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YOUNGO 粵港灣

GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED

粵港灣控股有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：1396)

海外監管公告

本海外監管公告乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第13.10B條的規定刊發。

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承董事會命
粵港灣控股有限公司
主席兼執行董事
王再興

香港，2021年12月17日

於本公告日期，本公司執行董事為王再興先生、曾雲樞先生、蔡鴻文先生、楊三明先生及王德文先生；本公司獨立非執行董事為林智遠先生、岳崢先生及戴亦一先生。

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

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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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, 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.

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 by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the 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.

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

US\$26,400,000

YOUNGO 粵港灣

**GUANGDONG – HONG KONG GREATER BAY AREA
HOLDINGS LIMITED**

粵港灣控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

13.85% Senior Notes due 2023

**(to be consolidated and form a single class with the US\$277,220,000 13.85% Senior Notes due 2023 issued on
October 12, 2021)**

Issue Price: 100.143%

plus accrued interest from (and including) October 12, 2021 to (but excluding) December 15, 2021

Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Company”) is offering US\$26,400,000 aggregate principal amount of its 13.85% Senior Notes due 2023 (the “New Notes”). The New Notes will be issued under the indenture (the “Indenture”) governing the Company’s outstanding US\$277,220,000 aggregate principal amount of 13.85% Senior Notes due 2023 issued on October 12, 2021 (the “Original Notes”). The New Notes constitute Additional Notes under the Indenture and are identical in all respects with the Original Notes, other than with respect to the date of issuance and issue price. The New Notes will form a single class with the Original Notes. The Original Notes and the New Notes are referred to collectively as the “Notes”. Upon completion of this offering, the aggregate principal amount of outstanding New Notes and Original Notes will be US\$303,620,000. Terms not defined in this supplemental offering memorandum have the meanings given to them in the offering memorandum dated October 8, 2021 (the “Offering Memorandum”).

This supplemental offering memorandum incorporates the information contained in the Offering Memorandum and should be read in conjunction with the Offering Memorandum. To the extent that there is any inconsistency between any information in this supplemental offering memorandum and the information in the Offering Memorandum, the information in this supplemental offering memorandum shall prevail.

The New Notes will bear interest from October 12, 2021 at 13.85% per annum payable semi-annually in arrears on April 12 and October 12 of each year, beginning April 12, 2022. The Notes will mature on October 12, 2023 at 102.6% of its outstanding principal amount.

The Notes will (1) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (2) be at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), (3) guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (4) be effectively subordinated to secured obligations (if any, other than Permitted *Pari Passu* Secured Indebtedness) 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 (5) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (defined below). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See “Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees” in the Offering Memorandum.

At any time and from time to time prior to October 12, 2023, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company at a redemption price of 113.85% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, we may redeem the Notes, in whole but not in part, at any time prior to October 12, 2023, at a redemption price equal to 102.6% of the principal amount of the Notes redeemed plus a premium as set forth in the Offering Memorandum plus accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event (as defined herein), 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 (but not including) the date of repurchase.

For a more detailed description of the Notes, see the section entitled “Description of the New Notes” in the Offering Memorandum.

Investing in the Notes involves risks. See the section entitled “Risk Factors” in this supplemental offering memorandum and the Offering Memorandum.

The Original Notes are listed and quoted on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and approval in-principle has been received from 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 listing and quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies (if any), the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees have not been and will not be registered under the United States 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 and applicable state securities laws. The New Notes are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” in the Offering Memorandum.

Fitch Ratings Ltd. (“Fitch”) has assigned a corporate rating of “B-” to the Company with a stable outlook. The Original Notes are rated “B-” by Fitch and we do not expect the rating to change as a result of the issuance of the New Notes. This rating does not constitute a recommendation to buy, sell or hold the New Notes and may be subject to suspension, reduction or withdrawal at any time by Fitch.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委 關於推進企業發行外債備案登記制管理改革的通知) (the “NDRC Notice”) promulgated by National Development and Reform Commission (the “NDRC”) of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated July 8, 2021 evidencing such registration. Pursuant to the registration certificate, we will cause relevant information relating to the issue of the New Notes to be reported to the NDRC within ten working days after the issue date of the New Notes. We have reported the relevant information relating to the issue of the Original Notes to the NDRC within ten working days after the issue date of the Original Notes.

It is expected that the delivery of the New Notes will be made on or about December 15, 2021 through the book-entry facilities of the Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”), against payment therefor in immediately available funds.

The date of this supplemental offering memorandum is December 13, 2021

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You should rely only on the information contained in this supplemental offering memorandum and the accompanying Offering Memorandum. The accompanying Offering Memorandum contains important information with respect to an investment in the New Notes. This supplemental offering memorandum is not complete without the accompanying Offering Memorandum. Terms not defined in this supplemental offering memorandum have the meanings assigned to them in the accompanying Offering Memorandum. To the extent any information in this supplemental offering memorandum (including any information incorporated by reference in it) is inconsistent with the accompanying Offering Memorandum, you should rely on this supplemental offering memorandum, including information incorporated by reference.

This supplemental offering memorandum and the accompanying Offering Memorandum do 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 supplemental offering memorandum and the accompanying Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this supplemental offering memorandum and the accompanying Offering Memorandum or that the information contained in this supplemental offering memorandum and the accompanying Offering Memorandum is correct as of any time after that date.

This supplemental offering memorandum and the accompanying Offering Memorandum are not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129.

The communication of this supplemental offering memorandum and the Offering Memorandum and any other document or materials relating to the issue of the New Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as

“Relevant Persons”). In the United Kingdom, the New Notes offered hereby are only available to, and any investment or investment activity to which this supplemental offering memorandum and the Offering Memorandum relate 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 supplemental offering memorandum and the Offering Memorandum or any of its contents.

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

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

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

No representation or warranty, express or implied, is made by Citicorp International Limited (the “Trustee”), Citibank, N.A., London Branch (the “Paying and Transfer Agent” and the “Registrar”) 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 supplemental offering memorandum and accompanying Offering Memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future.

Each person receiving this supplemental offering memorandum and the accompanying Offering Memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (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 issue and offering of the New Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The New Notes are not intended to be

offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“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 2002/92/EC (the “Insurance Mediation Directive”), as amended, 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.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 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) of the classification of 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 are not making an offer to sell the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this supplemental offering memorandum and the accompanying Offering Memorandum and the offering of the securities, including the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this supplemental offering memorandum and the accompanying Offering Memorandum come are required by us to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this supplemental offering memorandum and the accompanying Offering Memorandum, see the sections entitled “Plan of Distribution” in the accompanying Offering Memorandum.

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

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

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the New Notes” in the accompanying Offering Memorandum.

Issuer	Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Company”).
New Notes to be issued.....	US\$26,400,000 aggregate principal amount of 13.85% Senior Notes due 2023 (the “New Notes”), to be consolidated and form a single class with the US\$277,220,000 13.85% Senior Notes due 2023 issued by the Company on October 12, 2021 (the “Original Notes” and, together with the New Notes, the “Notes”). The terms for the New Notes are the same as those for the Original Notes in all respects except for the issue date and issue price.
Issue Price.....	100.143% of the principal amount of the New Notes, plus accrued interest from (and including) October 12, 2021 to (but excluding) December 15, 2021.
Issue Date of New Notes	December 15, 2021.
Maturity Date.....	October 12, 2023.
Interest.....	The New Notes will bear interest from and including October 12, 2021 at the rate of 13.85% per annum, payable semi-annually in arrears.
Interest Payment Dates	April 12 and October 12 of each year, commencing on April 12, 2022.
Use of Proceeds.....	We intend to use the net proceeds from this offering to refinance existing medium to longer term offshore debts which will become due within one year and for general corporate purposes.
Transfer Restrictions	The New Notes will not be registered under the U.S. Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions” in the accompanying Offering Memorandum.
Form, Denomination and Registration	The New Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of a common depository for Euroclear and Clearstream.
Delivery of the Notes	The Company expects to make delivery of the New Notes, against payment in same-day funds on or about December 15, 2021 which the Company expects will be the third business day following the date of this supplemental offering memorandum referred to as “T+3.” You should note that initial trading of the New Notes may be affected by the T+3 settlement.

Listing Approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.

Ratings The Original Notes are rated “B-” by Fitch and we do not expect the rating to change as a result of the issuance of the New Notes. We cannot assure investors that these rating will not be adversely revised or withdrawn either before or after delivery of the New Notes.

Security Codes	ISIN	Common Code
	XS2386427525	238642752

For all other terms, please refer to the section entitled “The Offering” in the accompanying Offer Memorandum.

RECENT DEVELOPMENT

Repurchases of the Existing Notes

On December 1, 2021, we repurchased the 14% senior notes due 2021 in an aggregate principal amount of US\$11,000,000. As of the date of this supplemental offering memorandum, an aggregate principal amount of US\$46,780,000 of such notes remains outstanding.

RISK FACTORS

We are dependent on economic growth, especially growth in domestic consumption, in China and particularly in the cities where we have significant operations.

We are currently participating in the development and operation of urban renewal, residential and commercial projects in the Greater Bay Area as well as other regions, especially provincial capitals, in China. Our success depends on economic growth, the development of a consumption-driven economy, particularly the growth in domestic consumption in China and in the cities where we develop and operate our urban renewal, residential and commercial projects.

The PRC government has been encouraging the development of an economy driven primarily by domestic consumption rather than exports. China has traditionally had lower levels of per capita consumption and higher savings rates than other developing economies in the world. The success of this strategy is therefore closely linked to the shift of people's spending and saving behavior in China. In addition, unlike the more developed regions of China such as first-tier cities and provincial capital cities, most of the cities where we operate have remained relatively under-developed over the years. They have not substantially benefited from the urbanization process that has taken place in first-tier and most of the provincial capital cities, which has increased domestic consumption levels in those areas. Second- and third-tier cities have only recently become a focal point in the development plans of the PRC government as part of the national policy to increase domestic consumption and reduce reliance on exports.

However, urbanization process may not proceed at the current level, or the domestic consumption may not grow as expected in regions where we operate our business. These significantly affect the demand for urban renewal, residential and commercial projects in regions where we operate our business. Any economic downturn in China, particularly in the cities where we operate, or any failure by the PRC government to increase domestic consumption levels and develop a consumption-driven economy from an export-reliant economy, could materially and adversely affect the demand for our services and products. Such decrease could negatively affect our sales volume and price, which in turn could negatively impact our revenues and profits.

Any such negative development could have a material and adverse effect on our revenue and gross and net profits. In addition, the development of urban renewal, residential and commercial projects are capital intensive and significantly reliant on cash flows provided through payments made from our customers for our products. Any services and products could materially and adversely affect our operating cash flow and liquidity. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, 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 recent defaults make it difficult for Chinese property developers, management companies and potential property purchasers to obtain onshore and offshore financing, and result in very low market confidence in and very low demand for China real estate and increased market volatility. There is no guarantee that such situation will improve, and the property market may not continue to grow and may even experience significant contraction. There may be more developers who are unable to pay their debt when due and default on their indebtedness and we cannot assure you that we will be able to refinance our existing indebtedness and/or pay our debts when due. Any adverse development in the condition of the property market in the PRC, or in other places where we conduct our operations, could have a material adverse effect on our business, financial condition and results of operation.

We may not be able to obtain additional financing.

Our business operations are highly capital intensive and require a significant amount of liquidity. To that end, we maintained a substantial level of borrowings to finance our operations, and expect to incur additional indebtedness in the future to fund our business growth. 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, recent news articles have begun to emerge which report 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. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash

and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. In the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and our ability to obtain additional financing may be materially adversely affected. 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 prohibited from increasing the aggregate size of interest-bearing liabilities, we may need to slow down our land acquisition activities to ensure 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.

In addition, recent negative news relating to certain Chinese property companies has also had a significant effect on the property sector in China. Such recent defaults have an adverse impact on property sales in China and the ability of Chinese property companies to obtain onshore and offshore financing and/or refinance its existing indebtedness, including us, and we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

Adverse changes in China's economic, political, and social conditions, as well as governmental policies could have a material adverse effect on China's overall economic growth, which in turn, could materially and adversely affect our business, financial condition and results of operations.

Substantially all of our assets are located in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, to a significant degree, our results of operations, financial position and prospects are subject to the economic, political and legal developments of the PRC.

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

Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, financial condition, results of operations and prospects may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

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.

China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US\$550 billion worth of Chinese products. In retaliation, the PRC government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs

in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the “Phase I Agreement”). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China’s economy and the real estate industry remains uncertain.

In addition, demand for and sales of our properties and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in political or social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations including, for instance, the potential requirement of deleveraging;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

USE OF PROCEEDS

We plan to use the net proceeds from this offering to refinance existing medium to longer term offshore debts which will become due within one year and for general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our indebtedness and capitalization as of June 30, 2021 on an actual basis and on an adjusted basis after giving effect to the gross proceeds from the issuance of the New Notes in this offering before deducting the other estimated expenses relating to this offering payable by us, as well as the gross proceeds from the issuance of the Original Notes before deducting the underwriting discounts and commissions and other estimated expenses payable by us in connection therewith. The following table should be read in conjunction with our consolidated financial information and related notes included in the accompanying Offering Memorandum.

	As of June 30, 2021			
	Actual		As Adjusted	
	<i>(RMB '000)</i>	<i>(US\$ '000)</i>	<i>(RMB '000)</i>	<i>(US\$ '000)</i>
Cash and cash equivalent.....	2,661,155	412,160	3,103,940	480,739
Current borrowings				
Bank loans and other borrowings	453,138	70,182	453,138	70,182
Senior notes ⁽¹⁾	2,367,847	366,733	2,367,847	366,733
Total short-term borrowings	2,820,985	436,915	2,820,985	436,915
Non-current borrowings				
Bank loans and other borrowings	1,900,946	294,419	1,900,946	294,419
Interest-bearing loan from a non-controlling interest.....	784,854	121,558	784,854	121,558
Original Notes ⁽²⁾	—	—	267,949	41,500
New Notes offered hereby	—	—	174,836	27,079
Total non-current borrowings	2,685,800	415,977	3,128,585	484,556
Total borrowings	5,506,785	852,892	5,949,570	921,471
Total equity	6,271,542	971,338	6,271,542	971,338
Total capitalization ⁽³⁾	8,957,342	1,387,315	9,400,127	1,445,894

Notes:

- (1) Except as disclosed above, the table has not reflected the impact of the repurchases of our 14% senior notes due 2021. On December 1, 2021, we repurchased the 14% senior notes due 2021 in an aggregate principal amount of US\$11,000,000.
- (2) The Originals Notes do not include US\$235,720,000 Notes issued pursuant to the exchange offer completed on October 12, 2021.
- (3) Total capitalization represents the sum of the total long-term borrowings and total equity.

Except as otherwise disclosed in this supplemental offering memorandum, there has been no material adverse change in our indebtedness or capitalization since June 30, 2021.

DESCRIPTION OF THE NEW NOTES

The following provisions should be read in conjunction with the section entitled “Description of the New Notes” in the accompanying Offering Memorandum.

The Company will issue the New Notes as Additional Notes under the Indenture.

The Company is issuing US\$26,400,000 aggregate principal amount of New Notes in this offering. The New Notes constitute Additional Notes under the Indenture and are identical in all respects to the Original Notes, other than with respect to the issue date and issue price, and will be consolidated and form a single class with the Original Notes. Upon completion of this offering, the aggregate principal amount of outstanding New Notes and Original Notes will be US\$303,620,000. Interest on the New Notes will accrue from October 12, 2021. All references to the Notes in the accompanying Offering Memorandum include the New Notes and the Original Notes, except as otherwise stated.

The New Notes issued will have the same ISIN and Common Code as those that are assigned to the Original Notes previously sold to investors. The New Notes will be subject to restrictions on transfer as set forth in a legend appearing thereon as described in the section entitled “Transfer Restrictions” in the accompanying Offering Memorandum.

Unless otherwise defined below, you can find the definitions of terms used in this section under “Description of the New Notes — Definitions” in the accompanying Offering Memorandum.

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, the Subsidiary Guarantees and the JV Guarantees. The issue of the New Notes have been authorized by our board of directors.

LITIGATION

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 to the Company or the Group or in the context of this issue of the New Notes, the Subsidiary Guarantees or the JV Guarantees.

NO MATERIAL ADVERSE CHANGE

Except as otherwise disclosed in this supplemental offering memorandum and the Offering Memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since June 30, 2021 that is material in the context of the issue of the New Notes.

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 Securities is set forth below:

The New Notes.....	ISIN	Common Code
	XS2386427525	238642752

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

LISTING OF THE NEW NOTES

Approval in-principle has been received from 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, 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 Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any other subsidiary or associated company of the Company, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for individual definitive Notes, we will appoint and maintain a paying agent in Singapore where the individual definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for individual definitive Notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Notes, including details of the paying agent in Singapore.

IMPORTANT NOTICE NOT FOR DISTRIBUTION IN THE UNITED STATES

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

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

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

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

The target market for the Securities by the managers who are distributors is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate.

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

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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, 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.

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 by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the 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 offering 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 United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Securities offered hereby are only available to, and any investment or investment activity to which the attached offering memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached offering memorandum or any of its contents. This document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Potomac Capital Limited and Zhongtai International Securities Limited (the "Initial Purchasers"), or any person who controls it or any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from any of us.

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

US\$41,500,000

YOUNGO 粵港灣**GUANGDONG – HONG KONG GREATER BAY AREA
HOLDINGS LIMITED****粵港灣控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock code: 1396)****13.85% Senior Notes due 2023****Issue Price: 100%**

Our 13.85% Senior Notes due 2023 (the “New Notes”) will bear interest from October 12, 2021 at 13.85% per annum payable semi-annually in arrears on April 12 and October 12 of each year, beginning April 12, 2022. The New Notes will mature on October 12, 2023 at 102.6% of its outstanding principal amount.

