related parties as well as the underlying property development projects at the end of each reporting period, and considers that the Group's credit risk is not material.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

本集團已為本集團物業的若干買家安排銀行融資，並為保證該等買家履行還款責任提供擔保。有關擔保的詳盡披露載於附註36。倘若一名買家於擔保期間拖欠支付其按揭貸款，持有擔保的銀行可要求本集團償還尚未償還的貸款本金及由此產生的任何利息。在此情況下，本集團可沒收客戶的按金及轉售物業，以收回本集團向銀行支付的任何款項。就此而言，本公司董事認為本集團的信貸風險大大降低。

本集團亦為若干關聯方的銀行及其他借款(主要為物業開發項目撥資而籌集)提供財務擔保。有關擔保之詳細披露載於附註36。本集團於各報告期末檢討關聯方之財務表現及相關物業開發項目，並認為其信貸風險並不重大。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

For other receivables and financial assets at FVTPL, the management of the Group has monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group categorises trade and other receivables and financial assets at FVTPL as default when a debtor fails to make contractual payments. Where a debtor fails to make contractual payments, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Trade and other receivables and financial assets at FVTPL are written off where there is no reasonable expectation of recovery.

To manage credit risk of cash deposits with banks, deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions. Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified loss was immaterial.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

就其他應收款項及按公允值計入損益的金融資產而言，本集團管理層具有監督程序，確保採取跟進措施，收回逾期款項。此外，本集團於各報告期末檢討該等應收款項的可收回性，確保對無法收回的金額作出充分減值虧損。

本集團於債務人未能作出合約付款時將貿易及其他應收款項以及按公允值計入損益的金融資產分類為違約。在債務人未能作出合約付款的情況下，本集團會繼續執行強制執行活動，以嘗試收回到期應收款項。貿易及其他應收款項以及按公允值計入損益的金融資產在無合理預期可收回的情況下予以撇銷。

為管理存放於銀行的現金存款的信貸風險，存款主要存放於持牌銀行，該等銀行均為具有高信貸質素的金融機構。現金及現金等價物亦須遵守香港財務報告準則第9號的減值要求，所釐定的虧損並不重大。

本集團就該等應收款項採用四個類別，反映各類別的信貸風險及如何釐定虧損撥備的方式。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category 類別	Group definition of category 本集團對類別的定義	Basis for recognition of expected credit loss provision 確認預期信貸虧損撥備的基準
Performing 正常	Customers have a low risk of default and a strong capacity to meet contractual cash flows 客戶違約風險低且有強大能力可滿足合約現金流量需求	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime 12個月預期虧損。倘資產的預期存續期在12個月之內，則預期虧損按其預期存續期計量
Underperforming 不佳	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 90 days past due 應收款項的信貸風險顯著增加；若利息及／或本金還款逾期超過90天，則推定為信貸風險顯著增加	Lifetime expected losses 存續期預期虧損
Non-performing 不良	Interest and/or principal repayments are more than 365 days past due 利息及／或本金還款逾期超過365天	Lifetime expected losses 存續期預期虧損
Write-off 撇銷	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery 利息及／或本金還款逾期超過三年且並無合理可收回預期	Asset is written off 撇銷資產

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Mainland China in which it sells its properties to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

本集團預期信貸虧損模型基於的假設概述如下：

#### Basis for recognition of expected credit loss provision 確認預期信貸虧損撥備的基準

12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime  
12個月預期虧損。倘資產的預期存續期在12個月之內，則預期虧損按其預期存續期計量

Lifetime expected losses  
存續期預期虧損

Lifetime expected losses  
存續期預期虧損

Asset is written off  
撇銷資產

本集團通過及時地就預期信貸虧損適當計提撥備來將信貸風險入賬。在計算預期的信貸虧損率時，本集團會考慮各類應收款項的過往虧損率並就前瞻性的宏觀經濟數據作出調整。已對過往虧損率作出調整，以反映影響客戶償付應收款能力的宏觀經濟因素的現時及前瞻性資料。本集團已確定其銷售物業的中國大陸的國內生產總值及失業率為最相關的因素，因此根據該等因素的預期變化調整過往虧損率。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (a) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9 'Financial Instruments', which permits the use of the lifetime expected loss provision for all trade receivables both from third parties and related parties and contract assets.

In calculating the expected credit loss rate of the trade receivables, the Group has considered the historical credit loss experience to incorporate relevant, current and more forward-looking information for different class of trade receivables which grouped based on shared credit risk characteristics and the days past due. As there was no significant change of the characteristic of the customer base, historical credit loss rate of customers and forward-looking information during the year ended 31 December 2020, the Group adopted the same expected credit loss rate throughout 2020. The loss allowance provision as at 31 December 2020 and 2019 is determined as follows:

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### (a) 貿易應收款項及合約資產

本集團採用香港財務報告準則第9號「金融工具」規定的簡化方法就預期信貸虧損計提撥備，該法允許按整個存續期的預期虧損就應收第三方及關聯方所有貿易應收款項以及合約資產計提撥備。

於計算貿易應收款項的預期信貸虧損率時，本集團已考慮過往的信貸虧損情況，以整合各類貿易應收款項當前及更富前瞻性的相關資料，而貿易應收款項的類別乃根據其所具有的的信貸風險特徵及逾期天數劃分。由於截至2020年12月31日止年度的客戶基礎、過往客戶信貸虧損率及前瞻性資料特徵並無重大變動，因此，本集團於整個2020年採用相同的預期信貸虧損率。於2020年及2019年12月31日的虧損撥備釐定如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (a) Trade receivables and contract assets (Continued)

		Over 90 days Within 90 days	and within 180 days 90天以 上180天 以內	Over 180 days and within 365 days 180天以 上365天 以內	Over 365 days 365天 以上	Total 總計
<b>Trade receivables</b>	<b>貿易應收款項</b>					
As at 31 December 2020	於2020年12月31日					
Expected loss rate (%)	預期虧損率(%)	0.10%	2.00%	5.00%	10.00%	-
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	18,031	1,051	3,210	15,268	37,560
Loss allowance provision (RMB'000)	虧損準備撥備 (人民幣千元)	18	20	161	1,527	1,726
<b>Trade receivables</b>	<b>貿易應收款項</b>					
As at 31 December 2019	於2019年12月31日					
Expected loss rate (%)	預期虧損率(%)	0.10%	2.00%	5.00%	10.00%	-
Gross carrying amount (RMB'000)	賬面總值 (人民幣千元)	16,674	9,627	1,223	18,043	45,567
Loss allowance provision (RMB'000)	虧損準備撥備 (人民幣千元)	17	193	61	1,804	2,075

The contract assets relate to construction services have substantially the similar risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Expected loss rate of contract assets is assessed to be 4.60% as at 31 December 2020 (2019: 4.55%).

與建築服務有關的合約資產與同一類型合約的貿易應收款項具備類似的風險特徵。因此，本集團得出結論，貿易應收款項的預期虧損率與合約資產的虧損率合理相若。於2020年12月31日，合約資產的預期虧損率評估為4.60%(2019年:4.55%)。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (a) Trade receivables and contract assets (Continued)

The Group made no write-off of trade receivable and contract assets during the year ended 31 December 2020.

Subsequent recoveries of amounts previously written off are credited against the same line item.

###### (b) Other receivables

The Group's other receivables mainly include amounts due from third parties, related parties and non-controlling interests. To measure the expected credit losses of other receivables, other receivables have been grouped based on shared credit risk characteristics and the days past due. As at each reporting period end date, other receivables due from related parties and non-controlling interests were performing and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognised in respect of these balances during the year ended 31 December 2020 (2019:nil).

Management considered other receivables due from third parties to be low credit risk as they have a low risk of default and thus the impairment provision recognised during the year ended 31 December 2020 was limited to 12 months expected losses. A reversal for loss allowances of RMB12,388,000 (2019: provision for loss allowance of RMB3,794,000) was recognised in profit or loss in relation to the impaired other receivables.

The Group made no write-off of other receivables during the year ended 31 December 2020 (2019:nil).

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

###### (a) 貿易應收款項及合約資產(續)

截至2020年12月31日止年度，本集團並無撇銷貿易應收款項及合約資產。

其後收回之前撇銷的款項於同一項目下入賬。

###### (b) 其他應收款項

本集團的其他應收款項主要包括來自第三方、關聯方及非控股權益的其他應收款項。為計量其他應收款項的預期信貸虧損，其他應收款項已根據共同信貸風險特徵及逾期天數予以分類。於各個報告期末日期，來自關聯方及非控股權益的其他應收款項的內部信用評級為正常，且債務人有強大能力滿足近期的合約現金流義務。以12個月預期虧損法計算，本集團評估該等應收款項的預期信貸虧損不重大。因此，截至2020年12月31日止年度並無就該等結餘確認任何虧損準備撥備(2019年：無)。

鑒於來自第三方的其他應收款項的違約風險低，管理層認為該等應收款項的信貸風險低，故截至2020年12月31日止年度的減值撥備以12個月之預期虧損為限。虧損準備撥回人民幣12,388,000元(2019年：虧損準備撥備人民幣3,794,000元)於損益確認為與其他減值應收款項相關。

截至2020年12月31日止年度，本集團並無撇銷其他應收款項(2019年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(c) *Financial assets at FVTPL and cash and cash equivalent*

The entity is also exposed to credit risk in relation to debt investments that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these investment.

The Group is also exposed to credit risk in relation to debt instruments that are measured at FVTPL, which are considered to be low credit risk, where they have a low risk of default as the debtor is assessed to have a sufficient capacity to meet its contractual cash flow obligations in the near term. The maximum exposure at the end of the reporting period is the carrying amount of these investment.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 金融風險管理(續)

3.1 金融風險因素(續)

3.1.2 信貸風險(續)

(c) *按公允值計入損益的金融資產及現金及現金等價物*

實體亦面臨與按公允值計入損益計量的債務投資有關的信貸風險。於報告期末面臨的最高風險為該等投資的賬面值。

本集團亦面臨以按公允值計入損益計量的債務工具有關的信貸風險，視為低信貸風險，因會評估債務人有無充分的能力滿足其近期的合約現金流責任，故違約風險低。報告期末最大敞口為該等投資的賬面值。

現金及現金等價物亦受香港財務報告準則第9號的減值規定規限，但所識別的減值虧損並不重大。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

(d) Movement of loss allowance provision for financial and contract assets is summarised as follows:

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.2 信貸風險(續)

(d) 金融資產及合約資產的虧損準備撥備變動概述如下：

		Trade receivables 貿易應收款項 RMB'000 人民幣千元	Contract assets 合約資產 RMB'000 人民幣千元	Other receivables 其他應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2020</b>	<b>於2020年1月1日</b>	<b>2,075</b>	<b>2,606</b>	<b>35,256</b>	<b>39,937</b>
Provision for loss allowance (reversed)/ recognised	(撥回)/確認虧損準備撥備	(349)	4,819	(12,388)	(7,918)
Disposals of subsidiaries	出售附屬公司	-	-	(255)	(255)
<b>At 31 December 2020</b>	<b>於2020年12月31日</b>	<b>1,726</b>	<b>7,425</b>	<b>22,613</b>	<b>31,764</b>
<b>At 1 January 2019</b>	<b>於2019年1月1日</b>	2,886	8,447	61,979	73,312
Provision for loss allowance (reversed)/ recognised	(撥回)/確認虧損準備撥備	(811)	(5,841)	3,794	(2,858)
Disposals of subsidiaries	出售附屬公司	-	-	(30,517)	(30,517)
<b>At 31 December 2019</b>	<b>於2019年12月31日</b>	<b>2,075</b>	<b>2,606</b>	<b>35,256</b>	<b>39,937</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.3 Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, bank and other borrowings and fundings from shareholders to meet its acquisition and construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, seeking business partners to jointly develop projects etc. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The table below analyses the Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheet, as the impact of discount is not expected to be significant.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.3 流動資金風險

管理層旨在維持充足的現金及現金等價物，或通過維持充足的可用融資（包括預售物業所得款項、銀行及其他借貸）以及自股東獲取的資金維持充足的資金，滿足其收購及建設承擔。

倘經濟環境出現重大不利變動，本集團訂有多項其他計劃以減輕對預期現金流量的潛在影響。該等計劃包括調整項目開發時間表以適應不斷變化的當地房地產市場環境、實施成本控制措施、促銷已竣工物業、以更靈活的定價加快銷售、尋求業務夥伴共同開發項目等。本集團將按其對相關未來成本及利益的評估，就此作出選擇。

下表分析本集團於結算日的金融負債到期情況。表內披露的金額為合約未貼現現金流量。因貼現影響預計並不明顯，自結算日起於12個月內到期的結餘等於其於資產負債表內的賬面值。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.3 Liquidity risk (Continued)

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### 3.1.3 流動資金風險(續)

		Less than 1 year 1年內 RMB'000 人民幣千元	Between 1 and 2 years 1至2年 RMB'000 人民幣千元	Between 2 and 5 years 2至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Carrying amounts of liabilities 賬面值負債 RMB'000 人民幣千元
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>						
Lease liabilities	租賃負債	21,075	25,544	81,475	72,470	200,564	143,210
Bank and other borrowings	銀行及其他借款	3,358,317	4,709,530	3,343,790	215,701	11,627,338	10,314,138
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項， 不包括應計未付薪 酬及其他應付稅項	13,435,207	-	-	-	13,435,207	13,435,207
		<b>16,814,599</b>	<b>4,735,074</b>	<b>3,425,265</b>	<b>288,171</b>	<b>25,263,109</b>	<b>23,892,555</b>
Financial guarantees	金融擔保	17,489,248	-	-	-	17,489,248	17,489,248
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>						
Lease liabilities	租賃負債	2,221	954	884	241	4,300	3,121
Bank and other borrowings	銀行及其他借款	2,866,170	3,129,354	2,663,702	126,809	8,786,035	7,770,445
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項， 不包括應計未付薪 酬及其他應付稅項	9,090,493	-	-	-	9,090,493	9,090,493
		<b>11,958,884</b>	<b>3,130,308</b>	<b>2,664,586</b>	<b>127,050</b>	<b>17,880,828</b>	<b>16,864,059</b>
Financial guarantees	金融擔保	14,086,462	-	-	-	14,086,462	14,086,462



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net bank and other borrowings divided by total equity as shown in the consolidated balance sheet. Net bank and other borrowings are calculated as total bank and other borrowings less total cash and bank deposits.

### 3 金融風險管理(續)

#### 3.2 資本管理

本集團管理資本的目標為保障本集團持續經營的能力，為擁有人提供回報及為其他股東提供利益，並保持最佳資本結構，降低資本成本。

為保持或調整資本結構，本集團或會調整任何股東回報金額、返還股東資本、發行新股或出售資產，以降低債務。

本集團基於淨負債比率監督其資本結構。該比率按綜合資產負債表所示銀行及其他借款淨額除以權益總額計算。銀行及其他借款淨額按銀行及其他借款總額減現金及銀行存款總額計算。

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Total bank and other borrowings	銀行及其他借款總額	10,314,138	7,770,445
Less: cash and bank deposits	減：現金及銀行存款	(5,660,333)	(4,095,171)
Net debt	債務淨額	4,653,805	3,675,274
Total equity	權益總額	7,921,978	3,084,293
Gearing ratio (%)	淨負債比率(%)	58.7%	119.2%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation

##### (a) *Financial assets carried at fair value*

The Group's financial assets carried at fair value include financial assets at FVTPL. The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 3 金融風險管理(續)

#### 3.3 公允價值預測

##### (a) *按公允價值列賬的金融資產*

本集團的按公允價值列賬的金融資產包括按公允價值計入損益的金融資產。按公允價值列賬的金融工具的不同層級按估值法界定如下：

第1級：在活躍市場買賣的金融工具（如公開買賣的衍生工具及買賣與可供出售證券）的公允價值按報告期末的市場報價釐定。本集團所持金融資產所用的市場報價指當時買入價。該等金融工具均列入第1級。

第2級：沒有在活躍市場買賣的金融工具的公允價值根據估值技術釐定。估值技術盡量利用可觀察市場數據，盡量少依賴公司的具體估計。倘計算一項金融工具的公允價值所需的所有重大輸入為可觀察數據，則該金融工具列入第2級。

第3級：倘一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第3級。非上市股本證券屬於此類。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) *Financial assets carried at fair value (Continued)*

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and expected rate of return.

All resulting fair value estimates for financial assets at FVTPL are included in level 3.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2020.

The Group performs valuation, or necessary updates, at least once every six months. The Group adopts various techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved when it is necessary.

As at 31 December 2020 and 2019, the components of the level 3 instruments were debts investment in unlisted company, which are not trade in any active market.