The New Notes are senior obligations of Guangdong – Hong Kong Greater Bay Area Holdings Limited (previously known as Hydo International Holding Limited, the “Company”), guaranteed by certain of our existing subsidiaries (the “Subsidiary Guarantors”), other than (1) those organized under the laws of the People’s Republic of China and (2) certain other subsidiaries specified in “Description of the New Notes”. We refer to the guarantees by the Subsidiary Guarantors as the “Subsidiary Guarantees”. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (the “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

At any time and from time to time prior to October 12, 2023, we may redeem up to 35% of the aggregate principal amount of the New Notes with the net cash proceeds of one or more sales of common stock of the Company at a redemption price of 113.85% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, we may redeem the New Notes, in whole but not in part, at any time prior to October 12, 2023, at a redemption price equal to 102.6% of the principal amount of the New Notes redeemed plus a premium as set forth in this offering memorandum plus accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event (as defined herein), we must make an offer to repurchase all New Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

The New Notes will (1) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes, (2) be at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), (3) guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (4) be effectively subordinated to secured obligations (if any, other than Permitted *Pari Passu* Secured Indebtedness) 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 (5) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (defined below). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See “Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”.

For a more detailed description of the New Notes, see “Description of the New Notes” beginning on page 165. Investing in the New Notes involves risks. See “Risk Factors” beginning on page 18.

We are concurrently conducting an exchange offer for our outstanding 14% senior notes due 2021 (the “Existing Notes”) (the “Concurrent Exchange Offer”). Pursuant to the Concurrent Exchange Offer, we expect to issue additional New Notes (the “Exchange Notes”). Any Exchange Notes issued will have the same terms as and form a single class with the New Notes issued in this offering. The total principal amount of the New Notes to be issued pursuant to the Concurrent Exchange Offer and this offering is US\$277,220,000.

Approval in-principle has been received from 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 listing and quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies (if any), the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees have not been and will not be registered under the United States 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 and applicable state securities laws. The New Notes are being offered and sold by the Initial Purchasers (as defined herein) only outside the United States in offshore transactions in accordance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions”.

Fitch Ratings Ltd. (“Fitch”) has assigned a corporate rating of “B-” to the Company with a stable outlook. The New Notes are expected to be rated “B-” by Fitch. This rating does not constitute a recommendation to buy, sell or hold the New Notes and may be subject to suspension, reduction or withdrawal at any time by Fitch.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debts by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) promulgated by National Development and Reform Commission (the “NDRC”) of the PRC on September 14, 2015 which came into effect on the same day, we have registered the proposed issuance of the New Notes with the NDRC and obtained a certificate from the NDRC dated July 8, 2021 evidencing such registration and we will cause relevant information relating to the issue of the New Notes to be reported to the NDRC within 10 working days after the issue date of the New Notes.

It is expected that the delivery of the New Notes will be made through the facilities of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) on or about October 12, 2021 against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Haitong International**Guotai Junan International****Potomac Capital Limited***Joint Bookrunner and Joint Lead Manager***Zhongtai International**

The date of this offering memorandum is October 8, 2021

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

This offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (the “EU Prospectus Regulation”). This offering memorandum has been prepared on the basis that all offers of the securities made to persons in the European Economic Area (“EEA”) and the United Kingdom (“UK”) will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the securities.

The communication of this offering memorandum and any other document or materials relating to the issue of the New Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly,

such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the New Notes offered hereby only available to, and any investment or investment activity to which this offering memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Prohibition of Sales to EEA Retail Investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“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 2002/92/EC (the “Insurance Mediation Directive”), as amended, 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.

Prohibition of Sales to UK Retail Investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 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) of the classification of 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).

IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NEW NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NEW NOTES. AS A RESULT, THE PRICE OF THE NEW NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF STABILIZATION MANAGERS, AND NOT FOR US OR ON OUR BEHALF.

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

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

No representation or warranty, express or implied, is made or given by Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Potomac Capital Limited and Zhongtai International Securities Limited (the “Initial Purchasers”), Citicorp International Limited (the “Trustee”), Citibank, N.A., London Branch (the “Paying and Transfer Agent” and the “Registrar”, and together with the Paying and Transfer Agent, the “Agents”), or any person who controls any of them, or any of their respective directors, officers, employees, agents, affiliates or advisers as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers have not independently verified any of the information contained in this offering memorandum or can give any assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, the Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents,

affiliates or advisers do not accept any responsibility for the contents of this offering memorandum or for any statement made or purported to be made by the Initial Purchasers or on their behalf in connection with the Company, the Subsidiary Guarantors or the issue and offering of the New Notes. The Initial Purchasers, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this offering memorandum or any such statement.

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

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

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

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. Neither we nor the Initial

Purchasers, the Trustee, the Agents, any person who controls any of them, nor any of their respective directors, officers, employees, affiliates, advisers, agents or representatives are making any representation to you regarding the legality of an investment in the New Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own professional advisers for legal, business, tax and other advice regarding an investment in the New Notes.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

In this offering memorandum, the term “Company” refers to Guangdong – Hong Kong Greater Bay Area Holdings Limited, the term “Group” refers to Guangdong – Hong Kong Greater Bay Area Holdings Limited and its subsidiaries, and the terms “we,” “us,” “our,” and words of similar import refer to Guangdong – Hong Kong Greater Bay Area Holdings Limited, or Guangdong – Hong Kong Greater Bay Area Holdings Limited and its subsidiaries, as the context requires. The term “Board” refers to the board of directors of the Company. The term “Former Controlling Shareholders” refers to, collectively, Mr. Wong Choi Hing, Mr. Wang Dewen, Mr. Wang Jianli, Mr. Wang Quanguang, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheung Tak, Most Trend Holdings Limited and Eminent Ascend Limited. The term “Controlling Shareholder” refers to, collectively, Mr. Zeng Sheng, Mr. Cai Hongwen, Junsheng Holdings Limited (“Junsheng Holdings”), Ruixinhaide Holdings Limited, Guang Yitong Technology Limited (“Guang Yitong”), Hakka Park International Group Co Ltd., and China Guangdong – Hong Kong Greater Bay Area Holdings Limited. The term “Wang Family Group” refers to Mr. Wong Choihing and his siblings and their families who commenced the development and operation of trade center projects in China in 1995.

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

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

In addition, in this offering memorandum, unless the context otherwise requires, the following terms shall have the meanings set out below:

- “CBRC” means China Banking Regulatory Commission;
- “CG-HKGBAHL” means China Guangdong – Hong Kong Greater Bay Area Holdings Limited;
- “Hakka Park” means Hakka Park International Group Co Ltd.;
- “PBOC” means the People’s Bank of China, the central bank of the PRC; and “SEHK” means The Stock Exchange of Hong Kong Limited;

- “RXHD Holdings” means Ruixinhaide Holdings Limited; and
- “Listing Rules” means the Rules Governing the Listing of Securities on SEHK (as amended or supplemented from time to time).

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

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

PRESENTATION OF FINANCIAL INFORMATION

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

We prepare and publish our consolidated financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.4566 to US\$1.00, and HK\$7.7658 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi and Hong Kong dollars respectively as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2021. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi or Hong Kong 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”.

INDUSTRY AND MARKET DATA

This offering memorandum includes market share and industry data and forecasts that we have obtained from both public and private sources, including industry publications and surveys, reports of governmental agencies and internal company surveys. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While reasonable actions have been taken by us to ensure that the information is extracted accurately and in its proper context, it has not been independently verified by us or the Initial Purchasers or our or the Initial Purchasers’ respective directors and advisors, and neither we, the Initial Purchasers nor our or the Initial Purchasers’ 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.

ENFORCEMENT OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability, and each Subsidiary Guarantor 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 and 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.

Significantly, all of our assets and all of the assets of the Subsidiary Guarantors are located outside the United States. In addition, all of our directors and officers and all of the directors and officers of the Subsidiary Guarantors are 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 or such directors and officers or to enforce against us, any of the Subsidiary Guarantors or such directors and officers judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

We have been advised by our Cayman Islands legal advisor, Maples and Calder (Hong Kong) LLP, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

We have been advised by our British Virgin Islands legal advisor, Maples and Calder (Hong Kong) LLP, that any final and conclusive monetary judgment obtained against us in the courts of State of New York (the "Foreign Court"), 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 judgment of the Foreign Court: (i) the Foreign Court issuing the judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (ii) the judgment given by the Foreign Court was not in respect of penalties, taxes,

finances or similar fiscal or revenue obligations of the Company; (iii) 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; (iv) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy; and (v) 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 seeking summary or default judgment on the strength of the foreign judgment, provided that the foreign judgment is for debt or a definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

- (a) was obtained by fraud;
- (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);
- (c) is contrary to public policy or natural justice;
- (d) is based on foreign penal, revenue or other public law; or
- (e) falls within Section 3(1) of the Foreign Judgment (Restriction on Recognition and Enforcement) Ordinance.

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

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain technical terms used in this offering memorandum in connection with the Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

“accommodation value”	accommodation value based on saleable GFA during a specified period is calculated by dividing (i) the total acquisition cost of the land with respect to which the land-use rights were acquired during such period by (ii) the total planned saleable GFA of properties planned for such land
“construction work commencement permit”	construction work commencement permit issued by local construction committees or equivalent authorities in China
“construction work planning permit”	construction work planning permit issued by local urban zoning and planning bureaus or equivalent authorities in China
“GFA”	gross floor area
“land grant contract”	state-owned land-use rights grant contract between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus
“land-use rights certificate”	the state-owned land-use rights certificate issued by local regulatory authorities administering land resource matters
“large-scale trade centers”	trade centers with an aggregate GFA of more than 400,000 sq.m.
“LAT”	land appreciation tax
“saleable GFA”	GFA of properties that are saleable pursuant to PRC laws and regulations
“sq.m.”	square meter
“trade centers”	commercial projects with wholesale trading market as the primary type of constituent building; such projects may include certain other forms of constituent buildings, such as shopping malls, exhibition and conference centers, hotels, office buildings, residential properties, warehouses and other commercial and logistics properties. As used in this offering memorandum, trade centers consist of (i) completed properties which have not been fully sold and delivered, (ii) properties under development and (iii) properties held for future development

SUMMARY

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

Our Business

Historically we focused our business on the development and operation of large-scale trade centers in high growth second- and third-tier cities in China. In 2019, guided by the development strategies of the Greater Bay Area, we carried out a major restructuring by bringing in new strategic shareholders with strong financial resources, diverse industrial resources and rich operational experience to assist us with our development and industrial upgrade. In 2020, we repositioned ourselves from a developer and operator of large-scale trade centers in China to a new ecological industrial city service provider based on our corporate gene of “driving urban prosperity with industrial development”.

As part of our repositioning and industrial upgrade, we created the new “YOUNGO” brand under which we expand into various business sectors, such as urban renewal, luxurious housing and commodity trading, while continuing to develop our trade center business under our original “HYDOO” brand.

After the strategy upgrade, we become a new ecological industrial city service provider with a primary focus on the Greater Bay Area and simultaneously seeking opportunities to develop residential and commercial projects in other regions, especially provincial capitals, in China. As of June 30, 2021, we had a total land bank of approximately 13.7 million sq.m., 48% of which was for residential usage, comparing to 16% as of June 30, 2020, and we were operating and following up with 11 projects in the Greater Bay Area and areas adjacent to it with an estimated saleable area of approximately 2.5 million sq.m. Among these 11 projects in the Greater Bay Area, seven were urban renewal projects.

We closely follow the urban renewal policies and city development plans in the Greater Bay Area, and expect to achieve a full coverage of urban renewal of old towns, old villages and old factories. Recently, various favorable policies for urban renewal development were launched in cities of the Greater Bay Area, which are of significant importance for the development of our urban renewal projects in the Greater Bay Area. As of June 30 2021, we were operating and following up with seven urban renewal projects in the Greater Bay Area with a total estimated saleable area and saleable amount of approximately 1.1 million sq.m. and RMB30.0 billion, respectively. Among the seven urban renewal projects, five of those projects have been successfully converted into land bank, with a total estimated saleable area and saleable amount of approximately 0.35 million sq.m. and RMB14.0 billion, respectively. The aforesaid five urban renewal projects are expected to generate sales in the fourth quarter of 2021. The other two urban renewal projects are locked in with a total estimated saleable area and saleable amount of approximately 0.75 million sq.m. and RMB16.0 billion, respectively.

Regarding our trade center business, we proactively revitalize the assets and accelerate the turnover through various ways, including (i) changing the land usage from commercial to residential; (ii) changing the product type from trade centers to service apartments and commercial villas with residential function; (iii) co-developing with other strategic partners; and (iv) customizing products to certain customers. As of June 30, 2021, we had obtained the approval to change the land usage for our project in Lanzhou from commercial to residential for 700,000 sq.m. of land parcels, which accounted for approximately 90% of the total undeveloped land in our project in Lanzhou. We were also planning to sell all of our remaining properties with approximately 130,000 sq.m. of GFA in our project in Nanxiang.

Our business operations have experienced significant growth from 2018 to 2020. In 2018, 2019, 2020 and the six months ended June 30, 2021, our revenue amounted to RMB2,842.2 million, RMB1,583.3 million, RMB3,737.2 million and RMB2,604.3 million, respectively. We continued to optimize our product portfolio to increase the portion of residential products, and among our total revenue in the first half of 2021, revenue from residential properties accounted for approximately 77%, a significant increase comparing to 2% in the first half of 2020. In recognition of our achievements and reputation, we were ranked 19th among the Top 50 Real Estate Enterprises in the Greater Bay Area in 2020 (2020粵港澳大灣區房地產50強企業) by China Index Academy and the China Real Estate Index system and were named one of the 2021 China Star Real Estate Developers (2021中國房地產百強之星) by the China Real Estate TOP10 Research, the 2021 China Excellent Industrial Park Operators (2021中國產業園區運營優秀企業) by the China Real Estate TOP10 Research, the 2021 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by Investment Value (2021中國大陸在港上市房地產公司投資價值TOP 10) by the China Real Estate TOP10 Research and the 2021 China TOP 10 Corporations of the Industrial New Town in Comprehensive Strength (2021中國產業新城運營商綜合實力TOP 10) by China Index Academy.

Competitive Strengths

We believe that our success and our ability to capitalize on future growth opportunities are attributable to our competitive strengths listed below. We believe these strengths distinguish us from our peers and competitors and enable us to effectively maintain our position and growth in the PRC trade center industry.

- Focus on development of residential properties in the Greater Bay Area;
- Fast-growing urban renewal business;
- Strong financial condition with healthy cash flow; and
- Experienced directors and management team.

Business Strategies

Guided by the development strategies of the Greater Bay Area, we repositioned ourselves from a developer and operator of large-scale trade centers in China to a new ecological industrial city service provider with a focus on the Greater Bay Area. On one hand, we primarily

focus on urban renewal projects and boutique residential projects located in the Greater Bay Area and other regions, especially provincial capitals, in China under our newly created “YOUNGO” brand; on the other hand, we continue to operate and revitalize the large-scale trade centers in high-growth second- and third-tier cities in China under our “HYDOO” brand. To facilitate our dual-track operation, we plan to implement the following strategies:

- Continue our expansion in the Greater Bay Area, particularly Shenzhen and Dongguan;
- Continue to optimize our project portfolio by increasing the number of residential projects;
- Enhance our cost control measures and improve operational efficiency;
- Revitalize and accelerate cash collection for old trade center projects under our management; and
- Exploring diverse offshore financing channels to lower our financing costs.

Concurrent Transaction

We are conducting a Concurrent Exchange Offer pursuant to an exchange offer memorandum dated September 23, 2021. Pursuant to the Concurrent Exchange Offer, we expect to issue the Exchange Notes. Any Exchange Notes issued will have the same terms as and form a single class with the New Notes to be issued in this offering. The total principal amount of the New Notes to be issued pursuant to the Concurrent Exchange Offer and this offering is US\$277,220,000.

General Information

We were incorporated as an exempted company under the laws of the Cayman Islands on October 19, 2010. On October 31, 2013, we listed our ordinary shares on the Main Board of the SEHK. Our principal place of business in Hong Kong is located at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong, and our telephone number is (852) 2885 9877. Our website address is www.youngogroup.com. Information contained on our website does not form part of this offering memorandum.

THE OFFERING

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

Issuer	Guangdong – Hong Kong Greater Bay Area Holdings Limited.
Notes Offered	US\$41,500,000 aggregate principal amount of 13.85% senior notes due 2023 (the “New Notes”).
Issue Price	100% of the principal amount of the New Notes.
Maturity Date	October 12, 2023 at 102.6% of its outstanding principal amount.
Interest	The New Notes will bear interest from and including October 12, 2021 at the rate of 13.85% per annum, payable semiannually in arrears.
Interest Payment Dates	April 12 and October 12 of each year, commencing April 12, 2022.
Ranking of the Notes	The New Notes are: <ul style="list-style-type: none">• general obligations of the Company;• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes;• at least <i>pari passu</i> in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);• guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “Description of the New Notes – The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;

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

Subsidiary Guarantees and
JV Subsidiary Guarantees

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

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. See “Description of the New Notes – The Subsidiary Guarantees and the JV Subsidiary Guarantees – 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 all of the Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. The initial Subsidiary Guarantors are holding companies that do not have significant operations. None of the Company’s other Restricted Subsidiaries organized outside of the PRC (the “Initial Other Non-Guarantor Subsidiaries”) and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the “PRC Non-Guarantor Subsidiaries,” and together with the Initial Other Non-Guarantor Subsidiaries, the “Initial Non-Guarantor Subsidiaries”) will be a Subsidiary Guarantor on the Original Issue Date.

No future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), promptly upon such future Restricted Subsidiary becoming a Restricted Subsidiary or ceases to be an Exempted Subsidiary or 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 not provide a Subsidiary Guarantee or JV Subsidiary Guarantee (each a “New Non-Guarantor Subsidiary”, together with the Initial Other Non-Guarantor Subsidiaries, the “Other Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or Listed Subsidiary, *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Other Non-Guarantor Subsidiaries (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets.

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

Ranking of Subsidiary
Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries of such Subsidiary Guarantors.

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, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and Shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).

Use of Proceeds

We estimate that the gross proceeds from this offering, before deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US\$41.5 million. We intend to use the net proceeds primarily for refinancing the Existing Notes and other existing medium to long term offshore debts which will become due within one year.

Optional Redemption At any time prior to October 12, 2023, the Company may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 102.6% of the principal amount of the New Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to October 12, 2023, the Company may redeem up to 35% of the principal amount of the New Notes with the Net Cash Proceeds of one or more sales of its Common Stock in an Equity Offering at a redemption price of 113.85% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the New Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

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

Additional Amounts All payments of principal of, and premium (if any) and interest on the New Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by any jurisdiction in which the Company, a Surviving Person (as defined under “Description of the New Notes – Additional Amounts – Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Jurisdiction”), or the 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. Subject to certain exceptions, 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 New Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required.

<p>Redemption for Taxation Reasons</p>	<p>Subject to certain exceptions and as more fully described herein, the New Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying and Transfer Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company or a Surviving Person 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".</p>
<p>Covenants</p>	<p>The Indenture will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur additional indebtedness and issue disqualified or preferred stock; • declare dividends on its capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • create liens; • create encumbrance or restriction on the Restricted Subsidiaries' ability to pay dividends, pay indebtedness, transfer assets or make intercompany loans; • issue or sell capital stock of Restricted Subsidiaries; • guarantee additional indebtedness; • enter into sale and leaseback transactions; • sell assets; • enter into transactions with shareholders and affiliates;

- engage in any business other than permitted business; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in “Description of the New Notes – Certain Covenants”.

Transfer Restrictions The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions”.

Form, Denomination and Registration The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by a global note deposited with a common depositary and registered in the name of the common depositary or its nominee. Beneficial interests in the Global New Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.

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

Delivery of the New Notes The Company expects to make delivery of the New Notes, against payment in same-day funds on or about October 12, 2021, which the Company expects will be the second business day following the date of this offering memorandum referred to as “T+2”. You should note that initial trading of the New Notes may be affected by the “T+2” settlement. See “Plan of Distribution”.

Trustee Citicorp International Limited.

Paying and Transfer Agent and Registrar Citibank, N.A., London Branch.

Listing and Trading Approval in-principle has been received from 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 on the SGX-ST in a minimum board lot size of US\$200,000.

Ratings Fitch Ratings Ltd. (“Fitch”) has assigned a corporate rating of “B-” to the Company with a stable outlook. The New Notes are expected to be rated “B-” by Fitch. This rating does not constitute a recommendation to buy, sell or hold the New Notes and may be subject to suspension, reduction or withdrawal at any time by Fitch.

Security Codes	ISIN	Common Code
	XS2386427525	238642752

Governing Law Each of the New Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Risk Factors For a discussion of certain factors that should be considered in evaluating an investment in the New Notes, see “Risk Factors.”

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2018, 2019 and 2020 and the summary consolidated statements of financial position as of December 31, 2018, 2019 and 2020 below have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The summary consolidated statements of profit or loss for the six months ended June 30, 2020 and 2021 and the summary consolidated statement of financial position as of June 30, 2021 below have been derived from our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions.

Summary of Consolidated Statements of Profit or Loss and Other Financial Data

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(RMB'000)	(US\$'000)
Revenue	2,842,202	1,583,308	3,737,158	578,812	733,154	2,604,255	403,348
Cost of sales	(1,699,285)	(1,010,428)	(2,450,425)	(379,523)	(373,716)	(2,030,915)	(314,549)
Gross profit	1,142,917	572,880	1,286,733	199,289	359,438	573,340	88,799
Other income	92,360	203,689	47,187	7,308	22,600	70,249	10,880
Selling and distribution expenses	(110,978)	(116,374)	(115,423)	(17,877)	(24,814)	(71,984)	(11,149)
Administrative and other operating expenses	(436,806)	(520,524)	(398,640)	(61,741)	(177,670)	(152,407)	(23,605)
Impairment loss on financial assets measured at amortisation cost	(46,640)	(21,258)	(28,109)	(4,354)	(16,235)	(10,203)	(1,580)
Profit from operations before fair value change on investment properties	640,853	118,413	791,748	122,625	163,319	408,995	63,345
Fair value gain/(loss) on investment properties	100,634	(77,454)	172,315	26,688	204,014	10,497	1,626
Profit from operations after fair value change on investment properties	741,487	40,959	964,063	149,313	367,333	419,492	64,971
Share of loss of an associate	(880)	(1,253)	-	-	-	-	-
Share of profits less losses of joint ventures	(19,904)	(3,507)	(241)	(37)	(244)	319	49
Finance income	35,287	47,781	38,849	6,017	26,850	19,382	3,002
Finance costs	(339,370)	(228,341)	(276,788)	(42,869)	(182,866)	(173,289)	(26,839)
Profit/(loss) before taxation	416,620	(144,361)	725,883	112,424	211,073	265,904	41,183
Income tax	(306,733)	(132,924)	(369,610)	(57,245)	(115,282)	(104,820)	(16,235)
Profit/(loss) for the year/period	109,887	(277,285)	356,273	55,179	95,791	161,084	24,948

Other Financial Data

	As of and for the year ended December 31,				As of and for the six months ended June 30,		
	2018	2019	2020		2020	2021	
	(RMB)	(RMB)	(RMB)	(US\$)	(RMB)	(RMB)	(US\$)
	(in thousands, except margin and ratios)						
Adjusted EBITDA ⁽¹⁾	761,678	116,878	1,032,428	159,903	238,802	491,226	76,081
Adjusted EBITDA margin ⁽²⁾	26.8%	7.4%	27.6%	27.6%	32.6%	18.9%	18.9%

(1) Adjusted EBITDA for any period is calculated as profit/(loss) for the year/period plus income tax, finance costs (including capitalized interest), depreciation and amortization, other operating expenses and share of profits less losses of joint ventures and an associate, but excludes finance income, other income (excluding government grants) and fair value gain/(losses) on investment properties. Adjusted EBITDA is not a standard measure under IFRS.

Adjusted EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, net profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. We have included Adjusted EBITDA herein because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that the Adjusted EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the New Notes. 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.

The following table reconciles our profit before taxation under IFRS to our definition of EBITDA for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
	<i>(RMB'000)</i>				
Profit/(Loss) for the year/period	109,887	(277,285)	356,273	95,791	161,084
Add:					
– Income tax	306,733	132,924	369,610	115,282	104,820
– Finance costs (including capitalized interest)	445,082	367,641	495,647	241,897	298,916
– Depreciation and amortization	29,035	39,879	35,721	17,586	15,698
– Other operating expenses	46,640	21,258	28,109	16,235	10,203
– Share of profits less losses of joint ventures and an associate	20,784	4,760	241	244	(319)
Less:					
– Finance income	35,287	47,781	38,849	26,850	19,382
– Other income (excluding government grants)	60,562	201,972	42,009	17,369	69,297
– Fair value gain/(loss) on investment properties	100,634	(77,454)	172,315	204,014	10,497
Adjusted EBITDA	<u>761,678</u>	<u>116,878</u>	<u>1,032,428</u>	<u>238,802</u>	<u>491,226</u>

(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

Summary of Consolidated Statements of Financial Position

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
ASSETS						
Non-current assets						
Property, plant and equipment	441,210	422,442	397,280	61,531	389,357	60,304
Investment properties	2,623,137	2,584,100	3,144,270	486,985	3,154,470	488,565
Intangible assets	17,634	16,497	16,098	2,493	15,353	2,378
Goodwill	2,252	2,252	2,252	349	2,252	349
Interest in an associate	2,820	–	–	–	–	–
Interest in joint ventures	132,672	134,783	131,583	20,380	132,784	20,566
Other non-current assets	121,003	404,818	337,888	52,332	358,081	55,460
Deferred tax assets	157,568	169,345	215,325	33,350	217,897	33,748
Finance lease receivables	27,394	15,692	8,210	1,272	6,133	950
	<u>3,525,690</u>	<u>3,749,929</u>	<u>4,252,906</u>	<u>658,692</u>	<u>4,276,327</u>	<u>662,320</u>
Current assets						
Inventories and other contract costs	7,484,547	7,383,731	9,369,347	1,451,127	14,125,032	2,187,689
Prepaid tax	53,354	165,086	144,949	22,450	264,187	40,917
Other financial assets	–	11,140	9,000	1,394	1,248	193
Trade and other receivables	1,772,278	1,361,689	2,849,403	441,316	3,080,500	477,109
Pledged and restricted cash	585,583	606,043	568,161	87,997	546,166	84,590
Cash and cash equivalents	1,123,145	1,571,204	1,783,235	276,188	2,661,155	412,160
	<u>11,018,907</u>	<u>11,098,893</u>	<u>14,724,095</u>	<u>2,280,472</u>	<u>20,678,288</u>	<u>3,202,658</u>
Investment properties classified as held for sale	26,463	–	–	–	–	–
TOTAL ASSETS	<u>14,571,060</u>	<u>14,848,822</u>	<u>18,977,001</u>	<u>2,939,164</u>	<u>24,954,615</u>	<u>3,864,978</u>
EQUITY						
Capital and reserves						
Share capital	31,825	31,825	36,598	5,668	36,598	5,668
Reserves	5,207,006	4,900,927	5,555,799	860,484	5,664,196	877,272
Total equity attributable to equity shareholders of the Company	5,238,831	4,932,752	5,592,397	866,152	5,700,794	882,940
Non-controlling interests	40,063	16,255	265,967	41,193	570,748	88,398
TOTAL EQUITY	<u>5,278,894</u>	<u>4,949,007</u>	<u>5,858,364</u>	<u>907,345</u>	<u>6,271,542</u>	<u>971,338</u>

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
LIABILITIES						
Non-current liabilities						
Bank loans and other borrowings ·	779,250	728,221	829,230	128,431	1,900,946	294,419
Lease liabilities ······	–	33,112	29,546	4,576	23,511	3,641
Senior notes ······	1,054,670	1,338,799	–	–	–	–
Deferred income ······	653	–	–	–	–	–
Deferred tax liabilities ······	103,349	108,924	194,636	30,145	297,485	46,075
Other financial liabilities ······	–	70,838	78,333	12,132	869,038	134,597
	<u>1,937,922</u>	<u>2,279,894</u>	<u>1,131,745</u>	<u>175,284</u>	<u>3,090,980</u>	<u>478,732</u>
Current liabilities						
Trade and other payables ······	2,923,528	2,367,860	5,450,950	844,245	5,705,217	883,626
Contract liabilities ······	1,843,463	2,989,327	1,971,295	305,315	4,303,403	666,512
Bank loans and other borrowings ·	487,661	505,462	481,029	74,502	453,138	70,182
Lease liabilities ······	–	8,972	10,562	1,636	14,573	2,257
Senior notes ······	411,311	314,220	1,820,524	281,963	2,367,847	366,733
Corporate bonds ······	261,334	259,700	–	–	–	–
Current tax liabilities ······	803,651	695,220	736,413	114,056	793,077	122,832
Deferred income ······	623,296	479,160	349,119	54,072	286,918	44,438
Amounts due to controlling shareholders ······	–	–	867,000	134,281	1,349,586	209,024
Other current liabilities ······	–	–	300,000	46,464	318,334	49,304
	<u>7,354,244</u>	<u>7,619,921</u>	<u>11,986,892</u>	<u>1,856,534</u>	<u>15,592,093</u>	<u>2,414,908</u>
TOTAL LIABILITIES ······	<u>9,292,166</u>	<u>9,899,815</u>	<u>13,118,637</u>	<u>2,031,818</u>	<u>18,683,073</u>	<u>2,893,640</u>
TOTAL EQUITY AND						
LIABILITIES ······	<u>14,571,060</u>	<u>14,848,822</u>	<u>18,977,001</u>	<u>2,939,163</u>	<u>24,954,615</u>	<u>3,864,978</u>
NET CURRENT ASSETS ······	3,691,126	3,478,972	2,737,203	423,938	5,086,195	787,750
TOTAL ASSETS LESS						
CURRENT LIABILITIES ····	<u>7,216,816</u>	<u>7,228,901</u>	<u>6,990,109</u>	<u>1,082,630</u>	<u>9,362,522</u>	<u>1,450,070</u>

RISK FACTORS

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

Risks Relating to Our Business and Industry

We are dependent on economic growth, especially growth in domestic consumption, in China and particularly in the cities where we have significant operations.

We are currently participating in the development and operation of urban renewal, residential and commercial projects in the Greater Bay Area as well as other regions, especially provincial capitals, in China. Our success depends on economic growth, the development of a consumption-driven economy, particularly the growth in domestic consumption in China and in the cities where we develop and operate our urban renewal, residential and commercial projects.

The PRC government has been encouraging the development of an economy driven primarily by domestic consumption rather than exports. China has traditionally had lower levels of per capita consumption and higher savings rates than other developing economies in the world. The success of this strategy is therefore closely linked to the shift of people's spending and saving behavior in China. In addition, unlike the more developed regions of China such as first-tier cities and provincial capital cities, most of the cities where we operate have remained relatively under-developed over the years. They have not substantially benefited from the urbanization process that has taken place in first-tier and most of the provincial capital cities, which has increased domestic consumption levels in those areas. Second- and third-tier cities have only recently become a focal point in the development plans of the PRC government as part of the national policy to increase domestic consumption and reduce reliance on exports.

However, urbanization process may not proceed at the current level, or the domestic consumption may not grow as expected in regions where we operate our business. These significantly affect the demand for urban renewal, residential and commercial projects in regions where we operate our business. Any economic downturn in China, particularly in the cities where we operate, or any failure by the PRC government to increase domestic consumption levels and develop a consumption-driven economy from an export-reliant economy, could materially and adversely affect the demand for our services and products. Such decrease could negatively affect our sales volume and price, which in turn could negatively impact our revenues and profits.

Any such negative development could have a material and adverse effect on our revenue and gross and net profits. In addition, the development of urban renewal, residential and commercial projects are capital intensive and significantly reliant on cash flows provided

through payments made from our customers for our products. Any services and products could materially and adversely affect our operating cash flow and liquidity. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected.

We had a loss in the year ended December 31, 2019.

In 2018, 2019 and 2020, our revenue was RMB2,842.2 million, RMB1,583.3 million and RMB3,737.2 million (US\$578.8 million), respectively; and our profit for the year was RMB109.9 million and RMB356.3 million (US\$55.2 million), respectively in 2018 and 2020. Our loss for the year was RMB277.3 million (US\$42.9 million) in 2019. The declines in our revenue and profits in 2019 were caused in part by the launch of various regulatory control policies for China's property market, which contracted demand, as well as surplus inventory in the real estate industry and economic pressures on China's economy. In addition, our revenue may have ongoing volatility subject to contracted sales and delivery schedule.

We have taken various measures to adapt to changes in our industry and China's economy and increase our revenue and profits, including more selective expansion into new markets, enhanced cost control, seeking strategic alliances and cooperation agreements with various commercial groups and local chambers of commerce, and pursuit of e-commerce platforms. See "Business – Our Strategies." We cannot guarantee that these strategies will succeed in increasing our revenue and profits or at all. Such failure may have a material adverse effect on our business, financial condition, results of operations and prospects.

We are particularly susceptible to changes in government policies and measures relating to the real estate industry in China.

The PRC national and local governments exert considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other regulatory and economic measures, such as control over the supply of land for property development, foreign exchange, property purchases, mortgage financing, taxation, interest rates and foreign investment. These policies and measures have a significant impact on our business of developing and operating urban renewal projects, as well as our development of residential and commercial properties. For example, through these policies and measures, the PRC national and local governments may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies, income, capital gain or otherwise, on property transactions and restrict foreign investment in the PRC property sector. In recent years, the PRC government launched a new round of real estate control policies based on the principle of "the housing is for accommodation, not for speculation" and "providing guidance by categories, imposing policies by cities", and many cities became subject to various degrees of purchase and lending restrictions in China. The regulations and policies designed to generally control the growth of the property market introduced by the PRC government include, among others:

- strictly enforcing the idle land related laws and regulations;

- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio of less than a certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums; and
- prohibit the use of private equity products to finance property developers, including paying land grand fees, providing working capital loans and down payment facilities.

In particular, the PRC Government also introduced the following policies, among others, to specifically control the growth of the residential property market:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- increasing the minimum amount of down payment of the purchase price of the residential property of a family;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property;
- imposing a 20.0% individual income tax on the gain from the sale of second-hand properties;
- limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by employees and their family members; and
- restrict private equity and asset management plans to make investments into ordinary residential property projects located in certain popular cities such as Beijing, Shanghai, Guangzhou and Shenzhen.

For more information, see “Regulation – Measures on Stabilizing Property Prices.” These policies may, among other things, significantly reduce the growth rate of investment in property development in China.

Our business may also be affected by national policies relating to the development of third-tier cities and selected second-tier cities we have entered or may enter in the future. Various political, economic and social factors may lead to further adjustments and changes of such policies, including any limitation or restriction on property transactions, commercial or residential. National or local governments may adopt additional or more stringent industry policies and measures in the future. If we fail to adapt our operations to new policies and measures that may come into effect from time to time with respect to the commercial real property industry, or if such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

In addition, China's economic growth and condition may also be adversely affected due to recent developments surrounding the trade war with the United States. Starting in 2018, the trade war between China and the United States continues to escalate in recent years. A serious and protracted war will impact trade flows and global economy, including the China economy, and in turn, the purchasing power of our customers, which would have a material and adverse impact on our business, financial condition and results of operation. In addition, any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity.