3 金融風險管理(續)

3.3 公允值預測(續)

(a) *按公允值列賬的金融資產(續)*

對金融工具估值時所用的特定估值方法包括：

- 同類工具的市場報價或交易商報價；及
- 貼現現金流量模型及非可觀察輸入數據，主要包括有關預期未來現金流量及預期回報率的假設。

所有按公允值計入損益的金融資產因此產生的公允值估計撥入第3級。

於截至2020年12月31日止年度進行公允值計量時，第1、2及3級之間並無任何轉移。

本集團至少每六個月進行一次估值或必要的更新。本集團使用各種方法釐定第3級工具的公允值，有需要時亦可能聘請外部估值專家。

截至2020年及2019年12月31日，第3級工具的組成部分乃債權投資於非上市公司，該等投資並無於任何活躍市場買賣。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Financial assets carried at fair value (Continued)

The fair values of debts investment in unlisted company have been determined using applicable valuation techniques, which mainly include discounted cash flows approach. Major assumptions used in the valuation include historical results and estimates of the cost of equity. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

		Year ended 31 December 截至12月31日止年度	
		2020 2020年	2019 2019年
<b>Significant unobservable input</b>	<b>重大不可觀察輸入數據</b>		
The cost of equity	權益成本	<b>12.86%</b>	12.55%
<b>Fair value changes</b>	<b>公允值變動</b>		
Impact of fair value change to profit after income tax	變動對除所得稅後溢利的影響		
Increase by 5 basis points (RMB'000)	增加5個基點 (人民幣千元)	<b>(2,316)</b>	(2,873)
Decrease by 5 basis points (RMB'000)	減少5個基點 (人民幣千元)	<b>2,448</b>	3,048

Financial assets at FVTPL

按公允值計入損益的金融資產

		Level 3 第三級	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>At 1 January</b>	<b>於1月1日</b>	<b>200,806</b>	176,589
Additions	添置	<b>110,741</b>	–
Disposals	出售	<b>(110,741)</b>	–
Change in fair value	公允值變動	<b>17,035</b>	24,217
<b>At 31 December</b>	<b>於12月31日</b>	<b>217,841</b>	200,806

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (a) 按公允值列賬的金融資產(續)

對非上市公司的債權投資的公允值以適用的估值方法釐定，主要包括貼現現金流量法。估值時所用的主要假設包括過往業績以及權益成本的估計。下表概述有關第3級公允值計量時所用的重大不可觀察輸入數據的定量資料。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) *Investment properties*

Investment properties of the Group were measured at fair value.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2020.

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its 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.

Fair values of the Group's investment properties under construction are derived on the basis that they will be developed and completed in accordance with the latest construction plans. It is assumed that all consents, approvals and licenses from relevant government authorities for the construction plans have been obtained without onerous conditions or delays. In arriving at the fair values, the direct comparison approach is adopted by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the construction to reflect the quality of the completed construction. The "market value as if completed" represents the estimate of the aggregate selling prices of the property assuming that it would be completed as at the valuation date.

All resulting fair value estimates for investment properties are included in level 3.

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業

本集團的投資物業按公允值計量。

於截至2020年12月31日止年度進行公允值計量時，第1、2及3級之間並無任何轉移。

董事會在合理的公允值估計範圍內釐定物業的價值。本集團已竣工投資物業的公允值採用收益資本化法計算。該估值方法計及從現有租賃中獲得及／或在現有市場中可實現的物業淨租金收入，並適當計及租賃的復歸收入潛力(其後按合適的資本化比率將其資本化以釐定其公允值)。

本集團的在建中投資物業的公允值根據最新在建方案發展及完成而釐定。假設在並無繁重條件或延遲的情況下獲得相關政府部門對在建方案的所有同意、批准及許可。在計算公允值時，採用直接比較法，參考市場上可獲得的可比銷售交易，並考慮將用於完成在建項目以反映已完成在建項目質量的成本。「猶如完成時的市場價值」指假設已於估值日期完成的物業的合共銷售價格估計。

投資物業產生的所有公允值估計均計入第3級。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) Investment properties (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Property status 物業狀況		Fair value as at 31 December 於12月31日的公允值	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Completed	已竣工	1,410,730	1,403,070
Under construction	在建中	156,000	147,470
		<b>1,566,730</b>	1,550,540

Properties status 物業狀況	Unobservable inputs 不可觀察輸入數據	Range of unobservable inputs 不可觀察輸入數據範圍 As at 31 December 於12月31日	
		2020 2020年	2019 2019年
Completed 已竣工	Capitalisation rate 資本化率	3.5%~6%	3.5%~6%
	Retail and office monthly rental (RMB/sq.m./month) 零售及辦公室月租 (人民幣/平方米/月)	18~156	18~156
	Carpark monthly rental (RMB/space/month) 停車場月租 (人民幣/每個停車位/月)	338	337
Under construction 在建中	Expected profit margin 預期利潤率	15%	15%
	Accommodation value (RMB/sq.m.) 樓面地價 (人民幣/平方米)	4,185~4,601	3,981~4,379

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業(續)

下表概述計量第3級公允值時所用的重大不可觀察輸入數據定量資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Investment properties (Continued)

Relationship of unobservable inputs to fair value:

- The higher capitalisation rate, the lower the fair value
- The higher monthly rental, the higher the fair value
- The higher the expected profit margin, the lower the fair value

Investment properties  
投資物業

3 金融風險管理(續)

3.3 公允值預測(續)

(b) 投資物業(續)

不可觀察輸入數據與公允值的關係：

- 資本化率越高，公允值越低
- 月租越高，公允值越高
- 預期利潤率越高，公允值越低

		Level 3 第三級	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>At 1 January</b>	<b>於1月1日</b>	<b>1,550,540</b>	1,413,010
Transfer from completed properties held for sale	轉撥自持作出售的已竣工物業		
– Cost	– 成本	<b>44,417</b>	–
– Revaluation gains	– 重估收益	<b>28,464</b>	–
Other additions	其他添置	<b>2,465</b>	95,325
Fair value changes	公允值變動	<b>19,174</b>	42,205
Disposals of subsidiaries	出售附屬公司	<b>(42,100)</b>	–
Other disposals	其他出售	<b>(36,230)</b>	–
<b>At 31 December</b>	<b>於12月31日</b>	<b>1,566,730</b>	1,550,540

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) Investment properties (Continued)

The Group's investment properties were valued at each reporting period end date and each transfer date by independent professionally qualified valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and independent valuer during financial reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior period valuation report; and
- Holds discussions with the independent valuer.

### 3 金融風險管理(續)

#### 3.3 公允值預測(續)

##### (b) 投資物業(續)

本集團的投資物業於各報告期結算日及各轉讓日的價值由獨立專業合資格估值師估值，該估值師持有被認可的相關專業資質，並於近期對所估值投資物業所在地點及分部進行估值。對於所有投資物業，其當前用途等同其最高及最佳用途。

本集團的財務部門包括審閱獨立估值師為財務報告目的而進行的估值的團隊。該團隊直接向執行董事匯報。於財務匯報過程中，執行董事、估值團隊及獨立估值師會對估值程序及結果進行討論。

於各報告期末，財務部門會：

- 核實獨立估值報告的所有重大輸入數據；
- 與上一期間的估值報告進行比較，評估物業估值變動；及
- 與獨立估值師進行討論。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS      4 重大會計估計及判斷

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### (a) Estimates for net realisable value of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for these properties is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and, for property under development, the anticipated costs to completion.

#### (b) Valuation of investment properties

The fair value of the investment properties was determined by reference to valuations conducted on these properties by independent property valuers using property valuation techniques which involve certain assumptions under prevailing market conditions. Changes to these assumptions may result in changes in the fair value of the investment properties, which will lead to the change of profit for the year.

編製財務報表要求使用會計估計，顧名思義，其不等於實際結果。管理層在應用本集團會計政策過程中亦須行使判斷。

估計及判斷獲持續評估。其基於過往經驗及其他因素，包括可能對實體有財務影響及於有關情況下被認為合理的未來事件的展望。

#### (a) 開發中物業及持作出售的已竣工物業可變現淨值估計

本集團根據基於開發中物業及持作出售的已竣工物業的可變現能力計算的可變現淨值評估其賬面值。有關物業的可變現淨值根據管理層基於現行市況的估計售價，減去適用的可變銷售費用及開發中物業的預期完工成本確定。

#### (b) 投資物業估值

投資物業公允值乃參考獨立物業估值師使用物業估值技術(涉及在現行市況下的若干假設)對該等物業進行的估值釐定。該等假設變動或會導致投資物業的公允值變動，從而將導致年內溢利變動。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued) 4 重大會計估計及判斷(續)

##### (c) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Estimation is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

##### (d) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. The Group has not fully finalised its PRC land appreciation taxes calculations and payments of certain development projects with local tax authorities in the PRC. Accordingly, judgment is required in determining the amount of the land appreciation and the related taxes. The Group recognised the land appreciation taxes based on management's best estimates according to their interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the related tax expenses and deferred tax provision in the period in which such taxes are finalised with local tax authorities.

##### (c) 即期及遞延所得稅

本集團須繳納中國企業所得稅。釐定稅項撥備金額及有關稅項的支付時限時須作出估計。在一般業務過程中，有眾多交易及計算均難以明確作出最終的稅務釐定。倘該等事項的最終稅額與最初記錄的金額不同，則該差額將影響釐定最終稅額期間的所得稅及遞延稅項撥備。

若干暫時差額相關的遞延稅項資產及稅項虧損於管理層認為日後應課稅溢利將可用以抵銷暫時差額或可動用稅務虧損時確認。實際動用結果或會不同。

##### (d) 中國土地增值稅

本集團須繳納中國土地增值稅。本集團尚未與中國的地方稅務機關完全確定若干開發項目的中國土地增值稅的計算及款項。因此，釐定土地增值及相關稅項的金額時，須作出判斷。本集團乃基於管理層根據稅務法規的詮釋作出的最佳估計確認土地增值稅。最終稅務結果或會與最初所記錄的金額有所不同，而該等差額將會影響與地方稅務機關確定有關稅項之期內的相關稅項開支及遞延稅項撥備。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM.

The Group is principally engaged in property development business in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

All of the Group's revenue are derived in the PRC during the year ended 31 December 2020 and the Group's non-current assets were all located in the PRC. No geographical information is therefore presented.

#### 6 REVENUE

Revenue is analysed as follows:

#### 5 分部資料

管理層已根據主要經營決策者審閱的報告確定經營分部。

本集團主要在中國從事物業開發。管理層按一個經營分部審閱業務的經營業績，以就資源如何分配作出決策。因此，主要經營決策者認為僅有一個用於作出戰略決策的分部。

截至2020年12月31日止年度，本集團的全部收益均來自中國及本集團的非流動資產均位於中國，故並無呈列地區資料。

#### 6 收益

收益分析如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Sales of properties	銷售物業	10,109,291	7,772,380
Provision of construction services	提供建築服務	241,973	218,621
Rental income	租金收入	56,408	40,622
Provision of hotel services	提供酒店服務	47,848	34,782
Others	其他	132,859	41,621
		<b>10,588,379</b>	8,108,026

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 6 REVENUE (Continued)

Represented by:

#### 6 收益(續)

呈列為：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>Revenue from contracts with customers</b>	<b>與客戶之間的合約產生的收益</b>		
Sales of properties	銷售物業		
– Recognised at a point in time	— 於某一時點確認	10,109,291	7,772,380
<b>Provision of construction, hotel and other services</b>	<b>提供建築、酒店及其他服務</b>		
– Recognised at a point in time	— 於某一時點確認	27,589	19,588
– Recognised over time	— 於一段時間內確認	395,091	275,436
<b>Revenue from other sources</b>	<b>其他來源收益</b>		
– Rental income	— 租金收入	56,408	40,622
		<b>10,588,379</b>	<b>8,108,026</b>

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues during the years ended 31 December 2020 and 2019.

The Group recognises construction, hotel and other services revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

截至2020年及2019年12月31日止年度，概無任何來自單一外部客戶的收益佔本集團收益的10%或以上。

本集團確認的建築、酒店及其他服務收益佔本集團收益金額相等於開具發票的權利，而有關權利直接對應本集團至今向客戶作出的履約價值。本集團已選擇可行權宜方法，不披露該等合約類型的餘下履約責任。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 7 EXPENSES BY NATURE

## 7 按性質劃分的開支

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of properties sold – including construction costs, land costs and capitalised interest expenses	已售物業成本 — 包括建築成本、土地成本及資本化利息開支	7,567,732	5,500,833
Cost of construction services	建築服務成本	229,874	207,690
Other taxes and other levies	其他稅項及其他徵費	68,918	75,174
Advertising costs	廣告成本	151,037	164,033
Employee benefit expenses (Note 8)	僱員福利開支(附註8)	425,386	323,349
Entertainment expenses	招待費	34,195	33,206
Office and travelling expenses	辦公及差旅開支	34,851	35,325
Depreciation of	項目折舊		
– Property, plant and equipment	— 物業、廠房及設備	82,550	82,842
– Right-of-use assets	— 使用權資產	13,911	2,418
Amortisation of	項目攤銷		
– Costs for obtaining contracts	— 取得合約的成本	135,744	102,014
– Intangible assets	— 無形資產	6,533	4,681
Property management expenses	物業管理開支	64,292	63,297
Maintenance costs	維護成本	5,718	9,339
Professional service expenses	專業服務費	56,592	59,532
Provision of write-down for properties under development and completed properties held for sale	開發中物業及持作出售的已竣工物業減記撥備	–	131,120
Auditor's remuneration	核數師薪酬		
– Audit services	– 審核服務	3,800	–
– non-audit services	– 非審核服務	250	–
Listing expenses	上市開支	9,172	16,232
Short-term lease payments	短期租賃付款	2,128	1,695
Other expenses	其他開支	4,691	8,926
Total cost of sales, selling and marketing costs and administrative expenses	銷售成本、銷售及營銷開支以及行政開支總額	8,897,374	6,821,706

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 8 EMPLOYEE BENEFIT EXPENSES

#### 8 僱員福利開支

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	<b>455,494</b>	369,398
Social insurance expenses (a)	社保開支(a)	<b>10,912</b>	22,859
Housing benefits	住房福利	<b>17,186</b>	14,990
Share-based compensation (Note 30(c))	以股份為基礎的薪酬 (附註30(c))	<b>28,405</b>	22,724
Other employee benefits	其他僱員福利	<b>26,767</b>	29,135
		<b>538,764</b>	459,106
Less: capitalised in properties under development	減：資本化在開發中物業	<b>(113,378)</b>	(135,757)
		<b>425,386</b>	323,349

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(a) 本集團中國附屬公司之僱員須參與地方市政府管理及運作的界定供款退休計劃。本集團中國附屬公司向計劃作出供款，金額按僱員工資的一定百分比計算，撥付僱員退休福利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

8 EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 3 directors for the years ended 31 December 2020 (2019: 3), whose emoluments are reflected in the analysis shown in Note 44. The emoluments payable to the remaining 2 (2019: 2) individual during the year are as follows:

8 僱員福利開支(續)

(b) 五名最高薪酬人士

截至2020年12月31日止年度，本集團薪酬最高的五名個人包括3名董事(2019年：3名)，其薪酬分析列示於附註44。年內應付其餘2名個人(2019年：2名)的薪酬如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	1,567	1,564
Social insurance expenses	社保開支	20	37
Housing benefits	住房福利	56	36
Share-based compensation	以股份為基礎的薪酬	158	127
		<b>1,801</b>	1,764

The emoluments fell within the following bands:

薪酬位於以下範圍內：

		Number of individuals 人數	
		Year ended 31 December 截至12月31日止年度	
		2020 2020年	2019 2019年
Emolument bands	薪酬範圍		
Nil – HK\$1,000,000	零至1,000,000港元	2	2

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 9 OTHER INCOME

#### 9 其他收入

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Commission income from trading of construction materials	買賣建築材料的佣金收入	27,418	27,444
Government grants	政府補助	4,196	767
Others	其他	10,643	10,941
		<b>42,257</b>	39,152

#### 10 OTHER EXPENSES

#### 10 其他開支

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Donations	捐款	9,943	26,665
Penalty payments	罰款	613	3,444
Others	其他	1,207	5,466
		<b>11,763</b>	35,575



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 11 OTHER GAINS – NET

## 11 其他收益 – 淨額

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Fair value and revaluation gains on investment properties (Note 16)	投資物業公允值和重估收益 (附註16)	<b>47,638</b>	42,205
Fair value gains of financial assets at FVTPL (Note 20)	按公允值計入損益的金融資產 公允值收益(附註20)	<b>17,035</b>	24,217
(Losses)/gains on disposals of subsidiaries (Note 39)	出售附屬公司的(虧損)/收益 (附註39)	<b>(5,434)</b>	59,286
Losses on de-registration of an associate	聯營公司註銷虧損	<b>(2,099)</b>	–
(Losses)/gains on disposals of property, plant and equipment	出售物業、廠房及設備的 (虧損)/收益	<b>(778)</b>	2,642
Losses on disposals of investment properties	出售投資物業虧損	<b>(5,419)</b>	–
Others	其他	<b>600</b>	826
		<b>51,543</b>	129,176

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 12 FINANCE COSTS – NET

#### 12 融資成本－淨額

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Finance income:	融資收入：		
– Interest income from bank deposits	— 銀行存款利息收入	(28,799)	(25,539)
Finance costs:	融資成本：		
– Interest expenses of bank and other borrowings	— 銀行及其他借款利息開支	883,149	737,414
– Interest expenses on lease liabilities	— 租賃負債利息開支	6,529	622
– Others	— 其他	1,683	1,545
		891,361	739,581
– Less: interests capitalised	— 減：資本化利息	(842,987)	(691,115)
		48,374	48,466
<b>Finance costs – net</b>	<b>融資成本－淨額</b>	<b>19,575</b>	<b>22,927</b>

##### (a) Capitalised borrowing costs

The capitalisation rate of bank and other borrowings was 8.27% per annum for the year ended 31 December 2020 (2019: 8.22% per annum).