We may not be able to obtain additional financing.

Our business operations are highly capital intensive and require a significant amount of liquidity. To that end, we maintained a substantial level of borrowings to finance our operations, and expect to incur additional indebtedness in the future to fund our business growth. 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, recent news articles have begun to emerge which report 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. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. In the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and our ability to obtain additional financing may be materially adversely affected. 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 prohibited from increasing the aggregate size of interest-bearing liabilities, we may need to slow down our land acquisition activities to ensure 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.

Our business is highly regulated and is subject to extensive PRC national and local laws and regulations.

Our business of developing and operating trade centers, including wholesale trading markets, shopping malls, commercial and exhibition centers, warehouses, office buildings and other commercial and residential properties, is extensively regulated in China. In order to develop and operate a trade center project, we must obtain various permits, licenses, certificates

and other approvals from the relevant regulatory authorities at various stages of our project development process, including without limitation, land title documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of various conditions as set forth in PRC rules and regulations some of which can be interpreted with a significant degree of governmental discretion. In the past, certain of our subsidiaries engaged in real estate development beyond their approved development scale limitation, and the qualification certificates for real estate development of one of our subsidiaries had expired. We may also be subject to delays in our trade center development projects due to reasons beyond our control. If we are unable to obtain, or experience material delays in obtaining, the requisite governmental approvals, or if any building moratorium is implemented at one or more of our project sites, the development and sale of our projects could be substantially disrupted, which would result in a material adverse effect on our business, financial condition and results of operations. Further, the implementation of laws and regulations by relevant authorities, or the interpretation or enforcement of such laws and regulations, may cause us to incur additional costs or experience delays in our project development process which could have a material adverse effect on our business, financial condition and results of operations.

Our operating results are significantly affected by peaks and troughs in our property delivery schedule and seasonal factors.

We expect our results of operations to continue to fluctuate significantly from period to period in the future. We recognize proceeds from the sales of a property as revenue only upon the delivery of such property. Our revenue and profit during any given period reflects the quantity of properties delivered during that period and are significantly affected by any peaks or troughs in our property delivery schedule.

Our operating results may not be indicative of the actual demand for our properties or the pre-sales or sales achieved during the relevant period. Our revenue and profit during any given period generally reflect decisions made by purchasers at some time in the past, typically during the period when the properties were pre-sold. As a result, our operating results for any period are not necessarily indicative of results that may be expected for any future period and will continue to fluctuate significantly from period to period.

Our ability to complete projects may also be affected by seasonal factors. We generally halt our construction work in some parts of northern China during winter months between November and February, which delays the completion of those property development projects. Since we recognize revenue from the sale of a property only upon the delivery of such property, seasonal variations have caused fluctuations in our semiannual results. As a result, our results of operations have fluctuated in the past where interim results are not indicative of full year results and we are likely to continue to experience such fluctuations in the future.

We may not be able to obtain sites that are suitable for our projects at commercially acceptable prices, or at all.

Land prices have increased significantly in the PRC in recent years, especially in second-and third-tier cities, and may continue to increase in the future. To grow our business in the future, we are required to continue to acquire suitable sites at reasonable cost. We generally seek to maintain a portfolio of land resources sufficient for future development projects for four

to five years. Our ability to identify and acquire suitable sites is subject to a number of factors that are beyond our control. The PRC national and local governments control land supply in the PRC and regulate land sales in the secondary market. As a result, regulatory policies towards land supply affect our ability to acquire land-use rights for sites we identify for development and the costs of any grant or acquisition. The PRC national and local governments may regulate the means by which property developers, including us, obtain land for property developments. In addition, our ability to obtain sites and increase revenue and number of projects, as well as our costs, expenses and profit margins also depend on the availability of favorable regulatory policies and government support and grants in local areas, which we cannot guarantee we will continue to obtain in future periods.

In addition, there may not be land available in attractive locations in our target cities for new development or redevelopment. We may not be able to identify and acquire sufficient and appropriate sites at reasonable prices, or at all, in the future. Any failure to identify and acquire sufficient and appropriate sites for our land reserves would result in uncertainties in our future development schedules, which in turn would have a material adverse effect on our future growth prospects, profitability and profit margins.

We face risks associated with the use of debt to fund developments and working capital, including refinancing risk and foreclosure risk.

We rely on debt financing, including bank and other borrowings secured by buildings, investment properties, properties under development and rental properties to finance our development activities and for general working capital purposes. We are subject to the risks normally associated with debt financing. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity or debt capital, our cash flows may not be sufficient to repay all maturing debt. If prevailing interest rates or other factors at the time of any refinancing result in higher interest rates, increased interest expense would adversely affect our ability to service our debt and our financial condition and results of operations. If we are unable to obtain or refinance our debt, our business, prospects, cash flows, financial condition and results of operations could be adversely affected.

The unavailability of any favorable regulatory treatment, including governmental grants and preferential tax treatments, in future periods for our projects could materially and adversely affect our business, financial condition and results of operations.

We enjoy certain favorable regulatory treatments, including government grants and preferential tax treatments, which are offered by local regulatory authorities of regions where we develop our projects.

In 2018, 2019 and 2020, and the six months ended June 30, 2020 and 2021, we have received government grants of RMB97.0 million, RMB93.3 million, RMB168.7 million (US\$26.1 million), RMB117.1 million and RMB31.8 million (US\$4.9 million), respectively, which have been recognised as deferred income in the consolidated statement of financial position. In the same periods, government grants of RMB160.2 million, RMB237.2 million, RMB294.5 million (US\$45.6 million), RMB155.0 million and RMB94.0 million (US\$14.6

million) were credited to our cost of sales. Government grants have historically contributed significantly to our profitability, reflected in lower cost of sales and resulting in higher gross profit margins yielded by our trade center projects. The amounts of the grants also contributed to the significant fluctuation of our gross profit margins. The grants also enhanced our liquidity position, reflected in the increase in cash balances and cash equivalents and current liabilities after the receipt of grants. We expect to continue to receive government grants in the future with respect to our existing projects.

However, such government grants were offered on a case-by-case basis subject to our negotiation with relevant regulatory authorities. We may not be able to continue to secure opportunities in developing projects that are coupled with satisfactory government grants. In addition, the State Council of the PRC issued rules in November 2014 and May 2015 respectively to gradually eliminate certain preferential treatments, including government grants, provided by local governments and related agencies to companies. We may not be able to receive any government grants for our new projects in the future. Our gross margins may experience more significant fluctuations and we may experience decreases in profitability for our existing or future projects. As a result, our business, prospects, financial condition and results of operations may be adversely affected. In addition, certain of our subsidiaries enjoyed preferential tax rate historically. However, such preferential tax treatment is legally required to be reported and declared to the local tax authority on an annual basis within five months after the year end and the local tax authority needs to review and reaffirm such treatment annually. There is no assurance that such preferential tax treatment will not be amended or revoked due to reasons beyond our control, including any change in the relevant policy, laws and regulations in China or in the local region. As a result, we may not be able to realize the benefit of such preferential tax treatment as we currently expect, or at all. Moreover, once the preferential tax treatment expires or otherwise becomes unavailable to us for any reason, including their termination or cancellation by the relevant government authority, should we fail to obtain other preferential tax treatment, our profitability may be adversely affected.

We develop and operate urban renewal, residential and commercial projects in a limited number of cities in China and are susceptible to changes in the regulatory and economic conditions of those areas.

We develop and operate urban renewal, residential and commercial projects in a limited number of cities in China. We expect that our business will continue to be focused on a few geographical areas in China in the near term, particularly the Greater Bay Area. Any adverse developments in these local regions, including any decrease in the supply of land resources or demand for residential and commercial projects in these areas, would have an adverse effect on our results of operations and financial condition.

We are also subject to the economic conditions of these areas. Any adverse developments in local economic conditions as measured by factors such as employment levels, job growth, consumer confidence, interest rates and population growth may reduce demand and depress prices for our residential and commercial projects and materially and adversely affect our financial condition and results of operations. The overall level of occupancy at our residential and commercial projects as well as the level of demand for our projects may also be significantly affected by the conditions in local markets, and market perceptions.

Our strategy of expanding into the Greater Bay Area and other areas may not succeed.

As part of our growth strategy, we seek opportunities to develop residential and commercial projects in the Greater Bay Area and other areas, especially provincial capitals, in China. Our experience in developing and operating residential and commercial properties in cities where we have operations may not be applicable in other regions. We may not be able to successfully leverage our experience to expand into other parts of China or other countries. When we enter into new markets, we may face intense competition from other property developers with local industry experience or established operations and from other developers with similar expansion targets. We may also face potential regulatory hurdles in such new markets, such as permit, licensing and approval requirements, which we may not be able to meet.

In addition, expansion or acquisition requires a significant amount of capital resources, which may divert our available resources and the attention of our management from other matters. As such, we cannot guarantee that we can successfully replicate our business model in these new cities.

If we are unable to obtain the land-use rights for our additional properties planned for future development, we will not be able to develop these planned projects.

Pursuant to master investment agreements with the local government authorities regarding the development, The municipal governments of various locations in the PRC have identified land which is suitable for our development plans. However, the signing of the master investment agreements does not guarantee that we will obtain the land-use rights of the land identified.

Such land needs to be granted through a public tender, auction and listing for sale process in accordance with PRC laws and regulations. The land administration authorities may not grant us the appropriate land-use rights or issue the land-use rights certificates in a timely manner, or at all. Moreover, we may not be successful in our bidding for the plots of land in the cities where we have additional properties planned for future development or that we will be able to obtain the land at a commercially reasonable price. If we are not successful in our bidding for the plots of land where our properties are planned or fail to obtain land-use rights for all or any portion of such land, we will not be able to develop such properties as planned.

In addition, according to public media reports, on August 21, 2021, the Ministry of Natural Resources and other relevant governmental departments have held a joint meeting to impose conditions on granting state-owned land use rights to property developers, including setting price ceiling and requiring property developers to retain a portion of the property developed. No official announcement was published as of the date of this offering memorandum and our ability to raise capital for business operation and expansion may be adversely affected if the PRC government officially imposes further conditions for land bidding, auction or listing for sale.

We may be unable to complete our projects according to our budget or on schedule, or at all.

Development of real estate projects involves a complex process that lasts for a long period of time and contains many inherent risks that could prevent or delay the development from completion as originally planned. In particular, substantial capital expenditures are required prior

to and during the construction period, and the project may take an extended period of time before generating positive cash flows through pre-sales or sales. In addition to regulatory risks, the development progress and cost and expense of a development project can be adversely affected by many other factors, including:

- changes in market conditions including the credit market;
- ability to obtain adequate financing;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- changes in government rules and regulations and the related practices and policies, including reclamation of land for public works or facilities;
- relocation of existing residents and demolition of existing structures;
- increases in the prices of raw materials;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- timely construction by our construction contractors;
- unforeseen engineering, design, environmental or geographic problems;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes and safety issues;
- construction accidents;
- natural catastrophes or adverse weather conditions; or
- economic downturn and deterioration in consumer sentiment in general.

Construction delays or failures to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors, or any other factors beyond our control, may significantly increase the working capital needed to finance the prolonged development process. Our sales schedule may as a result be materially delayed and we may not be able to adapt to changing market conditions. In addition, we may be subject to liabilities arising from such delays. Any such adverse development could adversely affect our financial condition and results of operations and may also adversely affect our reputation in the industry. There is no guarantee that we will not experience material delays in completing or delivering our projects.

We may not be able to obtain adequate financing on commercially acceptable terms or at all to complete properties under development or properties planned for future development.

Property development is a capital-intensive business. We have historically financed, and expect to continue to finance, our property projects primarily through proceeds from pre-sales and sales, capital contributions from our Shareholders and investors and borrowings from financial institutions. Our ability to procure adequate financing for land acquisition and property development depends on a number of factors beyond our control, including PRC regulatory control over property developers' ability to incur indebtedness onshore or offshore.

In recent years, the PRC government has adopted various measures to regulate, and to strengthen the enforcement of regulations relating to, lending practices in the property industry. For example, commercial banks and trust companies in China are prohibited by the CBRC from extending loans, including entrustment loans, to property projects that have not obtained property land titles or other key development approvals. Trust companies in China are prohibited by the CBRC from extending loans to property developers that have not obtained a Class 2 qualification certificate issued by construction authorities. Commercial banks in China are currently prohibited by the CBRC and the PBOC, from extending loans to property developers to pay land premiums. The CBRC has issued guidelines that generally require at least 30% of the total investment in a property project to be financed by the developer's own capital. In addition, restrictions on extensions of loans have been adopted with respect to property developers and development properties with past non-compliance with property laws and regulations, such as those relating to idle lands, prescribed land-use, construction commencement or completion dates or property hoarding. On June 27, 2018, at a press conference held by the National Development and Reform Commission of the PRC ("NDRC") regarding the Notice Concerning Improvements to Market Restraint Mechanisms and Strict Prevention of Foreign Debt Risk and Local Government Debt Risk (關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) jointly issued by the NDRC and the Ministry of Finance, the NDRC officials expressed that they plan to further regulate and standardize, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprises. In addition, the NDRC may issue further regulations and guidance to optimize the regulation of foreign debt issuance, such as directing the foreign debt to be used primarily for the repayment of maturing debt. We cannot assure you that we will be able to secure adequate financing to fund our land acquisitions (including any unpaid land premium for past acquisitions) to finance our project construction or to renew our existing credit facilities prior to their expiration. Our failure to do so may adversely affect our business, financial condition and results of operations. On July 9, 2019, the NDRC published on its website A Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises (關於對房地產企業發行外債申請備案登記有關要求的通知), which imposes more restrictions on real estate enterprises incurring medium to long term foreign debt. The use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing medium to long term offshore debts of the real estate developer which will become due within one year. The real estate developer is required to specify in documents for application of foreign debt registration with NDRC the details of such medium to long term offshore debts, such as amount, maturity date, and whether such medium to long term offshore debts were registered with NDRC. The real estate developer is also required to submit a commitment letter regarding the authenticity of its foreign debt issuance. Failure to comply with

these restrictions, the real estate developer may be blacklisted and prevented from obtaining foreign debt registrations in the future.

In its most recent adjustment in July 2021, the PBOC adjusted the deposit reserve ratio to 10.5% for large institutions, 8.5% for medium-sized banks and 5.5% for small-sized banks, which became effective from July 15, 2021. If the deposit reserve ratio for commercial banks increases, it may limit the amount of funds that they may lend, and may thereby adversely affect our ability to obtain financing.

These PRC government actions and policy initiatives could further limit our ability and flexibility to use bank loans to finance our property projects. For instance, the PRC government may restrict PRC commercial banks from extending loans to real estate developers in the future and may also tighten alternative financing channels such as trust financing, mortgaging financing and borrowing from asset management companies and wealth management companies. We may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration or that our business, financial condition and results of operations will not be materially and adversely affected as a result of such and other government actions and policy initiatives.

We may not be able to successfully manage our growth.

We have been rapidly expanding our operations in recent years and aim to continue to grow our business and expand our operation scale. As we continue to grow, we intend to continuously improve our managerial, technical and operational platform. For example, we may need to improve our information technology system from time to time, and we will need to hire and train a large number of skilled employees that can manage new project companies we establish with each new project. In order to fund our ongoing operations and our future growth, we also need to have sufficient sources of working capital or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, contractors, service providers, suppliers and lenders. We also intend to further strengthen our internal control and compliance functions in order to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We may experience issues such as capital constraints, operational difficulties at new locations or difficulties in replicating our business model and hiring or training new project company management or additional employees. In addition, our expansion plans may adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations or future prospects.

We had negative net operating cash flows in the past. We may not be able to meet our contractual and capital commitments or obtain sufficient funding for our land acquisitions and future property developments whether through bank loans or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the construction period. Our cash outflow used in operating activities arise principally from cash used in operations and income taxes paid. Our projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and

other borrowings. We expect to continue to fund our projects through pre-sale proceeds and will look for additional financing opportunities.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the six months ended June 30, 2021, we recorded net cash used in operating activities of approximately RMB2,870.8 million (US\$444.6 million). Our net cash used in operating activities was mainly a result of cash used in operations and taxes paid. We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. In particular, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

The regulatory authorities in China may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts.

In the past, certain of our subsidiaries did not complete the development of their parcels of land within the time limit stipulated in the relevant land grant contracts. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land premiums by the stipulated deadline, we may be subject to a late payment penalty at the rate of 0.1% of the unpaid land premium per day. If we fail to fully pay the land premiums within 60 days after the land grant contract becomes effective, the assignor is entitled to terminate the land grant contract and claim for indemnities. Furthermore, in the past, certain of our subsidiaries had not developed their parcels of land for more than two years, which may be treated as idle land and subject to forfeiture. If we fail to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by government actions or by force majeure. Moreover, even if we commence development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

Regulations relating to idle land in China may become more restrictive in the future. If we fail to comply with the terms of land grant contracts due to delays in our project developments, or as a result of factors out of our control, we may not only lose the opportunity to develop the projects on such land, but may also lose all of our past investments in the land, which would materially and adversely affect our business, financial condition and results of operations.

We face competition from other property developers in China for land and customers.

The property industry in China, in particular the property development industry, is highly competitive. We face competition from other developers and operators in China at a national level and in local markets where we develop and operate our residential and commercial properties. See “Business – Competition”. Some of our competitors in China may have a longer history of operations and more financial resources and operational experience.

Competition between property developers is intense and may result in, among other things, increased costs for the acquisition of land for development, a decrease in the rate at which new development properties will be approved or reviewed by the government authorities, and difficulty in obtaining high quality land sites for property development. Furthermore, prospective customers may consider our competitors’ property products to be superior. As a result, we may lose potential customers who may purchase or lease our competitors’ products. We may also have difficulty selling, leasing or renewing the lease of our properties, or be forced to reduce our sale prices or rents or incur additional costs in order to make our properties more attractive than those of our competitors. If we are unable to compete effectively and consistently, our market share and business prospects may decline, which could materially and adversely affect our business, reputation, financial condition and results of operations.

We face risks related to the pre-sale of properties.

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. There is no guarantee that the PRC national or local government will not adopt any limitation, restriction or abolishment of the pre-sale practice in the commercial or residential property industry. Implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditures we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property development, which could have a material and adverse effect on our business, financial condition and results of operations.

In addition, the pre-sale of our properties carries certain risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. These losses may exceed any deposits that may have been made in respect of the pre-sold properties. Furthermore, if a pre-sold property is not delivered on time, the purchaser may be entitled to damages. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the property sale and purchase contract, reclaim the payment and claim damages. Any failure by us to complete fully or partially pre-sold property developments or to deliver pre-sold property on time may materially and adversely affect our business, reputation, financial condition and results of operations.

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

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, we provide guarantees of the mortgage loans used by our customers to purchase our properties to commercial banks in the PRC. According to market practice, PRC banks require that we guarantee these mortgage loans until the property ownership certificates are issued and the mortgage is duly registered, which generally takes place three to six months after we deliver the properties to the purchasers. See “Business – Property Sales and Leases – Property Sales”. If a purchaser defaults on the mortgage loan prior to the release of our guarantee obligations, we may have to repay the mortgage loan. In line with industry practice, we do not conduct any independent credit checks on our customers and generally rely on the credit checks conducted by the mortgagee banks.

As of December 31, 2018, 2019 and 2020, and June 30, 2021, our outstanding guarantees in respect of the mortgage loans of our customers amounted to RMB2,204.5 million, RMB2,757.9 million, RMB2,648.3 million (US\$410.2 million) and RMB6,090.8 million (US\$943.3 million), respectively. We may be subject to guarantee-related risks. Should any material default occur or if we are called upon to honor our guarantee obligations, our business, reputation, financial condition and results of operations could be materially and adversely affected.

Our ability to sell our properties is partly affected by our customers’ ability to procure bank mortgages.

A significant number of our property purchasers rely on mortgages to fund their purchases. Without mortgage financing, some of our prospective customers would not be able to purchase our properties. There are a number of factors, which we cannot control, affecting the market for and availability of mortgages in China, and which could make it more difficult for us to pre-sell or sell our properties. These factors include the following:

- Increases in interest rates will increase the cost to our customers of funding property purchases through mortgages. The PBOC increased its benchmark lending rates two times in 2010 and three times in 2011. However, the PBOC decreased its benchmark lending rates two times in 2012, once in 2014 and five times in 2015, and the benchmark lending rate for loans with a term of over five years was decreased to 4.90% on October 24, 2015. According to media reports, since October 2011, several PRC commercial banks have tightened their loan policies for real estate by raising their lending rates. For example, a number of PRC domestic banks have raised the mortgage rates for first-time home buyers by a minimum of 5%. On August 25, 2019, PBOC issued the Announcement of the People’s Bank of China No. 16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the

LPR of corresponding maturity plus 60 basis points. Any further increases in interest rates, including by the PBOC, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of our properties. Our cost of borrowing would also increase as a result of interest rate increases, which would, in turn, adversely affect our results of operations;

- The PRC government may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Since January 2020, the PRC government has increased the minimum amount of down payment to 40% of the purchase price for all family buyers. Since January 2011, for second-time home buyers that use mortgage financing, the PRC government has increased the minimum down payment to 60% of the purchase price, and set the minimum mortgage loan interest rate for such purchases at 110% of the relevant benchmark lending interest rate. However, to support the demand of buyers of property for residential purposes, PBOC and CBRC jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (《關於進一步做好住房金融服務工作的通知》) in September 2014, which sets the minimum mortgage loan interest rate for first-time home buyers at 70% of the benchmark lending interest rate. Where a family that owns a residential property and has paid off the mortgage loan applies for a mortgage loan to buy another residential property to improve living conditions, the bank may apply the aforesaid first-time housing purchase mortgage loan policy. For commercial property buyers, banks are no longer allowed to finance the purchase of pre-sold properties. The minimum down payment for commercial property buyers has increased to 50% of the purchase price, and the minimum mortgage loan interest rates for such purchases has been set at 110% of the relevant benchmark lending interest rate and maximum maturities of no more than 10 years. Furthermore, beginning on January 1, 2021, PRC financial institutions (excluding their overseas branches) are required to limit the amount of real estate loans and personal mortgage loans they lend to a proportion determined by PBOC and CBRC and calculated based on the total amount of RMB loans extended by such PRC financial institution; and
- In addition, further regulatory changes, competition, and inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and development process. We may not be able to complete projects that we are currently developing or plan to develop and we may find ourselves liable to purchasers of pre-sold units for losses suffered by them.

We may be unable to obtain, extend or renew qualification certificates for real estate development.

As a precondition to engaging in real estate development in China, a property developer must obtain a qualification certificate and renew it on an annual basis unless the rules and regulations allow for a longer renewal period. According to current PRC rules and regulations, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly

established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Moreover, the established property developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates. We may not be able to obtain or renew the qualification certificates in a timely manner, or at all. If we do not possess valid qualification certificates, the government may refuse to issue pre-sale and other permits necessary for our property development business. In addition, the government may impose a penalty on our project companies for failure to comply with the terms of the qualification certificates. If we are unable to obtain, renew or comply with the terms of the qualification certificates, our business and financial condition could be materially and adversely affected.

We may become liable if our customers default on mortgage or bank loans we have guaranteed.

We guarantee mortgage and bank loans entered into by certain of our purchasers, including purchasers of residential and commercial properties and purchasers under finance leases of residential and supporting commercial units. For these mortgage loans, our guarantee terminates when purchasers obtain the building ownership certificate and pledge it to the relevant banks. We do not conduct independent credit checks on our customers. If a purchaser defaults on its mortgage or bank loan, we may be required to repay the outstanding amount together with accrued interest thereon and any penalty owed by the defaulting purchaser to the relevant bank. In the event of a purchaser default, we are entitled to take over the legal title and usage rights of the related properties. If we are called upon to honor a material portion of our guarantees, our business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected.

In addition, we make entrusted loans in connection with the sales and finance leases of certain units by advancing an amount, typically no more than one-half of the purchase price or the finance lease price, to the purchaser's lending bank. These advances appear as loan receivables and finance lease receivables on our consolidated balance sheet. In the event of a purchaser default, we write off the receivable and are entitled to take over the legal title and usage rights of the related properties.

We are subject to certain risks associated with debt financing which may limit or otherwise adversely affect our operations.

We maintain a certain level of borrowings to finance our operations. As of December 31, 2019 and 2020, and June 30, 2021, our total outstanding bank loans and other borrowings amounted to RMB1,233.7 million, RMB1,310.3 million and RMB2,354.1 million, respectively. In addition, as of June 30, 2021, we had RMB2,367.8 million in aggregate carrying amount of the senior notes outstanding, as well as RMB784.9 million in aggregate carrying amount of interest-bearing loan from a non-controlling interest outstanding. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development. We may also utilize proceeds from additional offshore debt financing to acquire land resources.

Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; (ii) requiring us to dedicate a significant portion of our cash flow from operations to fund the payments for debt principal and accrued interest, thereby reducing the availability of our cash flow for other uses; (iii) limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; (iv) limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding; and (v) restricting us from making strategic acquisitions or taking advantage of business opportunities. In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations.

These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell or transfer property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. See "Description of Other Material 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 then prevailing economic conditions and financial, business and other factors, many of which are beyond our control. 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 loan and other agreements, there could be a default under the terms of these agreements. We have made investments that exceeded the limitations under the covenants on restricted payments of the Existing Notes and we obtained waivers from holders of the Existing Notes for those investments. We may make similar investments in the future, and if so, we may not be able to obtain waivers from the holders of the Existing Notes. 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, our assets and cash flow may not be sufficient to repay all of our indebtedness, and we may not be able to obtain alternative financing on terms that are favorable or acceptable to us. We may use part of the proceeds from this offering to repay a portion of our outstanding debts (which include a portion of the Existing Notes) and we may decide to repay the remaining Existing Notes and other debts in the future before their maturity or redemption dates, which would prevent us from using those funds in ways that might otherwise grow our business. As a result of any these, our financial condition, results of operations, and cash flow may be materially and adversely affected.

Our financing costs may be affected by changes in interest rates in China and abroad.

Our financing costs and, consequently, our results of operations, are affected by changes in interest rates in China and abroad. We expect that our borrowings, whether with fixed or floating interest rates or incurred at an onshore or offshore level, may be affected by certain benchmark

lending rates used by our lenders, particularly the benchmark rates published by the PBOC for onshore borrowings in China. The PBOC has adjusted the benchmark rates multiple times in the past few years. The PBOC may raise lending rates further. In addition, our business, financial condition and results of operations may be adversely affected as a result of these adjustments. Our interest expenses on bank loans and other borrowings (including capitalized interest) for the years ended December 31, 2019 and 2020, and the six months ended June 30, 2021, were RMB121.5 million, RMB108.2 million and RMB83.9 million, respectively. Any future increases in the interest rates of our bank borrowings, including as a result of interest rate increases by the PBOC or other issuers of benchmark interest rates, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business may be sensitive to global economic conditions.

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 has affected the PRC real estate industry and many other industries. On 6 August 2011, S&P downgraded the rating for long-term United States debt to “AA+” from “AAA” for the first time in 70 years. The downgrade of United States debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, has slowed the pace of the global economic recovery and could lead to another global economic downturn and financial market crisis.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the recovery in the housing market remains subdued. There are talks of trade tariffs on goods imported from China to the United States and a possibility of a trade war between the United States and China if negotiations fail to resolve trade issues amicably. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. The United Kingdom ceased to be a member of the European Union on January 31, 2020 (“Brexit”). During a prescribed period (the “Transition Period”), 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”); and, on December 30, 2020, the Council of the European Union adopted a decision authorizing the signature of the TCA and its provisional application for a limited period between January 1, 2021 to February 28, 2021, pending ratification of the TCA by the European Parliament (the “Provisional Period”). The Provisional Period may be extended by mutual agreement between the EU and the UK. Legislation to implement the TCA in the UK came into effect beginning on December 31, 2020. The Transition Period ended on December 31, 2020 and the Provisional Period is now in effect. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK’s future economic, trading and legal relationships with the EU and with other countries. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets. The effect of such potential events on us 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.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, 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 liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be negatively affected.

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

Under the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法), all property development companies in the PRC must provide certain quality warranties for the properties they sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from third-party contractors we hire to construct our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the retention money held by us is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which may in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

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

We may be involved in disputes with various parties involved in the development and sale of our properties, including business partners, contractors, suppliers, construction workers and purchasers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention, regardless of the outcome. As most of our projects are developed in multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the relevant project is perceived to be inconsistent with the representations and warranties we made to such earlier purchasers. These disputes and legal and other proceedings may materially and adversely affect our reputation, business, results of operations and financial condition. The judicial process involved may decrease the time we devote to normal and customary operating functions. If we fail to resolve these disputes in our favor, we may incur substantial losses and face significant liabilities. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties and/or delay in our property developments. Furthermore, if our PRC subsidiaries are not in full compliance with PRC laws and regulations, including those in relation to registered share capital, business licenses, operation permits and their articles of association, their operations may be adversely affected if they are subject to fines or sanctions imposed by PRC authorities as a result. In such

cases, our results of operations and cash flow could be materially and adversely affected. In addition, any failure by us or any of our directors, officers or agents to fully comply with PRC or other applicable anti-corruption laws, or any investigation in relation to such failure or alleged failure by any regulatory body, could also materially and adversely affect our reputation, business, results of operations and financial condition.

Investment properties are illiquid and changes in the fair value of such investment properties could affect our profit.

We plan to retain a portion of our properties for recurring rental income in the later stages of our development, and some of such properties may be designated as properties held for investment purposes. As of June 30, 2021, we had an aggregate of 434,207 sq.m. of properties designated as investment property. In general, investment in properties is relatively illiquid compared with other forms of investment. Economic conditions may change that could force us to consider disposing of some or all of our investment properties. Our ability, however, to sell any of our investment properties in response to changing economic, financial and investment conditions on a timely basis, or at all, is limited.

In particular, there is a limited trading market or platform for investment properties in cities where we operate, which are primarily third-tier cities and selected second-tier cities. Furthermore, we may not be able to sell any of our investment properties at prices or on terms satisfactory to us, or at all. We cannot predict the length of time needed to find a purchaser and to complete the sales of a property we currently hold or plan to hold for investment purposes. Moreover, should we decide to sell a property subject to tenancy agreements, we will have to obtain consent from, or pay termination fees to, our tenants.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to increased competition, decreased demand, age, appearance or other factors. The conversion of investment properties to alternative uses generally requires substantial capital expenditures. We may be required to expend funds on maintenance or improvements before a property may be sold, and we may not have sufficient funds for such purposes. Such factors may impede our ability to respond to adverse changes in the performance of our investment properties, adversely affect our ability to retain tenants, and materially and adversely affect our business, financial condition and results of operations.

Furthermore, we are required to reassess the fair value of any investment properties we may hold. Gains or losses arising from changes in the fair value of any such investment properties will be reflected in our results of operations in the period in which they arise. 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.

We may be adversely affected by the performance of third-party service providers, such as construction contractors and design firms and increases in the service charges or prices of construction materials and equipment.

We employ third-party service providers to carry out various tasks, such as project planning, design and construction work. We select third-party service providers based on their reputation, quality of work and prior dealings with us. See “Business – Our Development Process – Project Construction”. We endeavor to employ companies with good reputations, credibility and sufficient financial resources, but we cannot guarantee that any such third-party contractor will provide satisfactory services at the required level of quality. Moreover, the completion of our property developments may be delayed and we may incur additional costs due to a service provider’s financial or operational difficulties. Our third-party service providers may undertake significant projects from other developers or otherwise engage in highly-demanding undertakings or otherwise encounter financial or resource constraints, which may cause significant delays in the completion of our property projects, affect the quality of our projects, or increase our project development costs and risks. The services rendered by any of these service providers may not always be satisfactory or match our quality requirements.

In addition, these service providers may significantly increase their service fees. Any of these factors could have a negative impact on our business, reputation, financial condition and results of operations. In addition, our third-party contractors are generally responsible for our construction materials and equipment procurement with the exception of certain equipment that we centrally procure at a group level. Our engagement with these construction companies typically provides for price adjustment in the event of significant fluctuation in construction materials and equipment prices. In addition, any general increase in construction materials and equipment prices could result in a generally higher level of construction company fees to be borne by us. Therefore, increases in the price of construction materials and equipment could be passed on to us directly or indirectly. Any such increase could have an adverse effect on our results of operations, financial condition and business prospects.

We may suffer losses caused by natural disasters, acts of war or terrorist attacks, and these losses may not be fully covered by insurance.

Our business may be adversely affected due to the occurrence of typhoons, severe storms, earthquakes, floods, wildfires or other natural disasters or similar events in the areas where we develop and operate our urban renewal, residential and commercial projects. Although we carry insurance on our properties with respect to specified catastrophic events of types and in amounts and with deductibles that we believe are in line with coverage customarily obtained by owners of similar properties, we cannot guarantee you that our insurance coverage is sufficient to cover potential losses, and there are other types of losses, such as from war, nuclear contamination, tsunami, pollution and acts of terrorism, for which we cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenues from the property. Nevertheless, we would remain obligated for any bank borrowings or other financial obligations related to the property. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any

material uninsured loss could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

In addition, we usually have to renew our insurance policies every year and negotiate acceptable terms for coverage, exposing us to the volatility of the insurance markets, including the possibility of rate increases. We regularly monitor the state of the insurance market, but we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance premiums or decrease in available coverage in the future could adversely affect our business, prospects, cash flows, financial condition and results of operations.

The COVID-19 pandemic has adversely affected, and may continue to adversely affect, the PRC economy and our business operations.

Toward the end of 2019, a highly infectious novel coronavirus, was identified and quickly spread globally. The World Health Organization, or the WHO, later named it COVID-19. WHO is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. As of the date of this offering memorandum, COVID-19 pandemic has spread to over 200 countries and territories globally with death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans.

According to the data released on April 17, 2020 by the National Bureau of Statistics of China, or the National Statistics Bureau, China's first quarter GDP of 2020 contracted by 6.8% in 2020 compared with the first quarter of 2019. The development of pandemic may adversely and materially affect economic growth globally due to reduction in demand and supply. On March 2, 2020 the Organization for Economic Cooperation and Development reduced 2020 GDP growth projects for almost all economies. Further, the pandemic may adversely and materially affect the stability of global financial markets. On March 9, 12, 16 and 18, 2020, trading on the New York Stock Exchange were halted for 15 minutes because S&P 500 trading price reached 7% below prior day's S&P 500 closing price. The unfolding pandemic may significantly reduce global market liquidity and depress economic activities.

The COVID-19 pandemic has adversely affected, and may continue to have a material adverse effect on our business, financial condition and results of operations. Several cities in China where we have property development projects and sales center had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. If any of our employees are identified as a patient of these diseases or deemed as a source of pandemic or other serious diseases, we may be required to quarantine those employees that have been suspected of becoming or confirmed to be infected, as well as other employees that have come into contact with those suspected to or have infected employees. Moreover, supply of our raw materials and productivity of our employees were adversely affected. Our business operations had experience disruptions, such as the temporary suspension of our sales center. In addition, the COVID-19 outbreak poses risks to the well-being of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Our ability to

adequately staff, manage and/or maintain daily operations may be adversely affected if the outbreak continues or further deteriorates. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will exist and the extent to which we may be affected. Any of these circumstances will result in material adverse impact on our business, financial condition, results of operations, performance and prospects.