##### (a) 資本化借貸成本

截至2020年12月31日止年度，銀行及其他借款的年資本化率為8.27%(2019年:8.22%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 13 INCOME TAX EXPENSES

## 13 所得稅開支

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current income tax	即期所得稅		
– PRC corporate income tax	– 中國企業所得稅	<b>489,152</b>	320,465
– PRC land appreciation tax (“LAT”)	– 中國土地增值稅（「土地增值稅」）	<b>415,405</b>	550,314
		<b>904,557</b>	870,779
Deferred income tax (Note 34)	遞延所得稅（附註34）	<b>(138,851)</b>	(90,328)
		<b>765,706</b>	780,451

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 13 INCOME TAX EXPENSES (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entities of the Group as follows:

#### 13 所得稅開支(續)

如下表所示，本集團稅前溢利的稅項不同於按適用於本集團實體溢利的稅率計算得出的理論金額：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Profit before income tax	所得稅前溢利	1,715,655	1,407,864
Adjusted:	調整：		
Share of results of joint ventures and associates reported net of tax	已呈報分佔合營企業及聯營公司業績（扣除稅項）	45,730	(8,860)
		1,761,385	1,399,004
Tax calculated at tax rates applicable to profits in the respective entities of the Group	按本集團各實體溢利適用之稅率計算的稅項	440,346	349,751
Tax effects of:	以下各項的稅務影響：		
– Expenses not deductible for tax purposes	– 不可扣稅開支	13,765	17,547
– LAT deductible for income tax purposes	– 可抵扣所得稅的土地增值稅	(103,851)	(137,578)
– Tax losses for which no deferred income tax asset was recognised	– 未確認遞延所得稅資產的稅項虧損	41	417
Corporate income tax	企業所得稅	350,301	230,137
LAT	土地增值稅	415,405	550,314
		765,706	780,451

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**綜合財務報表附註**

**13 INCOME TAX EXPENSES (Continued)**

**(a) Hong Kong profits tax**

No provision for Hong Kong profits tax has been made as the Group had no assessable profit for the year (2019: Nil).

**(b) PRC corporate income tax**

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law").

**(c) LAT**

Income from the sale or transfer of land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

**13 所得稅開支(續)**

**(a) 香港利得稅**

年內本集團無應課稅溢利，故並無計提香港利得稅(2019年：無)。

**(b) 中國企業所得稅**

本集團就中國內地業務所作所得稅撥備根據現行有關法例、詮釋及慣例，按年內估計應課稅溢利的適用稅率計算。

根據《中華人民共和國企業所得稅法》(「企業所得稅法」)，適用於中國內地本集團各實體的企業所得稅稅率為25%。

**(c) 土地增值稅**

出售或轉讓中國土地、建築及其附帶設施的所有收入須按增值部分的30%至60%的累進稅率繳納土地增值稅，惟倘普通住宅物業的銷售增值率不超過可扣稅項目總額20%，則會獲豁免。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 13 INCOME TAX EXPENSES (Continued)

##### (d) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, is exempted from Cayman Islands income tax.

##### (e) PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treat arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as they do not have a plan to distribute these earnings out of Mainland China in the foreseeable future.

#### 13 所得稅開支(續)

##### (d) 海外所得稅

本公司於開曼群島根據公司法註冊成立為獲豁免有限公司，並獲豁免繳納開曼群島所得稅。

##### (e) 中國股息預扣所得稅

根據企業所得稅法實施條例，2008年1月1日後，以中國公司產生的溢利向其海外投資者分派的股息須按10%的稅率繳納預扣所得稅。根據中國與香港簽訂的稅收協定安排，若中國附屬公司的直接控股公司於香港成立，可採用較低的5%預扣稅率。由於本集團的中國附屬公司並無計劃於可預見未來分派未分派盈利至中國境外，故本集團並未就中國附屬公司的該等盈利計提任何預扣所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 14 EARNINGS PER SHARE

## (a) Basic

		Year ended 31 December 截至12月31日止年度	
		2020 2020年	2019 2019年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	<b>715,372</b>	710,256
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數 (千股)	<b>1,019,130</b>	788,403
Earnings per share — Basic (RMB)	每股盈利 — 基本 (人民幣元)	<b>0.70</b>	0.90

For the purpose of calculating the weighted average number of ordinary shares in issue:

(i) the subdivision of the Company's share capital and the following shares issued during the Reorganisation are treated as if they had been in effect and issued on 1 January 2019:

- 100 shares (subdivided) issued on 14 December 2018, the date of incorporation of the Company;
- 100 shares (subdivided) issued on 30 April 2019 to Dynasty Cook as the consideration for acquiring of the 100% equity interests in Xiamen Datang; and
- 727,073 shares issued to Dynasty Cook on 5 November 2019.

就計算已發行普通股加權平均數而言：

(i) 本公司股本拆細及隨後於重組過程中已發行的下列股份被視作猶如於2019年1月1日已生效及發行：

- 於2018年12月14日(本公司註冊成立日期)發行100股股份(分拆股份)；
- 於2019年4月30日向Dynasty Cook發行100股股份(分拆股份)作為收購廈門大唐全部股權的代價；及
- 於2019年11月5日向Dynasty Cook發行727,073股股份。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 14 EARNINGS PER SHARE (Continued)

##### (a) Basic (Continued)

- (ii) in the respect of the 50,606 ordinary shares of the Company issued on 5 November 2019 to a company controlled by the Ultimate Controlling Shareholder for further share incentive plan, 28,635 shares were treated as being issued on 5 November 2019 at fair value and 21,971 shares were treated as if they were bonus shares that had been in issue since 1 January 2019.
- (iii) the 999,000,000 ordinary shares of the Company issued on 30 November 2020 under the Capitalisation Issue (Note 29) have been adjusted retrospectively to the number of ordinary shares issued under (i) and (ii) above as if the proportionately higher number of shares had been in issue since the relevant dates indicated; and
- (iv) the 333,400,000 ordinary shares of Public Offering (Note 29) were issued on 11 December 2020.

#### 14 每股盈利(續)

##### (a) 基本(續)

- (ii) 於2019年11月5日就進一步股份激勵計劃向最終控股股東所控制公司發行本公司50,606股普通股，其中28,635股股份被視作於2019年11月5日按公允值發行，而21,971股股份被視作猶如於2019年1月1日已作為紅股發行。
- (iii) 於2020年11月30日根據資本化發行而發行的本公司999,000,000股普通股(附註29)已追溯調整至根據上文(i)及(ii)發行的普通股數目，猶如自相關所示日期起已發行較高比率的股份數目；及
- (iv) 於2020年12月11日於公開發售中發行333,400,000股普通股(附註29)。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

14 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Restricted Shares granted to employees under the Group's share incentive scheme (Note 30(c)) are considered to be potential ordinary shares. For the Restricted Shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding Restricted Shares. Taking into account the effect of the Capitalisation Issue, the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Restricted Shares.

14 每股盈利(續)

(b) 攤薄

每股攤薄盈利乃假設轉換所有具潛在攤薄的普通股後，調整已發行普通股的加權平均數計算得出。根據本集團的股份激勵計劃(附註30(c))向僱員授出的受限制股份被視為具潛在攤薄的普通股。就受限制股份而言，已根據已發行受限制股份所付認購權的貨幣價值，計算可按公允值(按本公司股份的年度平均市價釐定)取得的股份數目。經計及資本化發行的影響，按上述方式計算的股份數目已與假設行使受限制股份而發行的股份數目作比較。

		Year ended 31 December 截至12月31日止年度	
		2020 2020年	2019 2019年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利(人民幣千元)	715,372	710,256
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數 (千股)	1,019,130	788,403
Adjustments for Restricted Shares ('000) (Note 30(c))	就受限制股份作出調整 (千股)(附註30(c))	81,550	61,299
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股加權平均數 (千股)	1,100,680	849,702
Diluted earnings per share (RMB)	每股攤薄盈利(人民幣元)	0.65	0.84

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 15 PROPERTY, PLANT AND EQUIPMENT

#### 15 物業、廠房及設備

		Buildings and building improvements 樓宇及樓宇裝修 RMB'000 人民幣千元	Transportation equipment 運輸設備 RMB'000 人民幣千元	Office equipment and machinery 辦公設備及機器 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Year ended 31 December 2019</b>	<b>截至2019年12月31日止年度</b>					
Opening net book amount	年初賬面淨值	605,830	4,387	13,013	95,431	718,661
Additions	添置	45,813	1,424	5,305	76,134	128,676
Disposals	出售	(13,418)	-	(245)	(15,163)	(28,826)
Transfer from completed properties held for sale	轉自持作出售的已竣工物業	10,147	-	-	-	10,147
Transfer	轉讓	120,792	-	20,587	(141,379)	-
Disposals of subsidiaries	出售附屬公司	-	(79)	(36)	-	(115)
Depreciation charge	折舊費用	(76,371)	(1,541)	(4,930)	-	(82,842)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	<b>692,793</b>	<b>4,191</b>	<b>33,694</b>	<b>15,023</b>	<b>745,701</b>
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>					
Cost	成本	849,101	13,512	58,494	15,023	936,130
Accumulated depreciation	累計折舊	(156,308)	(9,321)	(24,800)	-	(190,429)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>692,793</b>	<b>4,191</b>	<b>33,694</b>	<b>15,023</b>	<b>745,701</b>
<b>Year ended 31 December 2020</b>	<b>截至2020年12月31日止年度</b>					
Opening net book amount	年初賬面淨值	692,793	4,191	33,694	15,023	745,701
Additions	添置	62,696	442	7,505	13,643	84,286
Disposals of subsidiaries	出售附屬公司	(506)	(3)	(121)	-	(630)
Other disposals	其他出售	(4,455)	(182)	(915)	-	(5,552)
Transfer	轉讓	443	-	955	(1,398)	-
Depreciation charge	折舊費用	(74,393)	(1,329)	(6,828)	-	(82,550)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	<b>676,578</b>	<b>3,119</b>	<b>34,290</b>	<b>27,268</b>	<b>741,255</b>
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>					
Cost	成本	906,425	12,532	55,620	27,268	1,001,845
Accumulated depreciation	累計折舊	(229,847)	(9,413)	(21,330)	-	(260,590)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>676,578</b>	<b>3,119</b>	<b>34,290</b>	<b>27,268</b>	<b>741,255</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

15 PROPERTY, PLANT AND EQUIPMENT (Continued) 15 物業、廠房及設備(續)

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

折舊開支自綜合全面收益表的下列類別扣除：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	2,198	7,133
Selling and marketing costs	銷售及營銷開支	45,296	37,123
Administrative expenses	行政開支	35,056	38,586
		<b>82,550</b>	82,842

Pledges of property, plant and equipment for the Group's bank and other borrowings is disclosed in Note 32.

為本集團的銀行及其他借款而質押的物業、廠房及設備披露於附註32。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 16 INVESTMENT PROPERTIES

#### 16 投資物業

		Investment properties					
		2020			2019		
		2020年			2019年		
		Under			Under		
		Completed	Construction	Total	Completed	Construction	Total
		已竣工	在建中	總計	已竣工	在建中	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
<b>At fair value</b>	<b>按公允值</b>						
At 1 January	於1月1日	1,403,070	147,470	1,550,540	815,510	597,500	1,413,010
Transfer from completed properties held for sale	轉自持作出售的已竣工物業						
- Cost	- 成本	44,417	-	44,417	-	-	-
- Revaluation gains	- 重估收益	28,464	-	28,464	-	-	-
Other transfer	其他轉撥	-	-	-	457,000	(457,000)	-
Other additions	其他添置	2,465	-	2,465	91,382	3,943	95,325
Fair value changes	公允值變動	10,644	8,530	19,174	39,178	3,027	42,205
Disposals of subsidiaries	出售附屬公司	(42,100)	-	(42,100)	-	-	-
Other disposals	其他出售	(36,230)	-	(36,230)	-	-	-
At 31 December	於12月31日	1,410,730	156,000	1,566,730	1,403,070	147,470	1,550,540

(a) Amounts recognised in profit or loss for investment properties

(a) 於損益確認的投資物業金額

		Year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Rental income	租金收入	56,408	40,622
Direct operating expenses from properties that generated rental income	來自產生租金收入物業的直接 運營開支	(17,197)	(12,189)
Fair value and revaluation gain	公允值及重估收益	47,638	42,205
		<b>86,849</b>	70,638

(b) Pledges investment properties for the Group's bank and other borrowings is disclosed in Note 32.

(b) 為本集團的銀行及其他借款而質押的投資物業披露於附註32。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 17 INTANGIBLE ASSETS

## 17 無形資產

		Computer software 計算機軟件	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At 1 January	於1月1日	17,320	10,067
Additions	添置	4,523	11,934
Amortisations	攤銷	(6,533)	(4,681)
<b>At 31 December</b>	<b>於12月31日</b>	<b>15,310</b>	<b>17,320</b>
<b>As at 31 December</b>	<b>於12月31日</b>		
Cost	成本	31,628	27,105
Accumulated amortisations	累計攤銷	(16,318)	(9,785)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>15,310</b>	<b>17,320</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 17 INTANGIBLE ASSETS (Continued)

Amortisation of intangible assets has been charged to profit or loss as follows:

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	244	462
Selling and marketing costs	銷售及營銷開支	348	503
Administrative expenses	行政開支	5,941	3,716
		<b>6,533</b>	4,681

#### 17 無形資產(續)

如下表所示，無形資產攤銷已自損益扣除：

#### 18 RIGHT-OF-USE ASSETS

		Properties 物業 RMB'000 人民幣千元	Land 土地 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January</b>	<b>於1月1日</b>			
Opening net book amount	年初賬面淨值	2,244	32,503	34,747
Additions	添置	1,612	–	1,612
Depreciation	折舊	(1,482)	(936)	(2,418)
<b>At 31 December</b>	<b>於12月31日</b>	2,374	31,567	33,941
<b>Year ended 31 December 2020</b>	<b>截至2020年12月31日止年度</b>			
Opening net book amount	年初賬面淨值	2,374	31,567	33,941
Additions	添置	149,610	–	149,610
Depreciation	折舊	(13,002)	(909)	(13,911)
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	138,982	30,658	169,640

#### 18 使用權資產

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

### 18 RIGHT-OF-USE ASSETS (Continued)

Pledges of land for the Group's bank and other borrowings is disclosed in Note 32.

Depreciation of right-of-use assets has been charged to profit or loss as follows:

### 18 使用權資產(續)

為本集團的銀行及其他借款而質押的土地披露於附註32。

如下表所示，使用權資產折舊已自損益扣除：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	1,391	242
Selling and marketing costs	銷售及營銷開支	6,501	716
Administrative expenses	行政開支	6,019	1,460
		<b>13,911</b>	2,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

## 19 按類別劃分之金融工具

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>Financial assets at amortised cost:</b>	<b>按攤銷成本計量的金融資產：</b>		
Trade and other receivables excluding prepayments	貿易及其他應收款項，不包括預付款項	5,151,381	2,983,926
Cash and bank deposits	現金及銀行存款	5,660,333	4,095,171
		<b>10,811,714</b>	7,079,097
<b>Financial assets at fair value:</b>	<b>按公允值計量的金融資產：</b>		
Financial assets at FVTPL	按公允值計入損益的金融資產	217,841	200,806
<b>Financial liabilities at amortised costs:</b>	<b>按攤銷成本計量的金融負債：</b>		
Bank and other borrowings	銀行及其他借款	10,314,138	7,770,445
Trade and other payables excluding accrued payroll and other taxes payable	貿易及其他應付款項，不包括應計未付薪酬及其他應付稅項	13,435,207	9,090,493
Lease liabilities	租賃負債	143,210	3,121
		<b>23,892,555</b>	16,864,059



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 20 按公允值計入損益的金融資產

		Financial assets at FVTPL 按公允值計入損益的金融資產	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At 1 January	於1月1日	200,806	176,589
Additions (i)	添置(i)	110,741	–
Disposals (i)	出售(i)	(110,741)	–
Change in fair value	公允值變動	17,035	24,217
At 31 December (ii)	於12月31日	217,841	200,806

(i) During the year ended 31 December 2020, the Group purchased and disposed of wealth management products amounting to RMB110,741,000 with no fair value gains or losses recorded.

(ii) The financial assets mainly represented unlisted debt instruments in the PRC which were investments made in a property development company with variable returns linked to the financial performance of the investee company.

(i) 截至2020年12月31止年度，本集團購買及出售的理財產品為人民幣110,741,000元，概無錄得公允值損益。

(ii) 有關金融資產主要指於中國的非上市債務工具，其為對物業開發公司的投資，具有與該被投資公司財務表現掛鈎的可變回報。

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 21 以權益法入賬的投資

Amount represented:

金額指：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Investment in joint ventures (a)	於合營企業的投資(a)	2,267,721	625,118
Investment in associates (b)	於聯營公司的投資(b)	2,501,277	881,880
		4,768,998	1,506,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 21 以權益法入賬的投資(續)

- (a) Investment in joint ventures  
*The movement of investments in joint ventures is as follows:*

- (a) 於合營企業的投資  
於合營企業的投資變動如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Share of net assets:	分佔淨資產：		
Opening balances	年初結餘	625,118	347,896
Transfer from investments in subsidiaries	轉撥自於附屬公司的投資	5,500	–
Additions	添置	1,649,630	206,773
Share of results	分佔業績	(12,527)	70,449
Closing balances	年末結餘	2,267,721	625,118

- (i) There were no significant commitments relating to the Group's interests in the joint ventures. (i) 並無有關本集團所持合營企業權益的重大承擔。
- (ii) The directors of the Company consider that none of the joint ventures was significant to the Group and thus, the individual financial information of the joint ventures was not disclosed. (ii) 本公司董事認為概無對本集團而言屬重大的合營企業，因此合營企業的個別財務資料未予披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 21 以權益法入賬的投資(續)

(a) Investment in joint ventures (Continued)

(iii) The summarised financial information of the individually immaterial joint ventures on an aggregate basis is as follows:

(a) 於合營企業的投資(續)

(iii) 個別並不重大的合營企業基於合併基準的財務資料概要如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amounts in the consolidated balance sheet	綜合資產負債表內賬面值	2,267,721	625,118
Share of results	分佔業績	(12,527)	70,449
Share of total comprehensive income	分佔綜合收入總額	(12,527)	70,449

(iv) The Group's joint ventures are principally engaged in property development business. During the year ended 31 December 2020, the projects of certain joint ventures were under development with net losses incurred and the Group recognised share of losses of the joint ventures. The Group has performed assessment on impairment of the investments in joint ventures taking into account the pre-sales status of the properties of the joint ventures, the current and future market condition for sales of properties and the budgeted development cost and expenses, no impairment on the investments in joint ventures is considered necessary.

(iv) 本集團之合營企業主要從事物業開發業務。截至2020年12月31日止年度，若干合營企業的项目正在建設中，產生虧損淨額而本集團已確認應佔合營企業虧損。本集團已對於合營企業的投資作出減值評估，當中已考慮合營企業物業的預售情況、物業銷售目前及未來市況及開發成本及開支預算，並認為無須對合營企業的投資作出減值。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

## 21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

## 21 以權益法入賬的投資(續)

### (b) Investment in associates

The movement of investments in associates is as follows:

### (b) 於聯營公司的投資

於聯營公司的投資變動如下：

		Year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of net assets:	分佔淨資產：		
Opening balances	期初結餘	881,880	137,469
Transfer from investment in a subsidiaries (i)	轉撥自於附屬公司的投資(i)	78,690	–
Other additions	其他添置	1,585,495	806,000
Liquidation	清算	(11,585)	–
Share of results	分佔業績	(33,203)	(61,589)
Closing balances	期末結餘	2,501,277	881,880

- (i) On 22 December 2020, the Group disposed of 70% equity interest in a subsidiary, Tianjin Xinghuashang Real Estate Co., Ltd. ("Tianjin Xinghuashang"). After the disposal, the Group hold 30% equity interest of Tianjin Xinghuashang and it became an associate.
- (ii) There were no significant commitments relating to the Group's interests in the associates.
- (iii) The directors of the Company consider that none of the associates was significant to the Group and thus, the individual financial information of the associates was not disclosed.

- (i) 於2020年12月21日，本集團出售一家附屬公司天津星華商置業有限公司(「天津星華商」)的70%股權。出售後，本集團持有天津星華商30%股權，它轉為聯營公司。
- (ii) 概無有關本集團所持聯營公司權益的重大承擔。
- (iii) 本公司董事認為概無對本集團而言屬重大的聯營公司，因此聯營公司的個別財務資料未予披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 21 以權益法入賬的投資(續)

(b) Investment in associates (Continued)

(iv) The summarised financial information of the individually immaterial associates on an aggregate basis is as follows:

(b) 於聯營公司的投資(續)

(iv) 個別並不重大的聯營公司基於合併基準的財務資料概要如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amounts in the consolidated balance sheet	綜合資產負債表內賬面值	2,501,277	881,880
Share of results	分佔業績	(33,203)	(61,589)
Share of total comprehensive losses	分佔綜合虧損總額	(33,203)	(61,589)

(v) The Group's associates are principally engaged in property development business. During the year ended 31 December 2020, the projects of certain associates were under development with net losses incurred and the Group recognised share of losses of the associates. The Group has performed assessment on impairment of the investments in associates taking into account the pre-sales status of properties of these associates, the current and future market condition for sales of properties and the budgeted development cost and expenses, no impairment on the investments in associates is considered necessary.

(v) 本集團之聯營公司主要從事物業開發業務。截至2020年12月31日止年度，若干聯營公司的項目正在建設中，產生虧損淨額而本集團已確認應佔聯營公司虧損。本集團已對於聯營公司的投資作出減值評估，當中已考慮聯營公司物業的預售情況、物業銷售目前及未來市況及開發成本及開支預算，並認為無須對聯營公司的投資作出減值。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 22 PROPERTIES UNDER DEVELOPMENT

#### 22 開發中物業

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Properties under development expected to be completed:	預計按下列方式竣工的開發中物業：		
– Within normal operating cycle included under current assets	– 於正常運營週期內計入流動資產	<b>23,429,576</b>	21,343,530
– Beyond normal operating cycle included under non-current assets	– 超出正常運營週期計入非流動資產	<b>14,140</b>	14,140
		<b>23,443,716</b>	21,357,670
Properties under development comprise:	開發中物業包括：		
– Construction costs	– 建設成本	<b>8,756,770</b>	8,656,659
– Capitalised interests	– 資本化利息	<b>1,590,091</b>	1,497,288
– Land costs	– 土地成本	<b>13,375,573</b>	11,482,441
Less: write-down provision	減：減記撥備	<b>(278,718)</b>	(278,718)
		<b>23,443,716</b>	21,357,670
Representing	按以下項表示		
– At cost	– 按成本	<b>21,715,888</b>	19,629,842
– At net realisable value	– 按可變現淨值	<b>1,727,828</b>	1,727,828
		<b>23,443,716</b>	21,357,670

Properties under development of the Group are all located in the PRC. The relevant land are on leases of 40 to 70 years.

本集團開發中物業均位於中國。有關土地租期為40至70年。

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綜合財務報表附註

22 PROPERTIES UNDER DEVELOPMENT (Continued) 22 開發中物業(續)

At 31 December 2020, properties under development amounting to RMB17,474,833,000 was expected to be completed and delivered beyond one year.

The capitalisation rate of bank and other borrowings was 8.27% per annum for the year ended 31 December 2020 per annum (2019: 8.22%) (Note 12).

Pledges of properties under development for the Group's bank and other borrowings is disclosed in Note 32.

於2020年12月31日，價值人民幣17,474,833,000元的開發中物業預期於一年後完工及交付。

截至2020年12月31日止年度，銀行及其他借款的年資本化比率為8.27%（2019年：8.22%）（附註12）。

為本集團的銀行及其他借款而質押的開發中物業披露於附註32。

23 COMPLETED PROPERTIES HELD FOR SALE 23 持作出售的已竣工物業

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Completed properties held for sale	持作出售的已竣工物業	2,181,330	1,983,311
Less: write-down provision	減：減記撥備	(46,614)	(56,660)
		<b>2,134,716</b>	1,926,651
Representing	按以下項表示		
– At cost	– 按成本	1,815,284	1,634,978
– At net realisable value	– 按可變現淨值	319,432	291,673
		<b>2,134,716</b>	1,926,651

The completed properties held for sale are all located in the PRC.

Pledges of completed properties held for sale for the Group's bank and other borrowings is disclosed in Note 32.

持作出售的已竣工物業均位於中國。

為本集團銀行及其他借款而質押的持作出售的已竣工物業披露於附註32。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 24 CONTRACT ASSETS AND CONTRACT COSTS

#### 24 合約資產及合約成本

(a) Details of contract assets and contract costs are as follows:

(a) 合約資產及合約成本明細列示如下：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contract assets related to construction services (i)	有關建築服務的合約資產(i)	167,755	57,228
Less: allowance for impairment (Note 3.1.2(d))	減：減值撥備（附註3.1.2(d)）	(7,425)	(2,606)
		160,330	54,622
Costs for obtaining contracts (ii)	合約獲取成本(ii)	278,002	223,712
Total contract assets and contract costs	合約資產及合約成本總計	438,332	278,334

(i) Contract assets consist of unbilled amount resulting from construction services when revenue recognised exceeds the amounts billed to the customer. Change of contract assets is primarily related to increase in unbilled amounts. A loss allowance for provision of RMB7,425,000 (2019: RMB2,606,000) has been made against the amounts.

(ii) Management expects the incremental costs, primarily represent sale commission and stamp duty for of obtaining the property sale contracts, are recoverable. The Group has capitalised the amounts and amortised them to profit or loss when the related revenue is recognised. For the years ended 31 December 2020, the amount of amortisations was RMB135,744,000 (2019: RMB102,014,000) and there was no impairment loss recognised in relation to the costs capitalised.

(i) 當確認的收益超過向客戶發出的開票金額時，合約資產包含建築服務的未開票金額。合約資產變動主要與未開票金額增加有關。已就該等款項作出虧損準備撥備人民幣7,425,000元（2019年：人民幣2,606,000元）。

(ii) 獲得銷售物業合約而產生的增量成本主要是指銷售佣金及印花稅，管理層預計可收回，因此本集團將該增量成本進行資本化並於確認相關收益時於損益攤銷。截至2020年12月31日止年度，增量成本的攤銷金額為人民幣135,744,000元（2019年：人民幣102,014,000元），並且資本化的成本並無確認減值虧損。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 25 CONTRACT LIABILITIES

- (a) The Group has recognised the following liabilities related to contracts with customers:

## 25 合約負債

- (a) 本集團已確認以下與客戶合約有關的負債：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contract liabilities related to sales of properties	有關銷售物業的合約負債	11,653,541	13,187,888
Contract liabilities related to construction	有關建築的合約負債	40,986	85,489
Contract liabilities	合約負債	11,694,527	13,273,377

The Group receives payments from customers based on the billing schedule as established in sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly for sales of properties. The decrease in contract liabilities during the year ended 31 December 2020 was mainly attributable to the delivery of properties to customers.

本集團按照銷售合約約定的付款安排向客戶收取款項。合約款項通常在合約的履約責任完成之前收到，該等合約主要有銷售物業。截至2020年12月31日止年度，合約負債減少，主要由於向客戶交付物業所致。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 25 CONTRACT LIABILITIES (Continued)

- (b) The following table shows how much of the revenue recognised in the year relates to carried-forward contract liabilities.

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Sales of properties	銷售物業	8,919,282	6,994,994
Construction services	建築服務	85,489	14,916
		<b>9,004,771</b>	7,009,910

#### 25 合約負債(續)

- (b) 下表列示年內所確認與結轉合約負債有關的收益。

- (c) Unsatisfied contracts  
Related to sales of properties:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Expected to be recognised within one year	預計於一年內確認	8,884,437	8,329,486
Expected to be recognised after one year	預計於一年後確認	12,465,993	12,463,210
		<b>21,350,430</b>	20,792,696

- (c) 未履行合約  
與銷售物業有關：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 25 CONTRACT LIABILITIES (Continued)

(c) Unsatisfied contracts (Continued)  
Related to construction services:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Expected to be recognised within one year	預計於一年內確認	252,263	174,357
Expected to be recognised after one year	預計於一年後確認	126,132	87,178
		<b>378,395</b>	261,535

## 25 合約負債(續)

(c) 未履行合約(續)  
與建築服務有關：

## 26 TRADE AND OTHER RECEIVABLES

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade receivables (a)	貿易應收款項(a)		
– Related parties (Note 40(b))	– 關聯方 (附註40(b))	3,164	487
– Third parties	– 第三方	34,396	45,080
		<b>37,560</b>	45,567
Less: allowance for impairment	減：減值撥備	(1,726)	(2,075)

## 26 貿易及其他應收款項

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 26 TRADE AND OTHER RECEIVABLES (Continued)

#### 26 貿易及其他應收款項(續)

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		<b>35,834</b>	43,492
Other receivables	其他應收款項		
– Note receivables	– 應收票據	<b>2,010</b>	–
– Amounts due from related parties (Note 40(b))	– 應收關聯方款項 (附註40(b))	<b>1,175,714</b>	1,819,170
– Amounts due from non-controlling interests	– 應收非控股權益款項	<b>3,392,404</b>	702,225
– Amounts due from third parties	– 應收第三方款項	<b>3,563</b>	8,010
– Deposits for land auction	– 土地拍賣按金	<b>305,340</b>	210,210
– Construction deposits	– 建築按金	<b>87,582</b>	73,121
– Amounts due from governments for amounts paid on behalf	– 應收代政府支付的款項	<b>69,828</b>	100,628
– Receivables arising from disposals of subsidiaries	– 出售附屬公司產生的應收款項	–	5,100
– Others	– 其他	<b>101,719</b>	57,226
		<b>5,138,160</b>	2,975,690
Less: allowance for impairment	減：減值撥備	<b>(22,613)</b>	(35,256)
		<b>5,115,547</b>	2,940,434
Prepayments	預付款項		
– For acquisitions of land	– 就收購土地	<b>1,003,629</b>	47,478
– For construction costs and construction materials	– 就建築成本及建築原材料	<b>76,568</b>	23,920
– For value-added and other taxes	– 就增值稅及其他稅項	<b>490,074</b>	886,742
– Others	– 就其他	–	7,237
		<b>1,570,271</b>	965,377
Total trade and other receivables	總貿易及其他應收款項	<b>6,721,652</b>	3,949,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

26 TRADE AND OTHER RECEIVABLES (Continued)

- (a) Trade receivables mainly arise from sales of properties and provision of construction services and are settled in accordance with the terms stipulated in the sales contracts.

The aging analysis of trade receivables based on invoice date was as follows:

26 貿易及其他應收款項(續)

- (a) 貿易應收款項主要來自銷售物業及提供建築服務且根據銷售合約訂立的條款結算。

貿易應收款項按發票日期之賬齡分析如下：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 90 days	90天內	18,031	16,674
Over 90 days and within 180 days	超過90天但在180天內	1,051	9,627
Over 180 days and within 365 days	超過180天但在365天	3,210	1,223
Over 365 days	超過365天	15,268	18,043
		<b>37,560</b>	45,567

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Impairment losses are recognised in profit or loss within losses of impairment on financial and contract assets. Subsequent recoveries of amounts previously written off are credited against the same line item. See Note 3.1.2 for information about impairment losses.

本集團按香港財務報告準則第9號採用簡化法計提預期信貸虧損撥備。減值虧損於損益賬下金融及合約資產減值虧損內確認。其後收回之前撇銷的款項於同一項目下入賬。有關減值虧損的資料，請參閱附註3.1.2。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 26 TRADE AND OTHER RECEIVABLES (Continued)

- (b) The Group's trade receivables were all denominated in RMB, unsecured, repayable in accordance with terms stipulated in the sales contracts and interest-free.

The Group's other receivables were all denominated in RMB, unsecured, repayable on demand and interest-free.

- (c) Due to the short-term nature of the current receivables, their carrying amount is considered to be close to their fair value.

#### 27 PREPAID INCOME TAX

Prepaid income tax represented amounts prepaid to tax bureau on corporate income tax on profit and LAT for pre-sales of properties.

#### 28 CASH AND BANK DEPOSITS

#### 26 貿易及其他應收款項(續)

- (b) 本集團的貿易應收款項均以人民幣計值，無抵押且須根據銷售合約規定的條款償還及免息。

本集團的其他應收款項以人民幣計值，無抵押且須按要求償還及免息。

- (c) 由於即期應收款項的短期性質，其賬面值視作與彼等的公允值相近。

#### 27 預付所得稅

預付所得稅指預售物業而向稅務局預付的利潤之企業所得稅及土地增值稅的金額。

#### 28 現金及銀行存款

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cash and bank deposits (a)	現金及銀行存款(a)	5,660,333	4,095,171
Less: Restricted cash (b)	減：受限制現金(b)	(2,196,977)	(1,878,260)
Term deposits (c)	定期存款(c)	(567)	(2,750)
Cash and cash equivalent	現金及現金等價物	3,462,789	2,214,161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 28 CASH AND BANK DEPOSITS (Continued)

- (a) Cash and bank deposits were denominated in RMB, US dollars and Hong Kong dollars respectively. The carrying amounts of cash and bank deposits are denominated in the following currencies:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Denominated	以下列貨幣計值		
– RMB	– 以人民幣計值	5,585,696	4,093,030
– HKD	– 以港元計值	41,552	2,141
– USD	– 以美元計值	33,085	–
		<b>5,660,333</b>	4,095,171

- (b) The Group's restricted cash comprised of the following:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Deposits pledged for bank and other borrowings	為銀行及其他借款而質押的按金	173,116	155,396
Supervision accounts for construction of pre-sold properties	為建設預售物業設置的監管賬戶	1,559,692	1,277,868
Guarantee deposits for construction	施工保證金	260,610	253,043
Supervision accounts for mortgage guarantee	為按揭擔保設置的監管賬戶	203,559	191,953
		<b>2,196,977</b>	1,878,260

- (c) These bank deposits were with original maturity of over three months. The effective interest rate of these deposits as at 31 December 2020 was 1.50% per annum (2019: 1.60% per annum).