Given the high uncertainties associated with the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may continue to be affected.

We have limited insurance to cover our potential losses and claims.

Our current insurance may not be sufficient to cover potential losses or claims in the future. We do not carry insurance against all potential losses or damages with respect to our properties under development other than those buildings over which our lending banks have security interests and for which we are required to maintain insurance coverage under the loan agreements with those lending banks. In addition, we do not maintain insurance coverage against liability arising from personal injuries or other tortious acts related to construction work at our projects as such liabilities are generally borne by construction companies. We may be sued or held liable for damages due to any such personal injuries and other tortious acts. Moreover, our business may be adversely affected due to the occurrence of natural disasters and other unanticipated catastrophic events, with respect to which we do not carry any insurance. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient financial resources to fully cover such losses, damages or liabilities or to replace any property development that has been destroyed, and may lose all or a portion of our invested capital in the affected properties and anticipated future income from such properties. Any such material uninsured loss could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to higher LAT rates in the future.

In accordance with the provisions of the LAT Regulation, all persons including companies and individuals that receive income from the sale or transfer of state-owned land-use rights, buildings and their attached facilities must pay LAT at 30% to 60% on any appreciation gain in respect of the land and improvements on such land. In addition, certain of our subsidiaries were subject to a LAT calculated based on 6% to 8% of their revenue in accordance with the authorized tax valuation method approved by local tax authorities. As permitted by PRC laws, we have been prepaying LAT with reference to our pre-sale proceeds. We recorded LAT expenses of RMB122.5 million, RMB53.0 million, RMB198.8 million (US\$30.8 million) and RMB36.7 million (US\$5.7 million) in 2018, 2019, 2020 and the six months ended June 30, 2021, respectively. The PRC regulatory authorities may use a different method to assess our LAT obligations. As a result, we may be required to pay additional LAT and our LAT rates and obligations in the future may also increase, which may have an adverse effect on our financial condition.

Potential liability for environmental issues could result in substantial costs.

We are subject to a variety of environmental laws and regulations during the construction of our development projects. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in project delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas. In addition, we cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on us or our projects.

As required by PRC law, independent environmental consultants have conducted environmental impact assessments at all of our construction projects that require environmental impact assessments. Although the environmental investigations conducted to date have not revealed any environmental liability that would be expected to have a material adverse effect on our business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. Upon completion of each project, the environmental authorities will inspect the site to ensure compliance with all applicable environmental standards. If any portion of the project is found to be non-compliant with environmental standards, we will be required to suspend certain of our operations, and may be fined, either of which could materially and adversely affect our business, financial condition and results of operations.

Our Controlling Shareholder has substantial control over our Company and may take actions that are not in, or may conflict with, our best interests or the best interests of our creditors, including the holders of the New Notes.

As of the date of this offering memorandum, our Controlling Shareholder beneficially owned approximately 58.72% of our issued share capital. Our Controlling Shareholder has and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in, or may conflict with, the best interests of our Company or our creditors, including matters relating to our management and policies and the election of our directors and senior management. Our Controlling Shareholder will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association.

Our success depends on the continuing efforts of our senior management team and other key personnel.

Our future success depends heavily upon the continuing services of the members of our senior management team, who have extensive experience in the property development industry,

and the performance of new members of our senior management team appointed in October 2019. If one or more of our senior executives or other personnel who have experience in the property development industry are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our ability to expand depends on our being able to attract skilled management-level employees on the project company level. Competition for senior management and key personnel is intense and the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high quality senior executives or key personnel in the future. In addition, if any such person or any other key personnel of the Company carries on any activities competing with us, we may lose customers, key professionals and staff members and our legal remedies against such persons may be limited.

Any failure to protect our brand and trademarks could have a negative impact on our business.

We believe our brand and trademarks are important to our success. Any unauthorized use of our brand, trademarks and other intellectual property rights could limit our competitive advantages and harm our business. Historically, China has not protected intellectual property rights to the same extent as some other countries, and the infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

The discovery of cultural relics at a construction site could result in the delay or abandonment of a property development project.

Under PRC law, if any cultural relics are discovered beneath our development sites during our construction process, such discovery must be immediately reported to the local department of cultural relics administration and construction must be immediately suspended or partly suspended for archaeological surveying. If an underground discovery is classified as “highly valuable” by archaeologists and a parcel of land is considered to be of public interest by reason of its historical or archaeological significance, the parcel of land has to be returned to the government and the entire project has to be relocated. Although the government is required to compensate a property developer for a parcel of land returned to it for archaeological purposes, we cannot assure you that such compensation will be sufficient to cover the full amount of the land grant fees paid, any other expenses incurred by the developer in connection with the relevant site or consequential damages. If any historic relics are discovered under any of the construction sites in the future, the completion of the projects may be delayed or we may even be required to return the relevant parcels of land to the government, which may materially and adversely affect our business, prospects, cash flows, financial condition and results of operations.

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

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

As required by PRC laws and regulations, property projects in environmentally sensitive regions and with self-built sewage treatment facilities are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. If we fail to meet such requirements, local authorities may issue orders to suspend construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between 1% to 5% of the total investment amount of the project, and may also issue orders to restore the original conditions of environment. In the event of a suspension of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

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

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

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations, such as insuring our projects under development against natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods or insuring our assets against certain natural disasters. We may incur losses, damages or liabilities during any stage of our property development and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property

or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition.

Our results of operations and financial condition may be affected by the occurrence of epidemics and natural disasters as well as political instability.

Our business can be affected by major natural disasters, or widespread outbreaks of infectious diseases in China. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to the national and local economies in China. For example, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008 and resulted in tremendous loss of lives and destruction of assets in the region. In 2003, certain Asian countries and regions, including the PRC and Taiwan, encountered an outbreak of Severe Acute Respiratory Syndrome, or SARS, a highly contagious form of atypical pneumonia. Recurrence of SARS or an outbreak of any other epidemics in China, such as influenza A (H1N1), avian flu (H5N1 or H7N9), the Middle East respiratory syndrome (MERS) and the coronavirus disease (COVID-19), may cause disruption of regional or national economic activity, which can affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products. Such event may also result in the temporary closure of our trade centers for quarantine or for preventive purposes, which in turn may materially and adversely affect our business, financial condition and results of operations. Any natural disasters, political unrest, war, acts of terrorism and other instability in the PRC can also result in disruption to our business or the businesses of our customers.

Risks Relating to the PRC

Adverse changes in China's economic, political, and social conditions, as well as governmental policies could have a material adverse effect on China's overall economic growth, which in turn, could materially and adversely affect our business, financial condition and results of operations.

Substantially all of our assets are located in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, to a significant degree, our results of operations, financial position and prospects are subject to the economic, political and legal developments of the PRC.

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

Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing

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

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

In addition, demand for and sales of our properties and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in political or social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations including, for instance, the potential requirement of deleveraging;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Fluctuations in the exchange rates of the Renminbi may have a material adverse effect on your investment.

The exchange rates between the Renminbi and the U.S. dollar, the Hong Kong dollar, and other foreign currencies are affected by, among other things, changes in China's political and economic conditions. Pursuant to reforms of the exchange rate system, Renminbi-to-foreign

currency exchange rates are allowed to fluctuate within a band of 2.0% above or below the central parity rate against a basket of foreign currencies, effective March 17, 2014. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar and other currencies, our gearing may increase and our financial condition and results of operations could be adversely affected because part of our existing indebtedness and obligations are denominated in U.S. dollar. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Existing Notes and the New Notes and our ability to obtain future financings in foreign currencies.

As we rely on dividends paid to us by our operating subsidiaries, any significant revaluation of the Renminbi may have a material adverse effect on the value of dividends payable in foreign currency terms. To the extent that we need to convert the proceeds from this offering and future financing into Renminbi for our operations, appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Failure to comply with the SAFE regulations relating to special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute profit to us or subject us to fines.

On October 21, 2005, State Administration of Foreign Exchange (“SAFE”) promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), which became effective on November 1, 2005 (“Circular No. 75”). The notice requires PRC domestic resident natural persons (境內居民自然人) to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicles without any round-trip investment being made. On July 14, 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (the “Circular No. 37”) (《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》), for the purpose of simplifying the approval process, and for

the promotion of the cross-border investment. The Circular No. 37 supersedes the Circular No. 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the Circular No. 37, in the event the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, according to the procedural guideline as attached to the Circular No. 37, the principle of review has been changed to “the domestic individual resident is only required to register the SPV directly established or controlled (first level)”. According to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, which became effective from June 1, 2015, the initial foreign exchange registration for establishing or taking control of a special purpose vehicle by domestic residents may be filed with a qualified bank, instead of the local branch of the SAFE.

Governmental control over currency conversion may limit our ability to utilize our cash effectively and potentially affect our ability to pay interest to holder of the New Notes.

We currently receive substantially all of our revenues in Renminbi through our ownership and operation of subsidiaries in China. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under our current corporate structure, our Company’s income is derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay interest to holders of the New Notes. In addition, because a significant amount of our future cash flows from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

The payment of dividends by our operating subsidiaries in China is subject to restrictions under PRC law.

The Company is a holding company established in the Cayman Islands and we operate a substantial part of our business through our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles,

which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS and United States generally accepted accounting principles. PRC laws require foreign invested enterprises, including all of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to pay dividends to our shareholders and to service our indebtedness, including the New Notes, depends upon dividends received from these subsidiaries, any restrictions on the availability and flexibility to transfer dividend outside China may impact our ability to service our indebtedness, including the New Notes.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing.

On May 23, 2007, Ministry of Commerce of the PRC (“MOFCOM”) and SAFE issued the *Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investments in the Real Estate Industry* (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) (“Notice No. 50”) which was amended by MOFCOM on October 28, 2015. On April 28, 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) (“Notice No. 19”), which was revised by SAFE on April 26, 2016 and June 9, 2016. Notice No. 50 and Notice No. 19 stipulate, among other things, (i) that SAFE will no longer process foreign debt registrations and applications for the purchase of foreign exchange submitted by foreign-invested real estate enterprises (including newly established enterprises and enterprises with increased registered capital) which obtained approval certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or amendments of such registrations) or applications for the sale and purchase of foreign exchange submitted by foreign-invested real estate enterprises which obtained approval certificates from the commerce departments of local governments but which had not registered with MOFCOM. These regulations restrict the ability of foreign-invested property development companies to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new foreign-invested property development companies.

In addition, if the PRC government issues policies or regulations that aim at further regulating or restricting overseas investment in the PRC real estate industry and if these policies or regulations have a direct application to our business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Any change in the preferential tax treatment we currently enjoy in the PRC may have an adverse impact on our results of operations.

The PRC Enterprise Income Tax Law (the “EIT Law”) and its Implementation Rules, which became effective on January 1, 2008 and was amended on December 29, 2018 and April 23, 2019 respectively, replaced the previous two separate tax regimes for foreign-invested enterprises and Chinese domestic companies and imposes a single uniform income tax rate of

25% for all enterprises, including foreign-invested enterprises, unless they qualify for any exemptions or reductions. Although the EIT Law revokes many of the previous tax exemption, reduction and preferential treatments which were applicable to foreign-invested enterprises, it provides for various transition periods and measures for previous preferential tax policies. Our PRC subsidiaries, Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited and Wuzhou Hydoo Commercial and Trade Centre Co., Ltd., were approved to enjoy the preferential income tax rate of 15% for the tax period from 2012 to 2020 and from 2015 to 2020, respectively. However, such preferential tax treatment is legally required to be reported and declared to the local tax authority on an annual basis within five months after the year end and the local tax authority needs to review and reaffirm such treatment annually, thus there is no assurance that such preferential tax treatment will not be amended or revoked due to reasons beyond our control, including without limitation, any change in the relevant policy, laws and regulations in China or in the local region. As a result, we may not be able to realize the benefit of such preferential tax treatment as we currently expect, or at all. Moreover, once the preferential tax treatment expires or otherwise becomes unavailable to us for any reason, including their termination or cancellation by the relevant government authority, and we fail to obtain other preferential tax treatment, our profitability may be adversely affected.

We may be treated as a PRC tax resident, which may have an adverse effect on us and the holders of New Notes.

Under the EIT Law, if an enterprise is incorporated outside the PRC but its “actual management organization” is located within the PRC, such enterprise may be treated as a PRC tax resident enterprise and be subject to the unified enterprise income tax rate of 25% on its global income. The Implementation Rules of the Enterprise Income Tax Law defined the “actual management organization” as an organization actually managing and controlling an enterprise’s production, operation, personnel, finance and assets. If the PRC tax authorities determine that our overseas holding company or any other non-PRC entities are “PRC resident enterprises” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we would be subject to enterprise income tax at a rate of 25% on our global taxable income as well as PRC enterprise income tax reporting obligations. In addition, although under the EIT Law and its Implementing Rules, dividends income between qualified PRC resident enterprises is tax-exempted, it is not clear how the qualified PRC resident enterprise is defined under the EIT Law. As a result, there is no assurance that we would enjoy such tax exempt treatment on dividends payable to us from our PRC subsidiaries. Finally, if interest paid on the New Note to our non-PRC New Note holders or gains derived by our non-PRC New Note holders from transferring the New Notes are treated by the PRC taxation authorities as income derived from sources within the PRC, such interest and gains may be subject to a 10% withholding tax (or a lower treaty rate, if any), provided that the non-PRC New Note holders are “non PRC resident enterprises” without any establishment or place within China or that such interest or gains have no connection with the establishment or place of the non-PRC New Note holders in the PRC. Furthermore, if we are considered a PRC resident enterprise and relevant PRC tax authorities consider interest we pay with respect to the New Notes, or any gains realized from the transfer of New Notes, to be income derived from sources within the PRC, such interest or gains earned by non-resident individuals may be subject to PRC income tax (which, in the case of interest, may be withheld by us) at a rate of 20% (or a lower treaty rate, if any).

If we were treated as a PRC resident enterprise and were required to withhold PRC tax on payments of interest, we would be required to withhold PRC tax on interest payable to certain of our non-resident New Note holders and pay, subject to certain exceptions, additional amounts with respect to such withholding, which may have an adverse effect on our cash flows. If we fail to perform such withholding obligation, we may be subject to substantial fines, which could have an adverse effect on our results of operations.

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

Effective from May 1, 2016, PRC tax authorities have started imposing value added tax (“VAT”) on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, replacing the business tax (“BT”) that co-existed with VAT for over 20 years. Since the issuance of Circular Caishui 2016 No. 36 (“Circular 36”) on March 23, 2016, the PRC Ministry of Finance and State Administration of Taxation have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. The VAT rates applicable to us may be generally higher than the BT rate we were subject to prior to the implementation of Circular 36. For example, the VAT rate for construction services will generally be increased from 3% (current BT rate) to 9%; the VAT rate for real estate services will be increased from 5% (current BT rate) to 9%. Unlike the BT, the VAT will only be imposed on added value, which means the input tax incurred from our construction and real estate will be able to be offset in the output tax. However, details of concrete measures are still being formulated in accordance with Circular 36.

We may be subject to additional payments of statutory employee benefits.

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, personal injury insurance, maternity insurance and housing funds, to designated government agencies. During 2018, 2019, 2020 and the six months ended June 30, 2021, we did not make sufficient contributions to the social insurance and housing provident funds for some of the employees due to miscommunication between our departments, inconsistency in implementation or interpretation of the relevant PRC laws and regulations among government authorities in the PRC and, in some cases, voluntary decisions by the relevant employees.

According to the relevant PRC laws and regulations, our failure in making requisite social insurance or housing provident fund contributions may result in a fine imposed on us or us being required to rectify the noncompliance by any relevant governmental authorities.

We cannot assure you that we will not be subject to any order to rectify non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance or housing provident funds against us, or that we will not receive any claims in respect of social insurance contributions under national laws and regulation. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

The construction business and the property development business are subject to claims under statutory quality warranties.

Under the relevant regulation of construction quality in PRC, all property development companies in the PRC must provide certain quality warranties for the properties they develop or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from our third-party contractors with respect to our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain indemnities for such claims from third-party contractors in a timely manner or at all, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face uncertainty with respect to transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the PRC State Administration of Taxation issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》(國稅函[2015]7號)) (“SAT Circular No. 7”). SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (“PRC Taxable Assets”). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income tax law and lack any other reasonable commercial purpose.

Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC enterprise income tax law under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. On October 17, 2017, the SAT issued a new circular, namely the Announcement on Issues Concerning the Withholding of Non-resident Enterprise Income Tax Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “Announcement No. 37”), which provides guidance on handling matters relating to the withholding of non-resident enterprise income tax at source in accordance with relevant laws and regulations. As a result, we may be subject to tax under SAT Circular No. 7 and Announcement No. 37 and may be required to expend valuable resources to comply with

SAT Circular No. 7 and Announcement No. 37 or to establish that we should not be taxed under SAT Circular No. 7 and Announcement No. 37, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures) in particular. These laws, regulations and legal requirements are relatively new and are often changing, and their interpretation and enforcement involve significant uncertainties that could limit the reliability of the legal protections available to us. We cannot predict the effects of future developments in the PRC legal system. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all. An inability to obtain such permits or authorizations may have a material adverse effect on our business, financial condition and results of operations.