## 28 現金及銀行存款(續)

- (a) 現金及銀行存款分別以人民幣、美元及港元計值。現金及銀行存款賬面值以下列貨幣計值：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Denominated	以下列貨幣計值		
– RMB	– 以人民幣計值	5,585,696	4,093,030
– HKD	– 以港元計值	41,552	2,141
– USD	– 以美元計值	33,085	–
		<b>5,660,333</b>	4,095,171

- (b) 本集團的受限制現金由以下各項組成：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Deposits pledged for bank and other borrowings	為銀行及其他借款而質押的按金	173,116	155,396
Supervision accounts for construction of pre-sold properties	為建設預售物業設置的監管賬戶	1,559,692	1,277,868
Guarantee deposits for construction	施工保證金	260,610	253,043
Supervision accounts for mortgage guarantee	為按揭擔保設置的監管賬戶	203,559	191,953
		<b>2,196,977</b>	1,878,260

- (c) 該等銀行存款原到期日超過三個月。於2020年12月31日，該等存款的實際年利率為1.50%(2019年：每年1.60%)。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 29 SHARE CAPITAL AND SHARE PREMIUM

#### 29 股本及股份溢價

		Number of ordinary shares of US\$0.01 each 每股面值0.01 美元的普通股 數目	Equivalent nominal value of ordinary share 普通股的相應 面值 RMB'000 人民幣千元	Share premium 股份 溢價 RMB'000 人民幣千元
Issued:	已發行：			
Balance as at 1 January 2019	於2019年1月1日之結餘	1	–	–
Share issued	已發行股份	1	–	–
Effect from subdivision	自拆細後生效	198	–	–
Share issued upon completion of subdivision	於拆細完成後發行的股份	727,073	51	–
Share issued pursuant to share incentive plan	根據股份獎勵計劃發行的股份	272,727	19	508,442
Balance as at 31 December 2019	於2019年12月31日之結餘	1,000,000	70	508,442
Balance as at 1 January 2020	於2020年1月1日之結餘	<b>1,000,000</b>	<b>70</b>	<b>508,442</b>
Share issued in Public Offering (b)	公開發售已發行股份(b)	<b>333,400,000</b>	<b>21,806</b>	<b>1,277,753</b>
Share issuance costs for Public Offering (c)	公開發售之股份發行成本(c)	–	–	<b>(42,952)</b>
Capitalisation Issue (d)	資本化發行(d)	<b>999,000,000</b>	<b>65,340</b>	<b>(65,340)</b>
Balance as at 31 December 2020	於2020年12月31日之結餘	<b>1,333,400,000</b>	<b>87,216</b>	<b>1,677,903</b>

(a) The Company's shareholders passed a written resolution on 20 November 2020 that the authorised share capital of the Company was increased from US\$50,000 to US\$50,000,000 by the creation of an additional 4,995,000,000 shares of a par value of US\$0.01 each.

(b) On 11 December 2020, upon its listing on The Hong Kong Stock Exchange Limited, the Company issued 333,400,000 new shares with par value US\$0.01 each at HK\$4.56 per share for a total cash consideration of HK\$1,520,304,000 (equivalent to approximately RMB1,299,559,000). The corresponding share capital amount was approximately RMB21,806,000 and share premium arising from the issuance was approximately RMB1,277,753,000.

(c) The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which were incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB42,952,000 were treated as a deduction against the share premium arising from the issuance.

(a) 本公司股東於2020年11月20日通過一項書面決議案，通過增設每股面值0.01美元的4,995,000,000股股份，將本公司法定股本由50,000美元增至50,000,000美元。

(b) 於2020年12月11日在香港聯合交易所有限公司上市後，本公司按每股4.56港元發行333,400,000股每股面值0.01美元的新股，現金總代價為1,520,304,000港元（相當於約人民幣1,299,559,000元）。相應的股本金額約為人民幣21,806,000元，發行產生的股份溢價為約人民幣1,277,753,000元。

(c) 已付及應付股份發行成本主要包括股份包銷佣金、律師費、申報會計師費及其他相關成本，此等為發行新股直接應佔的增量成本。該等成本人民幣42,952,000元被視為發行所產生股份溢價的減項。



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

29 SHARE CAPITAL AND SHARE PREMIUM  
(Continued)

- (d) Following the Public Offering on 11 December 2020, the Company capitalised an amount of RMB65,340,000 standing to the credit of the share premium account of the Company ("Capitalisation Issue"), by applying such sum in paying up in full at par 999,000,000 shares for issue and allotment to the existing shareholders of the Company before Public Offering in proportional to their respective shareholdings in the Company.

29 股本及股份溢價(續)

- (d) 於2020年12月11日公开发售後，本公司通過將有關款項用作按面值悉數繳足999,000,000股股份，以按公开发售前所持本公司股權比例發行及配發予本公司現有股東，資本化本公司股份溢價賬的進賬金額人民幣65,340,000元(「資本化發行」)。

30 OTHER RESERVES

30 其他儲備

		Capital reserve	Statutory reserve	Share-based compensation reserve	Others	Total
		資本 儲備	法定 儲備	以股份 為基礎的 薪酬儲備	其他	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
<b>As at 1 January 2019</b>	<b>於2019年1月1日</b>	110,249	249,390	34,085	(8,959)	384,765
Employee share schemes – value of employee services (c)	僱員股份計劃—僱員服務價值(c)	-	-	22,724	-	22,724
Capital injection from shareholders of the Company (a)	本公司股東注資(a)	265,548	-	-	-	265,548
Disposals of interests in a subsidiary without loss of control	在不失去控制權的情況下出售附屬公司權益	-	-	-	645	645
Acquisitions of additional interests in subsidiaries	收購附屬公司額外權益	-	-	-	(24,509)	(24,509)
Appropriation of statutory reserves (b)	撥充法定儲備(b)	-	109,272	-	-	109,272
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>	<b>375,797</b>	<b>358,662</b>	<b>56,809</b>	<b>(32,823)</b>	<b>758,445</b>
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	<b>375,797</b>	<b>358,662</b>	<b>56,809</b>	<b>(32,823)</b>	<b>758,445</b>
Employee share schemes – value of employee services (c)	僱員股份計劃—僱員服務價值(c)	-	-	28,405	-	28,405
Appropriation of statutory reserves (b)	撥充法定儲備(b)	-	338,132	-	-	338,132
Contribution from a fellow subsidiary (d)	同系附屬公司供款(d)	-	-	-	22,606	22,606
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	<b>375,797</b>	<b>696,794</b>	<b>85,214</b>	<b>(10,217)</b>	<b>1,147,588</b>

(a) Capital reserve

During the year ended 31 December 2019, Dynasty Cook further injected capital in cash amounting to RMB265,548,000 in total to the Group.

(a) 資本儲備

截至2019年12月31日止年度，Dynasty Cook向本集團作出進一步現金注資，總額為人民幣265,548,000元。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 30 OTHER RESERVES (Continued)

##### (b) Statutory reserve

Group's entities in PRC are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

##### (c) Share-based compensation plan

In January 2018, the Group set up a share incentive scheme for the purpose of retaining talent, promoting the long-term sustainable development of the Group. Under the share incentive scheme, certain directors and senior management (the "Grantees") have a right to subscribe the equity interests of Dynasty Cook, the Company's parent company, or of the Company at a predetermined subscription price (the "Restricted Shares"). These Restricted Shares are limited to be transferred or used in pledge within 4 years after the date of the subscription of the Restricted Shares (the "Restricted Period"). If a Grantee ceases to be employed by the Group within the Restricted Period, the Grantees has to sell the Restricted Shares to designated persons at its original subscription price.

This share incentive scheme is accounted for as an equity-settled share-based compensation plan under HKFRS 2 "Share Based Payment".

The fair value of Restricted Shares at the grant date, were primarily determined by reference to the fair value of the equity interest of Xiamen Datang, the principal holding company of the Group's operating subsidiaries.

#### 30 其他儲備(續)

##### (b) 法定儲備

本集團中國實體均須將按中國會計準則及法規計算的稅後溢利的10%轉撥至法定儲備基金，直至累計的基金總額達致其註冊資本的50%為止。法定儲備基金僅可在相關部門批准後方可用以抵銷過往年度結轉的虧損或增加有關公司的資本。

##### (c) 以股份為基礎的薪酬計劃

於2018年1月，本集團設立一項股份激勵計劃，藉以挽留人才、促進本集團的長期可持續發展。根據股份激勵計劃，若干董事及高級管理層(「承授人」)有權按預先釐定的認購價認購本公司母公司Dynasty Cook或本公司的股權(「受限制股份」)。該等受限制股份於認購受限制股份當日起計4年內(「受限期」)須受轉讓或質押限制。倘承授人於受限期內不再受僱於本集團，則承授人須按最初認購價將受限制股份出售予指定人士。

根據香港財務報告準則第2號「以股份為基礎的付款」，該股份激勵計劃入賬列作股權結算以股份為基礎的薪酬計劃。

受限制股份於授出日期的公允值乃主要參考本集團運營附屬公司的主要控股公司廈門大唐股權的公允值釐定。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 30 OTHER RESERVES (Continued)

#### (c) Share-based compensation plan (Continued)

Under the share incentive scheme (as amended and supplemented in 2018), the total Restricted Shares of the Company to be issued to the Grantees represented 27.27% of the Company's share capital. On 5 November 2019, the Grantees subscribed and the Company issued 222,121 shares under this scheme at a total consideration of US\$58,835,000 (equivalent to RMB414,113,000).

As at 31 December 2020 and 2019, the Group estimates that all of the Grantees will stay within the Group throughout the Restricted Period for the determination of the amount of share-based compensation expenses.

For the years ended 31 December 2020, expenses arising from share-based payment transactions were RMB28,405,000 (2019: RMB22,724,000).

#### (d) Contributions from a fellow subsidiary

On 30 June 2020, Dynasty Cook, a fellow subsidiary, which is also the former parent company of Xiamen Datang, entered into an agreement with Xiamen Datang, pursuant to which a dividend payable to Dynasty Cook amounting to RMB12,619,000, which was declared by Xiamen Datang before 2015, was waived and therefore recognised in other reserves.

On 30 June 2020, Xiamen Wanlian Real Estate Company Limited, an associate of the Group with 40% and 60% equity interest held by Xiamen Datang and Dynasty Cook, a fellow subsidiary, was liquidated. At the same date, Dynasty Cook and Xiamen Datang entered into an agreement pursuant to which Dynasty Cook contributed its share of Xiamen Wanlian Real Estate Company Limited's surplus cash amounting to RMB13,316,000 to Xiamen Datang, the post-tax amount of RMB9,987,000 was therefore recognised in other reserves.

### 30 其他儲備(續)

#### (c) 以股份為基礎的薪酬計劃(續)

根據股份激勵計劃(於2018年修訂及補充),本公司將發行予承授人的受限制股份總數佔本公司股本的27.27%。於2019年11月5日,根據該計劃,承授人認購及本公司發行222,121股股份,總代價為58,835,000美元(相當於人民幣414,113,000元)。

於2020年及2019年12月31日,本集團估計全部承授人將於釐定以股份為基礎的薪酬開支的整個受限期留任本集團。

截至2020年12月31日止年度,以股份為基礎付款交易產生的開支為人民幣28,405,000元(2019年:人民幣22,724,000元)。

#### (d) 來自同系附屬公司的注資

於2020年6月30日,同系附屬公司Dynasty Cook(亦為廈門大唐的前母公司)與廈門大唐訂立協議,據此,廈門大唐於2015年前宣派的應付Dynasty Cook的股息人民幣12,619,000元獲豁免,因此在其他儲備中確認。

於2020年6月30日,本集團的聯營公司廈門萬聯房地產有限公司被清算,廈門大唐及同系附屬公司Dynasty Cook擁有其40%及60%的股權。同日,Dynasty Cook與廈門大唐簽訂協定,據此,Dynasty Cook向廈門大唐出資其所持有的廈門萬聯房地產有限公司剩餘現金人民幣13,316,000元,因此稅後金額人民幣9,987,000元在其他儲備金中確認。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 31 TRADE AND OTHER PAYABLES

#### 31 貿易及其他應付款項

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade payables (a)	貿易應付款項(a)		
– Related parties (Note 40(b))	– 關聯方 (附註40(b))	24,002	24,903
– Third parties	– 第三方	3,241,716	2,950,751
– Notes payable	– 應付票據	98,489	73,048
		<b>3,364,207</b>	3,048,702
Amounts due to related parties (Note 40(b))	應付關聯方款項 (附註40(b))	6,746,015	2,976,205
Amounts due to non-controlling interests (b)	應付非控股權益款項(b)	2,312,216	2,266,778
Amounts due to third parties (b)	應付第三方款項(b)	185,985	185,985
Dividend payable	應付股息	–	12,619
Construction guarantee deposits received	已收施工保證金	368,170	196,737
Accrued payroll	應計工資	139,924	132,231
Other taxes payables	其他應付稅項	1,006,524	1,487,262
Interest payables	應付利息	39,747	41,366
Consideration payable for acquisition of a joint venture	收購合營企業應付代價	–	16,800
Others	其他	418,867	345,301
		<b>11,217,448</b>	7,661,284
		<b>14,581,655</b>	10,709,986

(a) The aging analysis of the trade payables based on invoice date is as follows:

(a) 貿易應付款項按發票日期之賬齡分析如下:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 90 days	90天內	2,379,388	2,477,667
Over 90 days and within 180 days	超過90天但在180天內	309,780	51,036
Over 180 days and within 365 days	超過180天但在365天內	271,922	191,134
Over 365 days	超過365天	403,117	328,865
		<b>3,364,207</b>	3,048,702

(b) Amounts due to non-controlling interests and third parties are unsecured, repayable on demand, denominated in RMB and interest-free.

(b) 應付非控股權益及第三方款項為無抵押且須按要求償還，以人民幣計值及免息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 32 BANK AND OTHER BORROWINGS

## 32 銀行及其他借款

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>Non-current</b>	<b>非即期</b>		
Bank borrowings – secured/guaranteed	銀行借款－有抵押／擔保	6,439,838	4,381,845
Other borrowings – secured/guaranteed (a)	其他借款－有抵押／擔保(a)	3,459,300	2,417,550
		<b>9,899,138</b>	6,799,395
Less: current portion of non-current borrowings	減：非即期借款的即期部分	<b>(2,251,675)</b>	(1,330,713)
		<b>7,647,463</b>	5,468,682
<b>Current</b>	<b>即期</b>		
Bank borrowings – secured/guaranteed	銀行借款－有抵押／擔保	100,000	19,000
Other borrowings – secured/guaranteed (a)	其他借款－有抵押／擔保(a)	315,000	952,050
Current portion of non-current borrowings	非即期借款的即期部分	2,251,675	1,330,713
		<b>2,666,675</b>	2,301,763
Total bank and other borrowings	銀行及其他借款總額	<b>10,314,138</b>	7,770,445

(a) Certain subsidiaries in the PRC have entered into funding arrangements with trust companies, securities companies and assets management companies, pursuant to which these financial institutions raised funds and provided the proceeds, directly or through entrusted banks, to the Group. Certain equity interests of subsidiaries were held in the name of the financial institutions as collateral for which the Group is obligated to repurchase at predetermined prices. These bank and other borrowings bear fixed or floating interest rates and have fixed repayment terms.

(a) 中國的若干附屬公司已與信託公司、證券公司及資產管理公司訂立資金安排，據此，該等金融機構直接或透過委託銀行籌資並將所得款項注入本集團。該等附屬公司的若干股權以該等金融機構的名義持有，作為本集團有責任按預定價格購回的抵押物。該等銀行及其他借款按固定或浮動利率計息，具有固定還款年期。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 32 BANK AND OTHER BORROWINGS (Continued)

- (b) Bank and other borrowings were secured by the following assets with book value of:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Land cost included in properties under development and completed properties held for sale	土地成本（包括在建物業及持作出售的已竣工物業）	11,122,644	10,316,160
Investment properties	投資物業	938,010	1,009,610
Property, plant and equipment	物業、廠房及設備	121,293	135,778
Restricted cash	受限制現金	173,116	155,396
Right-of-use assets	使用權資產	10,600	11,227
		<b>12,365,663</b>	11,628,171

- (c) As at 31 December 2020, the Group's bank and other borrowings of RMB2,433,620,000, were guaranteed by Mr. Wu Di, a director and shareholder of the Company (2019: RMB3,437,945,000 guaranteed by Fuxin Group Co., Ltd, or Mr. Wu Di, or jointly guaranteed by Fuxin Group Co., Ltd and Mr. Wu Di).
- (d) The Group's bank and other borrowings were repayable as follows:

#### 32 銀行及其他借款(續)

- (b) 銀行及其他借款由下列賬面值為以下金額的資產作擔保：

- (c) 於2020年12月31日，本集團人民幣2,433,620,000元的銀行及其他借款由本公司董事及股東吳迪先生提供擔保（2019年：人民幣3,437,945,000元由福信集團有限公司或吳迪先生或由福信集團有限公司及吳迪先生共同提供擔保）。

- (d) 本集團的銀行及其他借款須於以下期間償還：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 1 year	1年以內	2,666,675	2,301,763
Between 1 and 2 years	1至2年	4,310,213	2,820,932
Between 2 and 5 years	2至5年	3,122,000	2,527,750
Over 5 years	5年以上	215,250	120,000
		<b>10,314,138</b>	7,770,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 32 BANK AND OTHER BORROWINGS (Continued)

- (e) The exposure of bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At variable rate borrowings	可變利率借款	5,999,368	4,196,544
Repricing dates:	重新定價日期：		
– Within 6 months	– 6個月以內	547,500	641,500
– Between 6 and 12 months	– 6至12個月	743,800	1,550,263
– Between 1 and 5 years	– 1至5年	3,023,470	1,382,138
		<b>10,314,138</b>	7,770,445

- (f) The weighted average effective interest rates were as follows:

		As at 31 December 於12月31日	
		2020 2020年	2019 2019年
Bank borrowings (%)	銀行借款(%)	6.36%	6.82%
Other borrowings (%)	其他借款(%)	10.79%	9.83%
All bank and other borrowings (%)	所有銀行及其他借款(%)	8.27%	8.22%

- (g) The fair value of bank and other borrowings approximate their carrying amount, as the impact of discounting is not significant.

- (h) All of the Group's bank and other borrowings are denominated in RMB.

## 32 銀行及其他借款(續)

- (e) 銀行及其他借款相對於利率變化的風險以及合約重新訂價日期或到期日(以較早者為準)如下：

- (f) 加權平均實際利率如下：

- (g) 由於貼現影響並不重大，故銀行及其他借款的公允值與其賬面值相若。

- (h) 本集團所有銀行及其他借款均以人民幣計值。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

### 33 LEASE LIABILITIES

(a) Amounts recognised in the consolidated balance sheets

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease of office properties for operation	租賃辦公物業以供運營		
– Current	– 流動	9,256	1,749
– Non-current	– 非流動	133,954	1,372
		<b>143,210</b>	3,121

### 33 租賃負債

(a) 於綜合資產負債表中確認的金額

(b) Amounts presented in the consolidated statement of cash flows

		Year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Included in cash flows from financing activities	包括在融資活動現金流量		
Cash outflow for lease payments	租賃付款現金流出	15,346	2,281
Included in cash flows from operating activities	包括在經營活動現金流量		
Payment of short-term leases	短期租賃付款	2,128	1,695

(b) 綜合現金流量表內呈列的金額



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

33 LEASE LIABILITIES (Continued)

(c) A maturity analysis of lease liabilities is shown in the table below:

33 租賃負債(續)

(c) 租賃負債到期日分析如下表所示：

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
<b>Minimum lease payments due</b>	<b>於下列期間到期的最低租賃付款</b>		
- Within 1 year	- 1年以內	21,075	2,221
- Between 1 and 2 years	- 1至2年	25,544	954
- Between 2 and 5 years	- 2至5年	81,475	884
- Later than 5 years	- 5年後	72,470	241
		<b>200,564</b>	4,300
Less: future finance charges	減：未來融資費用	(57,354)	(1,179)
Present value of lease liabilities	租賃負債現值	<b>143,210</b>	3,121

The Group leases various properties to operate its businesses and the liabilities of these lease were measured at net present value of the future lease payments during the lease terms. The lease contracts do not include renewal option or termination option and no extension options are included in such property leases across the Group.

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate applied to lease liabilities was 9%.

本集團租賃各類物業經營業務，該等租賃負債按租期內的未來租賃付款淨現值計量。租賃合約並無包含重續權或終止權，且本集團層面的有關物業租賃並無載入延期權。

該等租賃負債按餘下租賃付款的現值計量，使用適用於租賃負債的承租人增量借款利率9%進行貼現。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 34 DEFERRED INCOME TAX ASSETS AND LIABILITIES 34 遞延所得稅資產及負債

The analysis of deferred tax assets and deferred tax liabilities is as follows:

遞延稅項資產及遞延稅項負債分析如下：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deferred tax assets:	遞延稅項資產：		
– Deferred tax asset to be recovered after more than 12 months	– 將於12個月後收回的遞延稅項資產	697,453	562,279
– Deferred tax asset to be recovered within 12 months	– 將於12個月內收回的遞延稅項資產	106,739	94,626
		<b>804,192</b>	656,905
Deferred tax liabilities:	遞延稅項負債：		
– Deferred tax liability to be recovered after more than 12 months	– 將於12個月後收回的遞延稅項負債	(1,041,269)	(1,122,209)
– Deferred tax liability to be recovered within 12 months	– 將於12個月內收回的遞延稅項負債	(175,957)	(81,690)
		<b>(1,217,226)</b>	(1,203,899)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

**34 DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)      34 遞延所得稅資產及負債(續)**

Deferred income tax assets and liabilities:

The movement in deferred income tax assets and liabilities during the year ended 31 December 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

遞延所得稅資產及負債：

截至2020年12月31日止年度，遞延所得稅資產及負債變動(未計及同一稅務司法權區內的結餘抵銷)如下：

		Impairment of financial assets and contract assets 金融資產 及合約資產 減值 RMB'000 人民幣千元	Write-down of properties under development and completed properties held for sale 開發中物業及 持作出售的已 竣工物業減記 RMB'000 人民幣千元	Tax losses 稅項 虧損 RMB'000 人民幣千元	Accrued LAT 應計土地增 值稅 RMB'000 人民幣千元	Recognition of construction revenue over time 隨時間確認的 建築收益 RMB'000 人民幣千元	Amortisation of right-of-use assets 使用權資產 攤銷 RMB'000 人民幣千元	Total DTA 遞延所得稅 資產總計 RMB'000 人民幣千元
<b>As at 1 January 2019</b>	<b>於2019年1月1日</b>	20,819	49,513	377,434	61,622	3,729	231	513,348
Credited/(charged) to profit or loss	計入/(扣除自) 損益	(692)	31,933	10,610	116,150	(3,729)	(44)	154,228
Disposals of subsidiaries	出售附屬公司	(7,652)	-	(2,883)	(136)	-	-	(10,671)
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>	12,475	81,446	385,161	177,636	-	187	656,905
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	12,475	81,446	385,161	177,636	-	187	656,905
(Charged)/credited to profit or loss	(扣除自)/計入損益	(1,980)	-	135,345	17,943	-	870	152,178
Disposals of subsidiaries	出售附屬公司	(5)	-	(4,886)	-	-	-	(4,891)
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	<b>10,490</b>	<b>81,446</b>	<b>515,620</b>	<b>195,579</b>	<b>-</b>	<b>1,057</b>	<b>804,192</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 34 DEFERRED INCOME TAX ASSETS AND LIABILITIES 34 遞延所得稅資產及負債(續)

(Continued)

		Recognition of construction revenue over time	Revaluation resulted from business combinations	Revaluation of investment properties	Capitalisation of interests expenses	Capitalisation of costs for obtaining contracts	Revaluation of financial assets at FVTPL	Total DTL
		隨時間確認的 建築收益	業務合併導致 的重估	投資物業重估	利息開支資 本化	獲得合約的成 本資本化	按公允值計入 損益的金融資 產重估	遞延所得稅 負債總計
		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
<b>As at 1 January 2019</b>	<b>於2019年1月1日</b>	(79,255)	(870,949)	(79,646)	(47,692)	(50,524)	(11,933)	(1,139,999)
(Charged)/credited to profit or loss	(扣除自)/計入損益	(74,073)	59,344	(16,010)	(21,703)	(5,404)	(6,054)	(63,900)
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>	(153,328)	(811,605)	(95,656)	(69,395)	(55,928)	(17,987)	(1,203,899)
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	(153,328)	(811,605)	(95,656)	(69,395)	(55,928)	(17,987)	(1,203,899)
(Charged)/credited profit or loss	(扣除自)/計入損益	(36,651)	97,411	(17,922)	(29,286)	(22,621)	(4,258)	(13,327)
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	<b>(189,979)</b>	<b>(714,194)</b>	<b>(113,578)</b>	<b>(98,681)</b>	<b>(78,549)</b>	<b>(22,245)</b>	<b>(1,217,226)</b>

As at 31 December 2020, the Group did not recognise deferred income tax assets of RMB43,000 (2019: RMB417,000) in respect of tax losses of RMB172,000 (2019: RMB1,668,000). Tax losses of Group companies operated in the PRC could be carried forward for a maximum of five years.

於2020年12月31日，本集團並無就人民幣172,000元(2019年：人民幣1,668,000元)的稅項虧損確認遞延所得稅資產人民幣43,000元(2019年：人民幣417,000元)。於中國運營的本集團公司的稅項虧損最長可結轉五年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS 35 綜合現金流量表附註

(a) The reconciliation of profit before income tax to cash (used in)/generated from operation

(a) 除所得稅前溢利與經營（所用）／所得現金的對賬

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Profit before income tax	所得稅前溢利	1,715,655	1,407,864
Adjustments for:	下列各項之調整：		
- Depreciation of property, plant and equipment (Note 7)	- 物業、廠房及設備折舊（附註7）	82,550	82,842
- Amortisation of intangible assets (Note 7)	- 無形資產攤銷（附註7）	6,533	4,681
- Depreciation of right-of-use assets (Note 7)	- 使用權資產折舊（附註7）	13,911	2,418
- Net reversal of impairment losses for financial and contract assets	- 金融及合約資產減值虧損撥回淨額	(7,918)	(2,858)
- Share-based compensation	- 以股份為基礎的薪酬	28,405	22,724
- Provision of write-down for properties under development and completed properties held for sale	- 開發中物業及持作出售的已竣工物業減記撥備	-	131,120
- Losses/(gains) on disposals of property, plant and equipment	- 出售物業、廠房及設備的虧損／（收益）	778	(2,642)
- losses on disposal of investment properties	- 出售投資物業的虧損	5,419	-
- Fair value gains on investment properties (Note 11)	- 投資物業公允值收益（附註11）	(47,638)	(42,205)
- Fair value and revaluation gains on financial assets at FVTPL (Note 11)	- 按公允值計入損益的金融資產公允值及重估收益（附註11）	(17,035)	(24,217)
- Share of results of investments in joint ventures and associates	- 分佔於合營企業及聯營公司的投資之業績	45,730	(8,860)
- Finance costs, net (Note 12)	- 融資成本淨額（附註12）	19,575	22,927
- Losses/(gains) on disposals of subsidiaries (Note 11)	- 出售附屬公司的虧損／（收益）（附註11）	5,434	(59,286)
- Loss on de-registration of an associate	- 聯營公司註銷產生的虧損	2,099	-
Changes in working capital:	營運資金變動：		
- Properties under development and completed properties held for sale	- 開發中物業及持作出售的已竣工物業	(538,005)	(966,395)
- Prepayments for acquisition of land use rights	- 預付收購土地使用權款項	(956,151)	-
- Trade and other receivables	- 貿易及其他應收款項	(1,358,793)	(892,976)
- Trade and other payables	- 貿易及其他應付款項	1,797,353	3,956,289
- Contract assets and contract costs	- 合約資產及合約成本	(159,998)	95,264
- Contract liabilities	- 合約負債	(1,578,850)	1,794,983
- Restricted cash	- 受限制現金	(300,997)	(930,390)
		(1,241,943)	4,591,283

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 35 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) The reconciliation of liabilities arising from financing activities is as follows:

		Bank and other borrowings	Amounts due to related parties (excluding joint ventures and associates)	Lease liabilities	Dividend payable	Amounts due to non-controlling interests	Total
		銀行及其他借款	應付關聯方款項 (不包括合營企業及聯營公司)	租賃負債	應付股息	應付非控股權益款項	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
<b>As at 1 January 2019</b>	<b>於2019年1月1日</b>	8,460,454	1,376,868	3,167	12,619	-	9,853,108
Cash flows	現金流量						
- Outflow in financing activities	- 融資活動現金流出	(690,009)	(1,287,213)	(2,281)	-	-	(1,979,503)
Non-cash movements	非現金變動						
- Interest expenses	- 利息開支	-	-	2,235	-	-	2,235
<b>As at 31 December 2019</b>	<b>於2019年12月31日</b>	7,770,445	89,655	3,121	12,619	-	7,875,840
<b>As at 1 January 2020</b>	<b>於2020年1月1日</b>	7,770,445	89,655	3,121	12,619	-	7,875,840
Cash flows	現金流量						
- Inflows/(outflows) of financing activities	- 融資活動現金流入/(流出)	2,543,693	(89,655)	(15,346)	-	-	2,438,692
Non-cash movements	非現金變動						
- Transfer to financing activities*	- 轉撥到融資活動*	-	-	-	-	3,832,518	3,832,518
- Interest expenses	- 利息開支	-	-	6,529	-	-	6,529
- Waiver of dividend payable	- 應付股息豁免	-	-	-	(12,619)	-	(12,619)
- Debts capitalisation (Note 38(c))	- 負債資本化 (附註38(c))	-	-	-	-	(1,520,302)	(1,520,302)
- Others (c)	- 其他(c)	-	-	148,906	-	-	148,906
<b>As at 31 December 2020</b>	<b>於2020年12月31日</b>	10,314,138	-	143,210	-	2,312,216	12,769,564

\* Following the change of capital structure of the Group after Listing, certain amounts due to non-controlling interests are regarded as financing activities in nature.

\* 隨著上市後本集團資本結構變動，若干應付非控股權益款項被視為融資活動性質。

(c) Non-cash financing transactions:

Non-cash financing activities during the year ended 31 December 2020 were disclosed in Note 30(d) and Note 38(c).

(c) 非現金融資交易：

截至2020年12月31日止年度的非現金融資活動披露於附註30(d)及附註38(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

35 NOTES TO CONSOLIDATED STATEMENT OF  
CASH FLOWS (Continued)

(d) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

35 綜合現金流量表附註(續)

(d) 於綜合現金流量表中，出售物業、廠房及設備所得款項包括：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Net book amount disposed of (Note 15)	出售賬面淨值 (附註15)	5,552	28,826
(Loss)/gains on disposals (Note 11)	出售所得 (虧損) / 收益 (附註11)	(778)	2,642
		<b>4,774</b>	31,468

36 FINANCIAL GUARANTEES

36 財務擔保

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Guarantees in respect of mortgage facilities for purchasers (a)	為買家提供按揭融資的擔保(a)	12,080,907	10,451,822
Guarantees provided for the bank and other borrowings of joint ventures (b)	就合營企業的銀行及其他借款提供的擔保(b)	941,000	253,000
Guarantees provided for the bank and other borrowings of associates (b)	就聯營公司的銀行及其他借款提供的擔保(b)	4,467,341	3,156,640
Guarantees provided for the bank and other borrowings of other related parties (b)	就其他關聯方的銀行及其他借款提供的擔保(b)	-	225,000
		<b>17,489,248</b>	14,086,462

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 36 FINANCIAL GUARANTEES (Continued)

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers.
- (b) Amounts represented the maximum exposure of the guarantees provided for the bank and other borrowings of these parties.
- (c) The directors of the Company have assessed that the fair values of guarantees provide to purchasers, joint ventures, associates and other related parties as at initial recognition were insignificant. The financial guarantees are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

#### 37 COMMITMENTS

##### Commitments for capital expenditures

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contracted but not provided for	已訂約但未撥備		
– Property, plant and equipment	– 物業、廠房及設備	15,188	43,829
– Investment properties	– 投資物業	24,692	51,242
		<b>39,880</b>	95,071

#### 36 財務擔保(續)

- (a) 本集團已為本集團物業單位的若干買家安排銀行融資，並為有關買家的還款責任提供擔保。有關擔保於(i)發出不動產所有權證(一般於完成擔保登記後兩至三年的平均年期內取得)；或(ii)買家支付按揭貸款的較早者終止。
- (b) 數額指就為有關各方的銀行及其他借款提供的擔保的最大風險。
- (c) 本公司董事已對初始確認時向買方、合營企業、聯營公司及其他關聯方提供的擔保的公允值作出評估，並認為其不重大。財務擔保亦須遵守香港財務報告準則第9號的減值規定，所識別的減值虧損並不重大。

#### 37 承擔

##### 資本開支承擔



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

38 TRANSACTIONS WITH NON-CONTROLLING INTERESTS 38 非控股權益交易

(a) Disposals of interests in subsidiaries without change of control

During the year ended 31 December 2020 and 2019, the Group disposed of certain equity interests in subsidiaries to third parties for a total cash consideration of RMB73,500,000 and RMB1,746,000 respectively. The differences between the carrying amounts of equity interests disposed of and consideration received are set out below.

(a) 不改變控制權的情況下出售附屬公司的權益

截至2020年及2019年12月31日止年度，本集團出售附屬公司若干股權予第三方，總現金代價分別為人民幣73,500,000元及人民幣1,746,000元。已出售股權權益以及已收代價之間賬面值的差異載列如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Total carrying amounts of equity interests disposed of	已出售股權權益賬面總值	(73,500)	(1,101)
Less: total consideration received from non-controlling interests	減：收取非控股權益的總代價	73,500	1,746
Total difference recognised within equity	於權益確認的總差額	-	645

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 38 TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued) 38 非控股權益交易(續)

##### (b) Subsidiaries with material non-controlling interests

Set out below is summarised financial information for a subsidiary, Zhangzhou Tangyi Real Estate Development Co., Ltd. that has non-controlling interests that is material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

##### Summarised balance sheet

##### (b) 有重大非控股權益的附屬公司

以下載列擁有對本集團而言屬重大之非控股權益的附屬公司漳州唐毅房地產開發有限公司的財務資料摘要。就附屬公司所披露金額為公司間抵銷前的金額。

##### 資產負債表摘要

		As at 31 December 2020 於2020年 12月31日 RMB'000 人民幣千元
Current assets	流動資產	530,796
Current liabilities	流動負債	(369,682)
<b>Current net assets</b>	<b>流動資產淨值</b>	<b>161,114</b>
Non-current assets	非流動資產	1,160
<b>Net assets</b>	<b>資產淨值</b>	<b>162,274</b>
Carrying value of non-controlling interests	非控制權益的賬面值	57,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

38 TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued) 38 非控股權益交易(續)

(b) Subsidiaries with material non-controlling interests  
(Continued)

*Summarised statement of comprehensive income*

(b) 有重大非控股權益的附屬公司(續)

*全面收入表摘要*

		Year ended 31 December 2020 截至2020年 12月31日止年度 RMB'000 人民幣千元
<b>Profit for the year</b>	<b>年內溢利</b>	<b>146,394</b>
<b>Total comprehensive profit</b>	<b>全面溢利總額</b>	<b>146,394</b>
Profit allocated to non-controlling interests	分配至非控制權益的溢利	<b>52,438</b>

*Summarised cash flows*

*現金流量摘要*

		Year ended 31 December 2020 截至2020年 12月31日止年度 RMB'000 人民幣千元
Cash outflows from operating activities	經營活動現金流出	<b>(41,755)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>現金及現金等價物減少淨額</b>	<b>(41,755)</b>

(c) Capitalisation of amounts due to non-controlling interests

During the year ended 31 December 2020, certain non wholly-owned subsidiaries of the Group increased their registered capital in proportional to shareholders' respective ratio. A portion of the capital contributions was settled by offsetting the amounts due to their shareholders, resulting RMB1,520,302,000 of the amounts due to non-controlling interests were capitalised (2019: Nil).