For example, on September 14, 2015, the NDRC issued the “Notice of the National Development and Reform Commission on Promoting the Administrative Reform of the Recordation and Registration System for Enterprises’ Issuance of Foreign Debts” (關於推進企業發行外債備案登記制管理改革的通知), or the “NDRC Circular” which came into effect on the same day. According to the NDRC Circular, enterprises domiciled within the PRC and their overseas subsidiaries or branches should file and register with the NDRC prior to issuance of foreign debt instruments and report relevant information on the issuance of the foreign debt instruments to the NDRC within ten business days in the PRC after the completion of each issuance. Pursuant to the NDRC Circular, in the case of any significant discrepancy between the circumstances of the enterprises’ issuance of foreign debt and the recordation and registration information, an explanation shall be made when information is submitted. The NDRC will include the bad credit records of enterprises that maliciously submit false reports on the quota of foreign debts subject to recordation and registration in the national credit information platform. In practice, enterprises incorporated outside of the PRC and controlled by individuals (other than those controlled by PRC enterprises as expressly provided in the NDRC Circular) also have been required by the NDRC to comply with the NDRC Circular. On June 27, 2018, at a press conference held by the NDRC regarding the Notice Concerning Improvements to Market Restraint Mechanisms and Strict Prevention of Foreign Debt Risk and Local Government Debt Risk (關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) jointly issued by the NDRC and the Ministry of Finance, the NDRC officials expressed that they plan to further regulate and standardize, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprises. On July 12, 2019, the NDRC published on its website A Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises (關於對房地產企業發行外債申請備案登記有關要求的通知), which imposes more restrictions on real estate enterprises incurring medium to long term foreign debt. The use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing medium to long term offshore debts of the real estate developer which will become due within

one year. The real estate developer is required to specify in documents for application of foreign debt registration with NDRC the details of such medium to long term offshore debts, such as amount, maturity date, and whether such medium to long term offshore debts were registered with NDRC. The real estate developer is also required to submit a commitment letter regarding the authenticity of its foreign debt issuance. Failing to comply with these restrictions, the real estate developer may be blacklisted and prevented from obtaining foreign debt registrations in the future. Additionally, given the involvement of different enforcement bodies of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment. All these uncertainties may limit the legal protections available to foreign investors including you.

It may be difficult to serve process within the PRC or to enforce any judgments obtained from non-PRC courts against us or our directors.

Most of our operating subsidiaries are incorporated in the PRC, and a substantial portion of our assets are located within the PRC. The PRC does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other western countries. An Arrangement between China and Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned was executed on July 14, 2006. On January 18, 2019, the Supreme People's Court and the Department of Justice of the Hong Kong Special Administrative Region entered into 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, providing for the reciprocal recognition and enforcement of judgments of courts with each other, which is wider in scope than the previous arrangement entered in 2006. However, there are still considerable restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our directors pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in the PRC of judgments of courts outside the PRC might be difficult or impossible.

The implementation of the PRC Labor Contract Law and the Implementation Regulation for the PRC Labor Contract Law may increase our operating expenses and may adversely affect our business and results of operations.

On June 29, 2007, the Standing Committee of the National People's Congress enacted the PRC Labor Contract Law (the "Labor Contract Law"), which became effective on January 1, 2008, and was amended on December 28, 2012 with effect from July 1, 2013. The Implementation Regulation for the PRC Labor Contract Law (the "Implementation Regulation"), was promulgated by the State Council and took effect on September 18, 2008. The Labor Contract Law formalizes, among others, worker's rights concerning overtime hours, pensions and layoffs, the execution, performance, modification and termination of the labor contracts, the clauses of the labor contract and the role of trade unions herein. In particular, it provides for specific standard and procedures for entering into non-fixed-term labor contracts as some of our employees do. Either the employer or the employee is entitled to terminate the labor contract in circumstances as prescribed in the Labor Contract Law or if certain precondition is fulfilled, and

in certain cases, the employer is required to pay a statutory severance upon the termination of the labor contract pursuant to the standards provided by the Labor Contract Law.

In respect of the Labor Contract Law and its Implementation Regulation, uncertainty remains as to its potential impact on our business and results of operations. The implementation of the Labor Contract Law and the Implementation Regulation may increase our operating expenses, in particular our costs of human resources and our administrative expenses. In the event that we decide to significantly modify our employment or labor policy or practice, or reduce the number of our employees or otherwise, the Labor Contract Law may also limit our ability to effectuate the modifications or changes in the manner that we believe to be most cost-efficient or otherwise desirable, which could materially and adversely affect our business and results of operations.

In addition, the Social Insurance Law of the PRC (the “Social Insurance Law”), was promulgated on October 28, 2010 and took effect on July 1, 2011 and was amended on December 29, 2018. The implementation of the Social Insurance Law could increase our staff costs and expenses associated with social insurance payable in the PRC. As the Social Insurance Law is a newly enacted law, substantial uncertainty remains as to its implementation and interpretation by governmental authorities in the PRC and its potential impact upon our business, financial condition and results of operations.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this offering memorandum.

Facts, forecasts and other statistics in this offering memorandum relating to China, the PRC economy, the PRC real estate industry and the selected PRC regional data have been derived from various official or other publications available in China and may not be consistent with other information compiled within or outside China. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Initial Purchasers or any of our or their respective affiliates or advisors (including legal advisors), or other participants in this offering and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. We have, however, taken reasonable care in the reproduction and/or extraction of the official and other publications for the purpose of disclosure in this offering memorandum. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this offering memorandum may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this offering memorandum.

Risks Relating to the New Notes

The New Notes will not be secured.

The New Notes will not be secured. The New Notes are effectively subordinated to the secured obligations 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. In the event of an Event of Default under the New Notes, you will not have recourse to enforce against any collateral.

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

Certain initial investors, including our affiliates may purchase and own a significant portion of the New Notes being offered under this offering memorandum (or exchange for such New Notes through the Concurrent Exchange Offer). Any holder that holds a significant portion of the New Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by holders of the Notes. For example, holders of at least 25% in aggregate principal amount of the Notes may declare all of the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing.

The existence of any such significant holder may reduce the liquidity of the New Notes in the secondary trading market. Additionally, interests of such holders may be in conflict with the interest of other holders of the Notes. If such holder sells a material portion of the New Notes in the secondary market, it may materially and adversely affect the trading price of the New Notes. The negative effect of such sales on the prices of the New Notes could be more pronounced if secondary trading in the New Notes is limited or illiquid.

The Company is a holding company and payments with respect to the New Notes are effectively subordinated to certain liabilities, contingent liabilities and obligations of our subsidiaries.

The Company is a holding company with no material operations. We conduct our operations primarily through our subsidiaries. The New Notes will not be guaranteed by any current or future subsidiaries that are or may be organized under the laws of the PRC or certain other Non-Guarantor Subsidiaries. A substantial portion of our assets are ownership interests in our PRC subsidiaries, which are held through certain Subsidiary Guarantors. 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 JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will depend upon our receipt of principal and interest payments on any intercompany loans and distributions of dividends from our subsidiaries, including our PRC subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of the 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 June 30, 2021, our Group had bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes in the amount of RMB5,506.8 million (US\$852.9 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 Guarantors (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantors (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 under the terms of the New Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to, a third party of an equity interest in such subsidiary or 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 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 incurred significant indebtedness and may incur substantial additional indebtedness in the future, which could materially and adversely affect our financial condition and could further intensify the risks associated with our leverage.

We have significant indebtedness outstanding. As of June 30, 2021, bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes amounted to approximately RMB5,506.8 million (US\$852.9 million). In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness. Although the Indenture limits us and our subsidiaries from incurring additional debt, these limitations are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we and our subsidiaries face as a result of such indebtedness and leverage could intensify. The amount of our indebtedness could have important consequences to holders of the New Notes. 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 condition;

- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying indebtedness, reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in the businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit 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 New Notes, our ability to incur additional debt is subject to the limitation on indebtedness and preferred stock covenant. Under such covenant, we may incur certain indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio (as defined in the section entitled “Description of the New Notes”). The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges (each as defined in the section entitled “Description of the New Notes”). Because our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA could be substantially larger when compared to other similarly situated PRC issuers whose covenants do not include such unrealized gains in the definition of Consolidated Net Income. As a result, our ability to incur additional debt under the Fixed Charge Coverage Ratio could be substantially larger when compared to other issuers. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify. If our onshore subsidiaries incur additional debt, the ratings assigned to the New Notes by any rating agency may be adversely affected which could adversely affect the market price of the New Notes. See “– The ratings assigned to the Notes may be lowered or withdrawn in the future”.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing existing indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms.

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 may not 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”. 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 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. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing existing indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms.

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

The Indenture for the New Notes and the indentures governing the Existing Notes include a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than a “Permitted Business” as defined in the Indenture;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans; and
- 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 property developers and business partners. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own an equity interest of 50% or less), and such joint ventures may or may not be Restricted Subsidiaries. Although the indenture governing the New Notes restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications including, among others, that we may, subject to certain conditions, make investments in Unrestricted Subsidiaries and minority owned joint ventures in aggregate amount not to exceed 30% of our total assets without having to satisfy the Fixed Charge Coverage Ratio. See “Description of the New Notes – Limitation on Restricted Payments” and the definition of “Permitted Investment” in “Description of the New Notes”.

We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition.

We and our joint venture partners provided such amounts to the project companies in proportion to our shareholding percentages in order to fund the project companies’ land acquisition and as working capital. Once these project companies obtain external borrowings or commence pre-sale and generate cash flow, they will repay the amounts due to us on demand. Therefore, the timing of such joint ventures’ capital outlays may materially and adversely affect our results of operations.

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

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements;
- have financial difficulties; or

- have disputes with us as to the scope of their responsibilities and obligations.

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

If we are unable to comply with the restrictions and covenants in our loan agreements, other 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, our assets and cash flow may not be sufficient to repay in full all of our indebtedness, and we may not be able to find alternative financing. Even if we could obtain alternative financing, it may not be on terms that are favorable or acceptable to us.

In addition, we are subject to restrictive and financial covenants in the loan agreements between us and certain banks. If we fail to comply with these restrictive and financial covenants, our lenders may be entitled to require additional guarantees from us, and in the event we cannot provide those additional guarantees, our lenders may be entitled to accelerate the repayment of the loans, in which case our business, financial condition and results of operations will be materially and adversely affected. We also cannot assure you that the collateral that we have pledged or which may be pledged to our lenders will not be subject to enforcement actions, in which case we may lose control and ownership of our assets and our business, results of operations, financial condition and prospects may be materially and adversely affected. We are currently not in compliance with certain financial covenants under some of our loans but we have obtained confirmations from all of the relevant lending banks that they will not require additional guarantees. For more information on the financial covenants under our loans and our non-compliance under these covenants, see “Description of Material Indebtedness – PRC Bank Loan Agreements – Financial Covenants”. We may not be able to comply with all the financial covenants under our loan agreements and we may not be able to obtain confirmations from the lending banks that they will not require additional guarantee for the loans for which we are not in compliance with and that the relevant lending banks will not take enforcement actions under the relevant loan agreements, in which case our business, prospects, financial condition and results of operations may be materially and adversely affected.

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

As a holding company, we depend on the receipt of dividends and the interest and principal payment on intercompany loans or advances from our subsidiaries and associates to satisfy our obligations, including our obligations under the New Notes. In addition, if any of our subsidiaries or associates 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 and associates, which would restrict our ability to meet our payment obligations under the New Notes, the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees and the obligations of the JV Subsidiary Guarantors (if any) under the JV Subsidiary Guarantees.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries and associates 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 will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to 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 restrictions tax rate may be lowered to 5%. However, according to current PRC tax regulations, an approval from the local tax authority for enjoying the 5% withholding tax rate is required and such lower rate will be denied to “conduit” or shell companies without business substance. As a result, there could be restrictions, including timing limitations, on payments from our PRC subsidiaries and associates to meet payments required by the New Notes, to satisfy the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees or the Subsidiary Guarantors (if any) under the JV Subsidiary Guarantees and to redeem the New Notes for any early redemption.

As a result of the foregoing, we may not have sufficient cash flow from dividends from our subsidiaries to satisfy our obligations under the New Notes or the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees.

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

We must offer to purchase the New Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the New Notes – Repurchase of New Notes Upon a Change of Control Triggering Event”.

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding New Notes. Our failure to make the offer to purchase or to purchase the outstanding New 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 Change of Control Triggering Event 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, refinancing, restructurings or other recapitalizations.

These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the New Notes and the ability of a holder of the New Notes to require us to purchase its New 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 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 the Company is incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to us 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 Subsidiary Guarantors are incorporated or may be incorporated in the British Virgin Islands, Hong Kong, or other jurisdictions and the insolvency laws of such jurisdictions may also differ from the laws of the United States or other jurisdictions with which the holders of the New Notes are familiar.

A significant portion of our business operations is conducted through our subsidiaries in China. Certain of 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. 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 New Notes.

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

The New Notes are denominated in U.S. dollars, while a majority of our revenue is generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to a series of reforms of the exchange rate system, effective March 17, 2014, Renminbi are allowed to fluctuate against the U.S. dollar by up to 2% above or below the central parity rate published by the PBOC. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our gearing may increase and our financial condition and results of operations could be adversely affected because part of our existing indebtedness and obligations are denominated in U.S. dollar. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Existing Notes and the New Notes and our ability to obtain future financings in foreign currencies.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. In addition, following the offering of the New Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar-denominated liabilities under the New Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their respective affiliates may enter into such hedging agreements permitted under the Indenture governing the New Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the Indenture. If we were unable to provide such collateral, it could constitute a default under such agreements.

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

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

The New Notes are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the Official List of the SGX-ST, we may not obtain or be able to maintain a listing on the SGX-ST. In addition, if the New Notes are listed, a liquid trading market may not 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 Securities Act, and, as a result, you will only be able to resell your New Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions”. We cannot predict whether an active trading market for the New Notes will develop or be sustained.

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

The New Notes are expected to be rated “B-” by Fitch. The ratings address our ability to perform our obligations under the terms of the New Notes and credit risks in determining the likelihood that payments will be made when due under the New Notes. Additionally, Fitch has assigned a corporate rating of “B-” to our Company with a stable outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating may not remain for any given period of time and it could be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Historically, our corporate ratings were withdrawn by certain internationally recognized rating agencies. We have no obligation to inform holders of the New Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the New Notes may adversely affect the market price of the New Notes.

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

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

The “Limitation on Transactions with Shareholders and Affiliates” covenant only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 10% or more of the shares of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they may be connected transactions under the Listing Rules and subject to any requirements under the Listing Rules to obtain approval from independent shareholders. 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 revenue, 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. These developments may occur in the future.

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

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this offering memorandum has been prepared in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, including the United States, which might be material to the financial information contained in this offering memorandum.

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

We will be subject to reporting obligations in respect of the New Notes listed on the Official List of the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States or Hong Kong. As a result, the level of information that is available may not correspond to what investors in the New Notes are accustomed to.

The transfer of the New Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees have not been registered under, and we are not obligated to register the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees 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, the Subsidiary Guarantees and the JV Subsidiary Guarantees (including by way of an exchange offer), and we have no intention to do so.

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 certificated form and held through Euroclear and Clearstream. Interests in the global notes representing the New Notes will trade in book-entry form only, and New 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 common depository for Euroclear and Clearstream will be the sole registered holder of the global notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the New Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the New Notes and credited by such participants to indirect participants. After payment to 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 or Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder 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 holders of the New Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued with respect to 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. See “Description of the New Notes – Book-Entry; Delivery and Form”.

We may 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.

As described above, we may be treated as a PRC resident enterprise under the EIT Law. See “– Risks Relating to the PRC – We may be treated as a PRC tax resident, which may have an adverse effect on us and the holders of New Notes”. If we are treated as a PRC resident enterprise under the EIT Law, we would be required to withhold PRC tax on interest payable to certain of our non-resident investors and pay, subject to certain exceptions, additional amounts with respect to such withholding tax. As described in “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 tax law, including changes in existing official position or the stating of an official position that results in our being required to withhold tax due to 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.

Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees

Certain of our initial Subsidiary Guarantors and JV Subsidiary Guarantors do not currently have significant operations.

None of our current PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the New Notes or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. As a result, the New Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries.

Certain of the initial Subsidiary Guarantors that will guarantee the New Notes do not have significant operations. The initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors in the future may not have the funds necessary to satisfy our financial obligations under the New Notes if we are unable to do so.

The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable financial assistance, insolvency, corporate benefit or fraudulent transfer or unfair preference laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.

Under bankruptcy laws, insolvency laws, fraudulent transfer laws, corporate benefit, financial assistance, insolvency or unfair preference or similar laws in the Cayman Islands, the British Virgin Islands, Hong Kong or other jurisdictions where future Subsidiary Guarantors or JV Guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that Subsidiary Guarantor or JV Subsidiary Guarantor if, among other things, the Subsidiary Guarantor or JV Subsidiary 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 Subsidiary Guarantee or JV Subsidiary 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 Subsidiary Guarantee or JV Subsidiary Guarantee not been given;
- received less than the reasonably equivalent value or fair consideration for the incurrence of such Subsidiary Guarantee or JV Subsidiary Guarantee or there was otherwise an absence of or insufficient corporate benefit under applicable laws;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the Subsidiary Guarantor's or JV Subsidiary 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 law of the jurisdiction which is being applied. Generally, the Subsidiary Guarantor or JV Subsidiary Guarantor would be considered insolvent at a particular time if it is unable to pay its debts as they fall due or if the sum of its debts was then greater than all of its property 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 on its existing debt as they became absolute and matured. The directors of the Subsidiary Guarantors and JV Subsidiary Guarantors should also ensure that the issued capital of the Subsidiary Guarantor or JV Subsidiary Guarantor is maintained and that, after this transaction, the Subsidiary Guarantor or JV Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

In addition, a Subsidiary Guarantee or JV Subsidiary Guarantee may be subject to review under applicable financial assistance, insolvency, corporate benefit or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the Subsidiary Guarantors and JV Subsidiary Guarantors. In such case, the analysis set forth above would generally apply, except that the Subsidiary Guarantee or JV Subsidiary Guarantee 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 (as the case may be), voidable under such applicable insolvency, corporate benefit or fraudulent transfer laws.