(c) 資本化應付非控股權益款項

截至2020年12月31日止年度，本集團若干非全資附屬公司按股東各自比例增加其註冊資本。部分出資乃通過抵銷應付股東款項清償，導致應收非控制性權益款項中的人民幣1,520,302,000元資本化(2019年：無)。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 39 DISPOSALS OF SUBSIDIARIES

The Group disposed of certain interests in a number of subsidiaries. Summaries of the disposals are as follows:

#### 39 出售附屬公司

本集團出售所持多家附屬公司的若干權益。出售概要如下：

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Disposals consideration	出售代價		
- Cash consideration received	- 已收現金代價	154,210	66,416
- Outstanding and included in other receivables	- 未結算及計入其他應收款項	28,450	-
- Fair value of investments in a joint venture	- 於合約企業投資公允值	5,500	-
- Fair value of investments in an associate	- 於聯營公司投資公允值	78,690	-
		<b>266,850</b>	66,416
Less:	減：		
- Total net assets of subsidiaries disposed of	- 出售附屬公司的淨資產總值	272,284	35,375
- Non-controlling interests disposed of	- 出售的非控股權益	-	(28,245)
Losses/(gains) on disposals	出售虧損／(收益)	<b>(5,434)</b>	59,286
Cash proceeds from disposals, net of cash disposed of	出售所得現金，減去出售的現金		
- Cash consideration received	- 已收現金代價	154,210	66,416
- Less: cash and cash equivalents in the subsidiaries disposed of	- 減：出售附屬公司的現金及現金等價物	(130)	(28,837)
- Deferred cash considerations received	- 已收遞延現金代價	5,100	108,231
- Net cash inflow on disposals	- 出售導致的現金流入淨額	<b>159,180</b>	145,810

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

### 40 RELATED PARTY TRANSACTIONS

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

#### (a) Transactions with related parties

### 40 關聯方交易

除綜合財務報表其他部分所披露的關聯方交易外，以下交易均與關聯方進行。

#### (a) 與關聯方的交易

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
(i)	Entities controlled by the Ultimate Controlling Shareholder Rental income Purchase of property management services Purchase of architectural design services Purchase of advertising services Purchase of materials	(i) 最終控股股東控制的實體 租金收入 採購物業管理服務 採購建築設計服務 採購廣告服務 採購材料	
		3,480	6,851
		62,125	40,542
		3,272	819
		8,396	15,000
		-	2,616
(ii)	Key management of the Company Transfer equity interests in a project company Sale of properties	(ii) 本公司主要管理層 轉讓項目公司的股權 出售物業	
		-	36,416
		1,416	-
(iii)	Joint ventures Sales of materials Provide project management services	(iii) 合營企業 材料銷售 提供項目管理服務	
		2,863	4,306
		7,449	1,892
(iv)	Associates Provide project management services Purchases of project management services	(iv) 聯營公司 提供項目管理服務 採購項目管理服務	
		62,105	5,582
		1,985	-

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

上述交易的價格根據相關協議的條款確定。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 40 RELATED PARTY TRANSACTIONS (Continued)

#### 40 關聯方交易(續)

##### (b) Balances with related parties

##### (b) 與關聯方的結餘

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
(i) Entities controlled by the Ultimate Controlling Shareholder, included in:	(i) 最終控股股東控制的實體，計入：		
Trade receivables	貿易應收款項	112	42
Trade payables	貿易應付款項	18,085	24,903
Amounts due from related parties — Non-trade	應收關聯方款項—非貿易	—	1,456
Amounts due to related parties — Non-trade	應付關聯方款項—非貿易	—	90,592
(ii) Joint ventures, included in:	(ii) 合營企業，計入：		
Trade receivables	貿易應收款項	1,403	326
Amounts due from related parties	應收關聯方款項	18,741	510,407
Amounts due to related parties	應付關聯方款項	1,877,660	545,832
(iii) Associates, included in:	(iii) 聯營公司，計入：		
Trade receivables	貿易應收款項	1,649	119
Trade payables	貿易應付款項	5,917	—
Amounts due from related parties	應收關聯方款項	1,156,973	1,307,307
Amounts due to related parties	應付關聯方款項	4,868,355	2,339,611

Amounts due from/to related parties are unsecured, repayable on demand, denominated in RMB and interest-free.

應收／應付關聯方款項無抵押且須按要求償還，以人民幣計值及免息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 40 RELATED PARTY TRANSACTIONS (Continued)

## (c) Key management compensation

Compensations for key management including directors as disclosed in Note 44 is set out below.

## 40 關聯方交易(續)

## (c) 主要管理人員酬金

附註44所披露主要管理人員(包括董事)酬金載列如下。

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Wages and salaries	薪金及福利	8,487	8,365
Social insurance expenses	社會保險開支	90	168
Housing benefits and other employee benefits	住房補貼及其他僱員福利	250	215
Share-based compensation	以股份為基礎的薪酬	28,405	22,724
		37,232	31,472

## 41 DIVIDEND

## 41 股息

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Proposed final dividend of RMB11 cents (2019: Nil) per ordinary share	建議派付末期股息每股普通股人 民幣11分(2019年:無)	149,990	-

Final dividend of RMB11 cents (equivalent to HK\$13 cents) per share in respect of the financial year ended 31 December 2020 (2019: Nil) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The consolidated financial statements as at 31 December 2020 have not reflected this dividend payable.

董事會已建議派付截至2020年12月31日止財政年度的末期股息每股人民幣11分(相當於13港仙)(2019年:無),並須於應屆股東週年大會上獲得股東批准後方可作實。截至2020年12月31日的綜合財務報表未反映此應付股息。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 NOTES TO THE COMPANY'S BALANCE SHEETS

#### 42 本公司資產負債表附註

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	Note 附註		
<b>Assets</b>	<b>資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Investments in subsidiaries (a)	於附屬公司投資(a)	3,831,289	2,546,277
<b>Current assets</b>	<b>流動資產</b>		
Cash and bank deposits	現金及銀行存款	3,123	–
Prepayments	預付款項	–	7,217
		3,123	7,217
<b>Total assets</b>	<b>資產總值</b>	<b>3,834,412</b>	<b>2,553,494</b>
<b>Equity</b>	<b>權益</b>		
Share capital	股本	87,216	70
Share premium	股份溢價	1,677,903	508,442
Other reserves (b)	其他儲備(b)	2,066,170	2,037,765
Accumulated losses (b)	累計虧損(b)	(37,831)	(28,660)
<b>Total equity</b>	<b>權益總額</b>	<b>3,793,458</b>	<b>2,517,617</b>
<b>Current liabilities</b>	<b>流動負債</b>		
Amounts due to subsidiaries	應付附屬公司款項	33,117	17,433
Other payables	其他應付款項	7,837	18,444
<b>Total liabilities</b>	<b>負債總額</b>	<b>40,954</b>	<b>35,877</b>
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>	<b>3,834,412</b>	<b>2,553,494</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

42 NOTES TO THE COMPANY'S BALANCE SHEETS (Continued)      42 本公司資產負債表附註(續)

(a) Investments in subsidiaries

(a) 於附屬公司的投資

		As at 31 December 於12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Investment, at cost:	投資，按成本：		
– Deemed contribution	– 視同注資	1,753,281	1,753,281
– Capital injection to a subsidiary	– 向一間附屬公司注資	2,030,667	774,060
– Share-based compensation	– 以股份為基礎的薪酬	47,341	18,936
		<b>3,831,289</b>	<b>2,546,277</b>

Details of the principal subsidiaries are set out in Note 43.

主要附屬公司詳情載於附註43。

(b) Other reserves and accumulated losses

(b) 其他儲備及累計虧損

		Other reserves 其他儲備 2020 2020年 RMB'000 人民幣千元	Accumulated losses 累計虧損 2019 2019年 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	–	–
Deemed contribution (i)	視作出資 (i)	1,753,281	–
Capital contribution from shareholders (Note 30(a))	來自股東的出資 (附註30(a))	265,548	–
Share-based compensation to employees of subsidiaries	以股份為基礎支付附屬公司員工的薪酬	18,936	–
Loss for the year	年內虧損	–	(28,660)
At 31 December 2019	於2019年12月31日	2,037,765	(28,660)
At 1 January 2020	於2020年1月1日	<b>2,037,765</b>	<b>(28,660)</b>
Share-based compensation to employees of subsidiaries	以股份為基礎支付附屬公司員工的薪酬	28,405	–
Loss for the year	年內虧損	–	(9,171)
At 31 December 2020	於2020年12月31日	<b>2,066,170</b>	<b>(37,831)</b>

(i) Deemed contribution represented the excess of the aggregate net asset value of Xiamen Datang Group acquired by the Company over the nominal amount of share issued by the Company as consideration in 2019.

(i) 視作出資指本公司所收購廈門大唐集團的資產淨值總額超出於2019年本公司作為代價已發行的股份面值的部分。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 42 NOTES TO THE COMPANY'S BALANCE SHEETS (Continued)      42 本公司資產負債表附註(續)

##### (c) Amounts due to a subsidiary

As at 31 December 2020 and 2019, amounts due to subsidiaries were all denominated in RMB. They were unsecured, interest-free and repayable on demand. Their carrying amounts approximated fair values at 31 December 2020 and 2019.

##### (d) Other payables

As at 31 December 2020 and 2019, other payables were denominated in RMB, unsecured, interest-free and repayable on demand. Their carrying amount approximated fair value at 31 December 2020 and 2019.

##### (c) 應付一間附屬公司款項

於2020年及2019年12月31日，應付附屬公司款項均以人民幣計值，其為無抵押、免息及須於要求時償還。於2020年及2019年12月31日，其賬面值與公允值相若。

##### (d) 其他應付款項

於2020年及2019年12月31日，其他應付款項均以人民幣計值，其為無抵押、免息及須於要求時償還。於2020年及2019年12月31日，其賬面值與公允值相若。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES

(a) Particulars of the principal subsidiaries of the Group are set out as below:

#### 43 附屬公司

(a) 本集團的主要附屬公司詳情載列如下：

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Directly held by the Company: 本公司直接持有：					
Dynasty Management International Limited 大唐管理國際有限公司	BVI, 19 June 2019 英屬處女群島，2019年6月19日	US\$100 100美元	100%	100%	Investment holding 投資控股
Datang Investment Limited 大唐投資（香港）有限公司	Hong Kong, 30 January 2019 香港，2019年1月30日	HK\$11 11港元	100%	100%	Investment holding 投資控股
Indirectly held by the Company: 本公司間接持有：					
Dynasty Development International Limited 大唐發展國際有限公司	Hong Kong, 27 June 2019 香港，2019年6月27日	HK\$100 100港元	100%	100%	Investment holding 投資控股
Xiamen Datang Real Estate Group Co.,Ltd 廈門大唐房地產集團有限公司	The PRC, 29 August 1997 中國，1997年8月29日	US\$524,239,400 524,239,400美元	100%	100%	Property development 物業開發
Nanning Huadu Real Estate Co.,Ltd 南寧華都房地產有限公司	The PRC, 24 April 1995 中國，1995年4月24日	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Xi'an Tangmei Real Estate Co.,Ltd. 西安唐美房地產有限公司	The PRC, 17 July 2000 中國，2000年7月17日	RMB12,000,000 人民幣12,000,000元	100%	100%	Property development 物業開發
Xi'an Tangmen Real Estate Co.,Ltd 西安唐門房地產有限公司	The PRC, 27 July 2000 中國，2000年7月27日	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發
Guangxi Datang Real Estate Co.,Ltd 廣西大唐房地產有限公司	The PRC, 3 September 2000 中國，2000年9月3日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

#### 43 附屬公司(續)

(a) 本集團的主要附屬公司詳情載列如下:(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Xiamen Jingding Sports Culture Development Co., Ltd. 廈門京鼎體育文化發展有限公司	The PRC, 26 April 2004 中國·2004年4月26日	RMB311,998,081 人民幣311,998,081元	100%	100%	Sports facilities operation 運動設施運營
Zhangzhou Xindi Real Estate Co., Ltd. 漳州信地房地產有限公司	The PRC, 16 December 2005 中國·2005年12月16日	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發
Guangxi Xindi Investment Co., Ltd. 廣西信地投資有限公司	The PRC, 28 October 2009 中國·2009年10月28日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Tianjin Haihui Real Estate Development Co., Ltd. 天津海匯房地產開發有限公司	The PRC, 18 January 2010 中國·2010年1月18日	RMB 110,000,000 人民幣110,000,000元	100%	100%	Property development 物業開發
Tianjin Xinghuafu Real Estate Co., Ltd. 天津星華府置業有限公司	The PRC, 24 August 2010 中國·2010年8月24日	RMB 1,200,000,000 人民幣1,200,000,000元	100%	100%	Property development 物業開發
Zhongling Sports Industrial (Changtai) Co., Ltd. 中翎體育產業(長泰)有限公司	The PRC, 21 January 2011 中國·2011年1月21日	RMB20,000,000 人民幣20,000,000元	90%	90%	Sports facilities operation 運動設施運營
Zhangzhou Datang Real Estate Co., Ltd. 漳州大唐房地產有限公司	The PRC, 17 February 2012 中國·2012年2月17日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Xiamen Dazu Real Estate Development Co., Ltd. 廈門市大族房地產開發有限責任公司	The PRC, 6 September 2012 中國·2012年9月6日	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangmen Real Estate Co., Ltd. 漳州唐門房地產有限公司	The PRC, 31 July 2013 中國·2013年7月31日	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**綜合財務報表附註**

**43 SUBSIDIARIES (Continued)****43 附屬公司(續)**

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

(a) 本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Guangxi Datang Shijia Investment Co., Ltd. 廣西大唐世家投資有限公司	The PRC, 4 December 2013 中國·2013年12月4日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangzhuang Real Estate Co., Ltd. 漳州唐莊房地產有限公司	The PRC, 29 January 2014 中國·2014年1月29日	RMB10,000,000 人民幣10,000,000元	100%	100%	Property development 物業開發
Guangxi Tangzhuang Investment Co., Ltd. 廣西唐莊投資有限公司	The PRC, 19 November 2014 中國·2014年11月19日	RMB100,000,000 人民幣100,000,000元	100%	100%	Property development 物業開發
Tianjin Datang Real Estate Development Co., Ltd. 天津大唐房地產開發有限公司	The PRC, 3 April 2015 中國·2015年4月3日	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Gefusite Commercial Management Co., Ltd. 廣西歌福斯特商業管理有限公司	The PRC, 8 May 2015 中國·2015年5月8日	RMB2,000,000 人民幣2,000,000元	100%	100%	Commercial property operation 商業物業運營
Guangxi Tangmei Investment Co., Ltd. 廣西唐美投資有限公司	The PRC, 30 July 2015 中國·2015年7月30日	RMB34,000,000 人民幣34,000,000元	100%	100%	Property development 物業開發
Changtai Datang Real Estate Co., Ltd. 長泰大唐房地產有限公司	The PRC, 25 November 2015 中國·2015年11月25日	RMB2,000,000 人民幣2,000,000元	70%	70%	Property development 物業開發
Xiamen Tangling Trade Co., Ltd. 廈門市唐翎貿易有限公司	The PRC, 5 January 2016 中國·2016年1月5日	RMB10,000,000 人民幣10,000,000元	100%	100%	Wholesale of building materials 建築材料批發
Xiamen Tangmen Real Estate Co., Ltd. 廈門唐門房地產有限公司	The PRC, 13 January 2016 中國·2016年1月13日	RMB20,000,000 人民幣20,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangsheng Real Estate Co., Ltd. 漳州唐盛房地產有限公司	The PRC, 21 June 2016 中國·2016年6月21日	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

#### 43 附屬公司(續)

(a) 本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Guangxi Tangju Investment Co., Ltd. 廣西唐聚投資有限公司	The PRC, 25 July 2016 中國·2016年7月25日	RMB50,000,000 人民幣50,000,000元	70%	70%	Property development 物業開發
Zhangzhou Tanghua Real Estate Co., Ltd. 漳州唐華房地產有限公司	The PRC, 3 March 2017 中國·2017年3月3日	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Tangning Investment Co., Ltd. 廣西唐寧投資有限公司	The PRC, 15 March 2017 中國·2017年3月15日	RMB65,000,000 人民幣65,000,000元	77%	77%	Property development 物業開發
Xiamen Datang Commercial Management Co., Ltd. 廈門大唐商業管理有限公司	The PRC, 30 March 2017 中國·2017年3月30日	RMB1,000,000 人民幣1,000,000元	100%	100%	Commercial property operation 商業物業運營
Guangxi Tangyu Investment Co., Ltd. 廣西唐宇投資有限公司	The PRC, 10 April 2017 中國·2017年4月10日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangcheng Real Estate Co., Ltd. 漳州唐成房地產有限公司	The PRC, 12 June 2017 中國·2017年6月12日	RMB50,000,000 人民幣50,000,000元	67%	67%	Property development 物業開發
Guangxi Tangrun Investment Co., Ltd. 廣西唐潤投資有限公司	The PRC, 31 December 2017 中國·2017年12月31日	RMB800,000,000 人民幣800,000,000元	100%	100%	Property development 物業開發
Guangxi Tangsheng Investment Co., Ltd. 廣西唐昇投資有限公司	The PRC, 13 November 2017 中國·2017年11月13日	RMB100,000,000 人民幣100,000,000元	40%	40%	Property development 物業開發
Zhangzhou Tangxing Real Estate Development Co., Ltd. 漳州唐興房地產開發有限公司	The PRC, 20 November 2017 中國·2017年11月20日	RMB30,000,000 人民幣30,000,000元	80%	80%	Property development 物業開發
Zhangzhou Tangyi Real Estate Development Co., Ltd. 漳州唐毅房地產開發有限公司	The PRC, 8 April 2018 中國·2018年4月8日	RMB30,000,000 人民幣30,000,000元	64%	64%	Property development 物業開發

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 43 SUBSIDIARIES (Continued)

## 43 附屬公司(續)

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

(a) 本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Guangxi Tangxun Investment Co., Ltd. 廣西唐勛投資有限公司	The PRC, 6 July 2018 中國·2018年7月6日	RMB51,610,200 人民幣51,610,200元	97%	97%	Property development 物業開發
Guangxi Tangrui Investment Co., Ltd. 廣西唐瑞投資有限公司	The PRC, 14 June 2018 中國·2018年6月14日	RMB2,000,000 人民幣2,000,000元	100%	100%	Property development 物業開發
Guangxi Tangtong Investment Co., Ltd. 廣西唐通投資有限公司	The PRC, 24 August 2018 中國·2018年8月24日	RMB87,720,000 人民幣87,720,000元	56%	56%	Property development 物業開發
Quanzhou Tangcheng Real Estate Co., Ltd. 泉州唐城房地產有限公司	The PRC, 28 December 2017 中國·2017年12月28日	RMB10,000,000 人民幣10,000,000元	50%	50%	Property development 物業開發
Quanzhou Tangmei Real Estate Co., Ltd. 泉州唐美房地產有限公司	The PRC, 24 January 2018 中國·2018年1月24日	RMB10,000,000 人民幣10,000,000元	25%	25%	Property development 物業開發
Nanan Yuanchang Real Estate Co., Ltd. 南安源昌置業有限公司	The PRC, 16 January 2018 中國·2018年1月16日	RMB10,000,000 人民幣10,000,000元	25%	25%	Property development 物業開發
Nanning Datang Congyue Hotel Co., Ltd. 南寧大唐叢悅酒店有限公司	The PRC, 4 June 2018 中國·2018年6月4日	RMB500,000 人民幣500,000元	100%	100%	Hotel operation 酒店運營
Hunan Xingrong Investment Co., Ltd. 湖南興榮投資有限公司	The PRC, 22 July 2004 中國·2004年7月22日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Tangming Investment Co., Ltd. 廣西唐銘投資有限公司	The PRC, 20 June 2019 中國·2019年6月20日	RMB259,991,875 人民幣259,991,875元	98%	98%	Property development 物業開發
Fuzhou Tangmei Real Estate Co., Ltd. 福州唐美房地產有限公司	The PRC, 30 May 2019 中國·2019年5月30日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Guangxi Tanghui Investment Co., Ltd. 廣西唐暉投資有限公司	The PRC, 3 July 2019 中國·2019年7月3日	RMB159,897,700 人民幣159,897,700元	100%	100%	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

#### 43 附屬公司(續)

(a) 本集團的主要附屬公司詳情載列如下:(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Liuzhou Tangmei Real Estate Co., Ltd. 柳州唐美房地產開發有限公司	The PRC, 17 July 2019 中國·2019年7月17日	RMB255,000,000 人民幣255,000,000元	80%	100%	Property development 物業開發
Zhangzhou Tangrun Real Estate Co., Ltd. 漳州唐潤房地產開發有限公司	The PRC, 19 July 2019 中國·2019年7月19日	RMB100,000,000 人民幣100,000,000元	100%	100%	Property development 物業開發
Yueyang Tangyun Real Estate Co., Ltd. 岳陽唐韻房地產開發有限公司	The PRC, 9 August 2019 中國·2019年8月9日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Yueyang Tangsheng Real Estate Co., Ltd. 岳陽唐盛房地產開發有限公司	The PRC, 23 August 2019 中國·2019年8月23日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Tangfeng Real Estate Co., Ltd. 漳州唐峰房地產開發有限公司	The PRC, 8 October 2019 中國·2019年10月8日	RMB100,000,000 人民幣100,000,000元	51%	100%	Property development 物業開發
Chongqing Tangmei Real Estate Co., Ltd. 重慶唐美房地產開發有限公司	The PRC, 9 October 2019 中國·2019年10月9日	RMB30,000,000 人民幣30,000,000元	100%	100%	Property development 物業開發
Guangxi Tangpeng Investment Co., Ltd. 廣西唐鵬投資有限公司	The PRC, 24 October 2019 中國·2019年10月24日	RMB200,000,000 人民幣200,000,000元	25%	25%	Property development 物業開發
Zhangzhou Tangshun Real Estate Co., Ltd. 漳州唐順房地產開發有限公司	The PRC, 21 November 2019 中國·2019年11月21日	RMB50,000,000 人民幣50,000,000元	70%	100%	Property development 物業開發
Guangxi Beihai Tangrun Kuanggui Real Estate Co., Ltd. 廣西北海唐潤礦桂房地產有限公司	The PRC, 28 February 2020 中國·2020年2月28日	RMB80,000,000 人民幣80,000,000元	90%	-	Property development 物業開發
Liuzhou Datang Real Estate Co., Ltd. 柳州大唐房地產開發有限公司	The PRC, 19 May 2020 中國·2020年5月19日	RMB50,000,000 人民幣50,000,000元	100%	-	Property development 物業開發
Jiangsu Tangsheng Real Estate Co., Ltd. 江蘇唐盛房地產有限公司	The PRC, 19 February 2020 中國·2020年2月19日	RMB10,000,000 人民幣10,000,000元	100%	-	Property development 物業開發



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES (Continued)

#### 43 附屬公司(續)

(a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

(a) 本集團的主要附屬公司詳情載列如下：(續)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Nantong Tangsheng Real Estate Co., Ltd. 南通唐盛房地產有限公司	The PRC, 7 April 2020 中國·2020年4月7日	RMB20,000,000 人民幣20,000,000元	55%	-	Property development 物業開發
Zhejiang Tangsheng Real Estate Co., Ltd. 浙江唐盛房地產有限公司	The PRC, 20 December 2019 中國·2019年12月20日	RMB50,000,000 人民幣50,000,000元	100%	100%	Property development 物業開發
Zhangzhou Longwen Tangguang Real Estate Co., Ltd. 漳州龍文唐光房地產開發有限公司	The PRC, 16 April 2020 中國·2020年4月16日	RMB800,000,000 人民幣800,000,000元	50%	-	Property development 物業開發
Yuyao Huachuan Real Estate Co., Ltd. 余姚華川置業有限公司	The PRC, 2 March 2020 中國·2020年3月2日	RMB10,000,000 人民幣10,000,000元	51%	-	Property development 物業開發
Sichuan Tangmei Real Estate Co., Ltd. 四川唐美房地產有限公司	The PRC, 19 June 2020 中國·2020年6月19日	RMB50,000,000 人民幣50,000,000元	100%	-	Property development 物業開發
Fuzhou Tangsheng Real Estate Co., Ltd. 福州唐盛房地產開發有限公司	The PRC, 1 July 2020 中國·2020年7月1日	RMB351,000,000 人民幣351,000,000元	80%	-	Property development 物業開發
Guangxi Tangxiang Investment Co., Ltd. 廣西唐祥投資有限公司	The PRC, 14 July 2020 中國·2020年7月14日	RMB400,000,000 人民幣400,000,000元	51%	-	Property development 物業開發
Ningbo Tangyao Real Estate Co., Ltd. 寧波唐耀置業有限公司	The PRC, 25 August 2020 中國·2020年8月25日	RMB100,000,000 人民幣100,000,000元	100%	-	Property development 物業開發
Guangxi Tangrong Investment Co., Ltd. 廣西唐榮投資有限公司	The PRC, 3 September 2020 中國·2020年9月3日	RMB200,000,000 人民幣200,000,000元	55.55%	-	Property development 物業開發
Guangxi Tangshun Investment Co., Ltd. 廣西唐順投資有限公司	The PRC, 30 October 2020 中國·2020年10月30日	RMB50,000,000 人民幣50,000,000元	100%	-	Property development 物業開發
Ningde Tangsheng Real Estate Co., Ltd. 寧德唐盛房地產開發有限公司	The PRC, 23 November 2020 中國·2020年11月23日	RMB322,000,000 人民幣322,000,000元	55%	-	Property development 物業開發

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 43 SUBSIDIARIES (Continued)

- (a) Particulars of the principal subsidiaries of the Group are set out as below: (Continued)

Company name 公司名稱	Place and date of incorporation 註冊成立地點及日期	Registered/issued and paid-up capital 註冊/已發行及繳足資本	Attributable equity interest of the Group as at 31 December 本集團於12月31日應佔股權		Principal activities 主要業務
			2020 2020年	2019 2019年	
Guangxi Tangxi Investment Co., Ltd. 廣西唐璽投資有限公司	The PRC, 14 December 2020 中國，2020年12月14日	RMB1,200,000,000 人民幣1,200,000,000元	100%	-	Property development 物業開發
Guangxi Tanghe Investment Co., Ltd. 廣西唐和投資有限公司	The PRC, 12 August 2020 中國，2020年8月12日	RMB400,000,000 人民幣400,000,000元	34%	-	Property development 物業開發

As the Group has the rights to variable returns from its involvement with these companies, and has the ability to affect those returns through its majority voting position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

#### 43 附屬公司(續)

- (a) 本集團的主要附屬公司詳情載列如下：(續)

由於本集團因參與該等公司業務而有可變回報的權利，並能透過其於該等公司董事會的多數投票權及釐定該等公司的預算、定價及推廣策略，本集團對該等公司擁有控制權，因此該等公司被視為本集團的附屬公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表附註

## 44 BENEFITS AND INTERESTS OF DIRECTORS

## 44 董事福利及權益

## (a) Directors' and chief executive's emoluments

The directors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name		Fees	Wages and salaries	Social insurance expenses	Housing benefits and other employee benefits	Share-based compensation	Total
姓名		袍金 RMB'000 人民幣千元	薪金及福利 RMB'000 人民幣千元	社保開支 RMB'000 人民幣千元	住房津貼及其他僱員福利 RMB'000 人民幣千元	以股份為基礎的薪酬 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<i>Executive directors</i>	<i>執行董事</i>						
Mr. WU Di	吳迪先生	-	1,011	10	28	27,692	28,741
Mr. HAO Shengchun	郝勝春先生	-	1,193	10	28	79	1,310
Mr. TANG Guozhong	唐國鐘先生	-	1,151	10	28	79	1,268
Ms. ZHANG Jianhua	張建華女士	-	737	-	-	79	816
<i>Independent Non-executive directors</i>	<i>獨立非執行董事</i>						
Mr. Qu Wenzhou	屈文洲先生	19	-	-	-	-	19
Ms. Xin Zhu	辛珠女士	19	-	-	-	-	19
Mr. Tam Chi Choi	譚志才先生	19	-	-	-	-	19
		57	4,092	30	84	27,929	32,192

## (a) 董事及行政總裁酬金

截至2020年12月31日止年度，董事從本集團獲得的酬金如下：

The directors received emoluments from the Group for the year ended 31 December 2019 as follows:

截至2019年12月31日止年度，董事從本集團獲得的酬金如下：

Name		Fees	Wages and salaries	Social insurance expenses	Housing benefits and other employee benefits	Share-based compensation	Total
姓名		袍金 RMB'000 人民幣千元	薪金及福利 RMB'000 人民幣千元	社保開支 RMB'000 人民幣千元	住房津貼及其他僱員福利 RMB'000 人民幣千元	以股份為基礎的薪酬 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<i>Executive directors</i>	<i>執行董事</i>						
Mr. WU Di	吳迪先生	-	1,002	19	27	22,154	23,202
Mr. HAO Shengchun	郝勝春先生*	-	1,184	19	27	63	1,293
Mr. TANG Guozhong	唐國鐘先生	-	1,142	19	27	63	1,251
Ms. ZHANG Jianhua	張建華女士	-	695	-	-	63	758
<i>Independent Non-executive directors</i>	<i>獨立非執行董事</i>						
Mr. Qu Wenzhou	屈文洲先生	-	-	-	-	-	-
Ms. Xin Zhu	辛珠女士	-	-	-	-	-	-
Mr. Tam Chi Choi	譚志才先生	-	-	-	-	-	-
		-	4,023	57	81	22,343	26,504

\* President of the Company

\* 本公司總裁

Mr. Qu Wenzhou, Ms. Xin Zhu and Mr. Tam Chi Choi were appointed as the Independent Non-executive Directors of the Company on 20 November 2020. They did not receive any emolument during the year ended 31 December 2019.

屈文洲先生、辛珠女士及譚志才先生於2020年11月20日獲委任為本公司獨立非執行董事。截至2019年12月31日止年度，彼等均無收到任何酬金。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 44 BENEFITS AND INTERESTS OF DIRECTORS (Continued) 44 董事福利及權益(續)

##### (b) Directors' retirement benefits

During the year ended 31 December 2020 and 2019, there were no additional retirement benefit received by the directors except for the emoluments as disclosed in (a) above.

##### (c) Directors' termination benefits

During the year ended 31 December 2020 and 2019, no payments to the directors of the Company as compensation for the early termination of the appointment.

##### (d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the year ended 31 December 2020 and 2019.

##### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodied corporate by and connected entities with such directors

Except for the balances disclosed in Note 40(b), no loans, quasi-loans and other dealings in favour of directors, controlled bodied corporate by and connected entities with such directors subsisted at the end of or at any time during the year.

##### (f) Directors' material interests in transactions, arrangements or contracts

Except for the transactions disclosed in Note 40(a), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at the end of 31 December 2020 and 2019 or at any time during the year.

##### (b) 董事退休福利

截至2020年及2019年12月31日止年度，除上述(a)所披露之酬金外，董事概無獲得任何其他退休福利。

##### (c) 董事離職福利

截至2020年及2019年12月31日止年度，概無向本公司董事支付作為提早終止委任的補償的款項。

##### (d) 就獲提供董事服務向第三方支付代價

截至2020年及2019年12月31日止年度末或年內任何時間概無就獲提供董事服務而向第三方支付或由第三方應收代價。

##### (e) 有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

除附註40(b)所披露的結餘外，於年末或年內任何時間，概無有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易。

##### (f) 董事於交易、安排或合約的重大權益

除附註40(a)所披露的交易外，於2020年及2019年12月31日末或年內任何時間，本公司董事概無於本公司訂立與本集團業務有關之重大交易、安排及合約中擁有任何直接或間接權益。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 45 SUBSEQUENT EVENTS

On 6 January 2021, the Company issued 30,144,000 ordinary shares of US\$0.01 each at the subscription price of HK\$4.56 per share to public pursuant to an over-allotment option granted in conjunction with Public Offering for a total consideration of HK\$137,457,000 (equivalent to approximately of RMB114,578,000). The difference between the net proceeds of HK\$135,385,000 (equivalent to approximately of RMB112,821,000), after deducting share issuance cost of HK\$2,072,000 (equivalent to approximately of RMB1,727,000) and the issued and fully-paid up share capital of HK\$2,337,000 (equivalent to approximately RMB1,947,000), amounting to HK\$133,048,000 (equivalent to approximately RMB110,874,000) was credited to the share premium account in 2021.

#### 45 期後事項

於2021年1月6日，本公司配合公開發售根據已授出的超額配股權向公眾按認購價每股4.56港元發行每股面值0.01美元的30,144,000股普通股，總代價為137,457,000港元（相當於約人民幣114,578,000元）。所得淨款項135,385,000港元（相當於約人民幣112,821,000元）（經扣除股份發行成本2,072,000港元（相當於約人民幣1,727,000元））與已發行及繳足股本2,337,000港元（相當於約人民幣1,947,000元）之間的差額133,048,000港元（相當於約人民幣110,874,000元）已於2021年入賬至股份溢價賬。

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information and Exchange Agent at their respective addresses and telephone numbers set forth below.

If you have questions regarding tender or exchange procedures, please contact the Information and Exchange Agent at the address and telephone number set forth below.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Transaction Website. For additional copies of this exchange offer memorandum, please contact the Information and Exchange Agent at the address and telephone number set forth below.

Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

*The Information and Exchange Agent for the Exchange Offer is:*

**Morrow Sodali Limited**

In London

103 Wigmore Street, London  
W1U 1QS  
Tel: +44 20 4513 6933

In Hong Kong

The Hive, 33-35 Hillier Street  
Sheung Wan  
Tel: +852 2319 4130

Email: [datang@investor.morrowdali.com](mailto:datang@investor.morrowdali.com)

Transaction Website: <https://bonds.morrowsodali.com/datang>

*The Dealer Manager for the Exchange Offer is:*

**Haitong International Securities Company Limited**

28/F One International Finance Centre  
No. 1 Harbour View Street  
Central, Hong Kong  
Fax: +852 2840 1680  
Attention: Debt Capital Markets  
Email: [project.datang.lm@htisec.com](mailto:project.datang.lm@htisec.com)