If a court voided a Subsidiary Guarantee or JV Subsidiary Guarantee, subordinated such guarantee to other indebtedness of a Subsidiary Guarantor or JV Subsidiary Guarantor, or held the Subsidiary Guarantee or JV Subsidiary Guarantee 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) and any preferred stock of such Subsidiary Guarantor or JV Subsidiary Guarantor and would solely be creditors of us and any Subsidiary Guarantor and JV Subsidiary Guarantor whose guarantee was not voided or held unenforceable. After providing for all prior claims, there may not be sufficient assets to satisfy the claims of such holders of the New Notes.

A Subsidiary Guarantee or JV Subsidiary Guarantee may be released in event of an initial public offering of the Subsidiary Guarantor or JV Subsidiary Guarantor.

A Subsidiary Guarantee or JV Subsidiary Guarantee given by a Subsidiary Guarantor or JV Subsidiary Guarantor may be released in the event of an initial public offering of the Subsidiary Guarantor or JV Subsidiary Guarantor in certain circumstances. For example, upon an initial public offering of any Subsidiary Guarantor or JV Subsidiary Guarantor, the guarantee provided by such Subsidiary Guarantor or JV Subsidiary Guarantor will be released provided such initial public offering and such sale of shares complies with the limitations set forth in the Indenture. Where a Subsidiary Guarantee or JV Subsidiary Guarantee is released in such instance, in the event of a bankruptcy, liquidation or reorganization of any such Subsidiary or JV Subsidiary, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of that Subsidiary or JV Subsidiary before any assets are available for distribution to us or any of our other Subsidiary Guarantors or JV Subsidiary Guarantors. The New Notes, therefore, will be structurally subordinated to other liabilities of such Subsidiary or JV Subsidiary, including liabilities owed to trade creditors.

The Guarantees and JV Subsidiary Guarantees (if any) are subject to certain limitations that may affect their validity or enforceability.

Enforcement of the Guarantees or JV Subsidiary Guarantees (if any) will be subject to certain generally available defenses. Local laws and defenses may vary, and may include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defenses which affect the rights of creditors generally.

If a court were to find a guarantee given by the Company, a Subsidiary Guarantor, or a JV Subsidiary Guarantor, or a portion thereof, void or unenforceable as a result of such local laws or defenses, or to the extent that agreed limitations on the Guarantees or JV Subsidiary Guarantees apply, the holders of the New Notes would cease to have any claim in respect of that company and would be creditors solely of the Issuer and, if payment had already been made under the Guarantees or JV Subsidiary Guarantees, the court could require that the recipient return the payment to the relevant company.

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

In certain circumstances the Trustee may (at its sole discretion) request the holders of the New Notes to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of the holders of the New Notes. The Trustee shall not be obliged to take any such actions if not indemnified to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security to it, in breach of the terms of the Indenture 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 directly.

USE OF PROCEEDS

We estimate that the gross proceeds from this offering, before deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US\$41.5 million.

We intend to use the net proceeds primarily for refinancing the Existing Notes and other existing medium to long term offshore debts which will become due within one year. We may adjust our development plans in response to changing market conditions and therefore reallocate the use of proceeds within the above uses as such conditions may warrant.

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily 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. The 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 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 the 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. The value of the Renminbi against the U.S. dollar appreciated on the same day by approximately 2% and has since appreciated significantly in general. The PBOC authorized the China Foreign Exchange Trading Center, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day. On May 18, 2007, the PBOC announced that the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was to be expanded from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. In April 2012, this trading band has been widened to 1%, and in March 2014 it was widened further to 2%, which allows the Renminbi to fluctuate against the U.S. dollar by up to 2% above or below the central parity rate published by the PBOC. On 11 August 2015, the PBOC announced plans to improve the central parity rate of the CNY against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Centre operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the CNY against the U.S. dollar depreciated by nearly 2.0% as compared to 10 August 2015, and further depreciated by nearly 1.6% on 12 August 2015 as compared to 11 August 2015. The International Monetary Fund announced on 30 September 2016 that the Renminbi had joined its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. In the second half of 2018 and thus far in 2019, the Renminbi has mainly depreciated against the U.S. dollar. The PRC government may from time to time make further adjustments to the exchange rate system 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 by the Federal Reserve Bank of New York for customs purposes for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Noon buying rate			
	Period end	Average ⁽¹⁾	Low	High
	<i>RMB per US\$1.00</i>			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7530	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021				
March	6.5518	6.5109	6.5716	6.4932
April	6.4749	6.5186	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August	6.4604	6.4768	6.5012	6.4604
September (through September 3, 2021)	6.4528	6.4558	6.4586	6.4528

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

Hong Kong

The Basic Law of Hong Kong (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 Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been pegged to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The central element in the arrangements that gave effect to the peg is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks (i.e. HSBC, Standard Chartered Bank and Bank of China), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars, at the fixed exchange rate of HK\$7.80 to US\$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate.

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 that applies to the issue of the Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first established. In May 2005, the

Hong Kong Monetary Authority broadened the 22-year old trading band from the original rate of HK\$7.80 to US\$1.00 to a rate range of HK\$7.75 to HK\$7.85 to US\$1.00. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. 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, no assurance can be given that the Hong Kong government will maintain the link within the range of HK\$7.75 to HK\$7.85 per US\$1.00, or at all, or will not in the future impose exchange controls.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers in Hong Kong dollars as certified by the Federal Reserve Bank of New York for customs purposes for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Noon buying rate			
	Period end	Average ⁽¹⁾	Low	High
	<i>HK\$ per US\$1.00</i>			
Period				
2016	7.7534	7.7618	7.8270	7.7505
2017	7.8128	7.7950	7.8267	7.7540
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8335	7.8499	7.7850
2020	7.7534	7.7562	7.7951	7.7498
2021				
March	7.7746	7.7651	7.7746	7.7562
April	7.7664	7.7691	7.7849	7.7596
May	7.7610	7.7654	7.7697	7.7608
June	7.7658	7.7617	7.7666	7.7566
July	7.7723	7.7705	7.7837	7.7651
August	7.7779	7.7834	7.7925	7.7735
September (through September 3, 2021)	7.7711	7.7728	7.7764	7.7708

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

CAPITALIZATION AND INDEBTEDNESS

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

- on an actual basis; and
- on an adjusted basis to give effect to the gross proceeds from the issuance of the New Notes before deducting the underwriting discounts and commissions and other estimated expenses relating to this offering payable by us. For the avoidance of doubt, the as adjusted information below does not give effect to the Concurrent Exchange Offer and the issuance of any Exchange Notes.

	As of June 30, 2021			
	Actual		As adjusted	
	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
Cash and cash equivalent	2,661,155	412,160	2,929,101	453,660
Current borrowings				
Bank loans and other borrowings	453,138	70,182	453,138	70,182
Senior notes	2,367,847	366,733	2,367,847	366,733
Total current borrowings	2,820,985	436,915	2,820,985	436,915
Non-current borrowings				
Bank loans and other borrowings	1,900,946	294,419	1,900,946	294,419
Interest-bearing loan from a non-controlling interest	784,854	121,558	784,854	121,558
New Notes to be issued	–	–	267,949	41,500
Total non-current borrowings	2,685,800	415,977	2,953,749	457,477
Total borrowing	5,506,785	852,892	5,774,734	894,392
Total equity	6,271,542	971,338	6,271,542	971,338
Total capitalization⁽¹⁾	8,957,342	1,387,315	12,046,276	1,865,730

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

Except as otherwise disclosed in this offering memorandum, there has been no material change in our capitalization and indebtedness since June 30, 2021.

SELECTED CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2018, 2019 and 2020 and the summary consolidated statements of financial position as of December 31, 2018, 2019 and 2020 below have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The summary consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2020 and 2021 and the summary consolidated statement of financial position as of June 30, 2021 below have been derived from our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions.

Selected Consolidated Statements of Profit or Loss and Other Financial Data

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
Revenue	2,842,202	1,583,308	3,737,158	578,812	733,154	2,604,255	403,348
Cost of sales	(1,699,285)	(1,010,428)	(2,450,425)	(379,523)	(373,716)	(2,030,915)	(314,549)
Gross profit	1,142,917	572,880	1,286,733	199,289	359,438	573,340	88,799
Other income	92,360	203,689	47,187	7,308	22,600	70,249	10,880
Selling and distribution expenses	(110,978)	(116,374)	(115,423)	(17,877)	(24,814)	(71,984)	(11,149)
Administrative and other operating expenses	(436,806)	(520,524)	(398,640)	(61,741)	(177,670)	(152,407)	(23,605)
Impairment loss on financial assets measured at amortisation cost	(46,640)	(21,258)	(28,109)	(4,354)	(16,235)	(10,203)	(1,580)
Profit from operations before fair value change on investment properties	640,853	118,413	791,748	122,625	163,319	408,995	63,345
Fair value gain/(loss) on investment properties	100,634	(77,454)	172,315	26,688	204,014	10,497	1,626
Profit from operations after fair value change on investment properties	741,487	40,959	964,063	149,313	367,333	419,492	64,971
Share of loss of an associate	(880)	(1,253)	-	-	-	-	-
Share of profits less losses of joint ventures	(19,904)	(3,507)	(241)	(37)	(244)	319	49
Finance income	35,287	47,781	38,849	6,017	26,850	19,382	3,002
Finance costs	(339,370)	(228,341)	(276,788)	(42,869)	(182,866)	(173,289)	(26,839)
Profit/(loss) before taxation	416,620	(144,361)	725,883	112,424	211,073	265,904	41,183
Income tax	(306,733)	(132,924)	(369,610)	(57,245)	(115,282)	(104,820)	(16,235)
Profit/(loss) for the year/period	109,887	(277,285)	356,273	55,179	95,791	161,084	24,948

Other Financial Data

	As of and for the year ended December 31,				As of and for the six months ended June 30,		
	2018	2019	2020		2020	2021	
	(RMB)	(RMB)	(RMB)	(US\$)	(RMB)	(RMB)	(US\$)
	(in thousands, except margin and ratios)						
Adjusted EBITDA ⁽¹⁾	761,678	116,878	1,032,428	159,903	238,802	491,226	76,081
Adjusted EBITDA margin ⁽²⁾	26.8%	7.4%	27.6%	27.6%	32.6%	18.9%	18.9%

- (1) Adjusted EBITDA for any period is calculated as profit/(loss) for the year/period plus income tax, finance costs (including capitalized interest), depreciation and amortization, other operating expenses and share of profits less losses of joint ventures and an associate, but excludes finance income, other income (excluding government grants) and fair value gain/(losses) on investment properties. Adjusted EBITDA is not a standard measure under IFRS.

Adjusted EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, net profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. We have included Adjusted EBITDA herein because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that the Adjusted EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the New Notes. 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.

The following table reconciles our profit before taxation under IFRS to our definition of EBITDA for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
	<i>(RMB'000)</i>				
Profit/(Loss) for the year/period	109,887	(277,285)	356,273	95,791	161,084
Add:					
– Income tax	306,733	132,924	369,610	115,282	104,820
– Finance costs (including capitalized interest)	445,082	367,641	495,647	241,897	298,916
– Depreciation and amortization	29,035	39,879	35,721	17,586	15,698
– Other operating expenses	46,640	21,258	28,109	16,235	10,203
– Share of profits less losses of joint ventures and an associate	20,784	4,760	241	244	(319)
Less:					
– Finance income	35,287	47,781	38,849	26,850	19,382
– Other income (excluding government grants)	60,562	201,972	42,009	17,369	69,297
– Fair value gain/(loss) on investment properties	100,634	(77,454)	172,315	204,014	10,497
Adjusted EBITDA	<u>761,678</u>	<u>116,878</u>	<u>1,032,428</u>	<u>238,802</u>	<u>491,226</u>

(2) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

Selected Consolidated Statements of Financial Position

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
ASSETS						
Non-current assets						
Property, plant and equipment	441,210	422,442	397,280	61,531	389,357	60,304
Investment properties	2,623,137	2,584,100	3,144,270	486,985	3,154,470	488,565
Intangible assets	17,634	16,497	16,098	2,493	15,353	2,378
Goodwill	2,252	2,252	2,252	349	2,252	349
Interest in an associate	2,820	–	–	–	–	–
Interest in joint ventures	132,672	134,783	131,583	20,380	132,784	20,566
Other non-current assets	121,003	404,818	337,888	52,332	358,081	55,460
Deferred tax assets	157,568	169,345	215,325	33,350	217,897	33,748
Finance lease receivables	27,394	15,692	8,210	1,272	6,133	950
	<u>3,525,690</u>	<u>3,749,929</u>	<u>4,252,906</u>	<u>658,692</u>	<u>4,276,327</u>	<u>662,320</u>
Current assets						
Inventories and other contract costs	7,484,547	7,383,731	9,369,347	1,451,127	14,125,032	2,187,689
Prepaid tax	53,354	165,086	144,949	22,450	264,187	40,917
Other financial assets	–	11,140	9,000	1,394	1,248	193
Trade and other receivables	1,772,278	1,361,689	2,849,403	441,316	3,080,500	477,109
Pledged and restricted cash	585,583	606,043	568,161	87,997	546,166	84,590
Cash and cash equivalents	1,123,145	1,571,204	1,783,235	276,188	2,661,155	412,160
	<u>11,018,907</u>	<u>11,098,893</u>	<u>14,724,095</u>	<u>2,280,472</u>	<u>20,678,288</u>	<u>3,202,658</u>
Investment properties classified as held for sale	26,463	–	–	–	–	–
TOTAL ASSETS	<u>14,571,060</u>	<u>14,848,822</u>	<u>18,977,001</u>	<u>2,939,164</u>	<u>24,954,615</u>	<u>3,864,978</u>
EQUITY						
Capital and reserves						
Share capital	31,825	31,825	36,598	5,668	36,598	5,668
Reserves	5,207,006	4,900,927	5,555,799	860,484	5,664,196	877,272
Total equity attributable to equity shareholders of the Company	5,238,831	4,932,752	5,592,397	866,152	5,700,794	882,940
Non-controlling interests	40,063	16,255	265,967	41,193	570,748	88,398
TOTAL EQUITY	<u>5,278,894</u>	<u>4,949,007</u>	<u>5,858,364</u>	<u>907,345</u>	<u>6,271,542</u>	<u>971,338</u>

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
LIABILITIES						
Non-current liabilities						
Bank loans and other borrowings ·	779,250	728,221	829,230	128,431	1,900,946	294,419
Lease liabilities ······	–	33,112	29,546	4,576	23,511	3,641
Senior notes ······	1,054,670	1,338,799	–	–	–	–
Deferred income ······	653	–	–	–	–	–
Deferred tax liabilities ······	103,349	108,924	194,636	30,145	297,485	46,075
Other financial liabilities ······	–	70,838	78,333	12,132	869,038	134,597
	<u>1,937,922</u>	<u>2,279,894</u>	<u>1,131,745</u>	<u>175,284</u>	<u>3,090,980</u>	<u>478,732</u>
Current liabilities						
Trade and other payables ······	2,923,528	2,367,860	5,450,950	844,245	5,705,217	883,626
Contract liabilities ······	1,843,463	2,989,327	1,971,295	305,315	4,303,403	666,512
Bank loans and other borrowings ·	487,661	505,462	481,029	74,502	453,138	70,182
Lease liabilities ······	–	8,972	10,562	1,636	14,573	2,257
Senior notes ······	411,311	314,220	1,820,524	281,963	2,367,847	366,733
Corporate bonds ······	261,334	259,700	–	–	–	–
Current tax liabilities ······	803,651	695,220	736,413	114,056	793,077	122,832
Deferred income ······	623,296	479,160	349,119	54,072	286,918	44,438
Amounts due to controlling shareholders ······	–	–	867,000	134,281	1,349,586	209,024
Other current liabilities ······	–	–	300,000	46,464	318,334	49,304
	<u>7,354,244</u>	<u>7,619,921</u>	<u>11,986,892</u>	<u>1,856,534</u>	<u>15,592,093</u>	<u>2,414,908</u>
TOTAL LIABILITIES ······	<u>9,292,166</u>	<u>9,899,815</u>	<u>13,118,637</u>	<u>2,031,818</u>	<u>18,683,073</u>	<u>2,893,640</u>
TOTAL EQUITY AND						
LIABILITIES ······	<u>14,571,060</u>	<u>14,848,822</u>	<u>18,977,001</u>	<u>2,939,163</u>	<u>24,954,615</u>	<u>3,864,978</u>
NET CURRENT ASSETS ······	3,691,126	3,478,972	2,737,203	423,938	5,086,195	787,750
TOTAL ASSETS LESS						
CURRENT LIABILITIES ····	<u>7,216,816</u>	<u>7,228,901</u>	<u>6,990,109</u>	<u>1,082,630</u>	<u>9,362,522</u>	<u>1,450,070</u>

BUSINESS

Overview

Historically we focused our business on the development and operation of large-scale trade centers in high growth second- and third-tier cities in China. In 2019, guided by the development strategies of the Greater Bay Area, we carried out a major restructuring by bringing in new strategic shareholders with strong financial resources, diverse industrial resources and rich operational experience to assist us with our development and industrial upgrade. In 2020, we repositioned ourselves from a developer and operator of large-scale trade centers in China to a new ecological industrial city service provider based on our corporate gene of “driving urban prosperity with industrial development”.

As part of our repositioning and industrial upgrade, we created the new “YOUNGO” brand under which we expand into various business sectors, such as urban renewal, luxurious housing and commodity trading, while continuing to develop our trade center business under our original “HYDOO” brand.

After the strategy upgrade, we become a new ecological industrial city service provider with a primary focus on the Greater Bay Area and simultaneously seeking opportunities to develop residential and commercial projects in other regions, especially provincial capitals, in China. As of June 30, 2021, we had a total land bank of approximately 13.7 million sq.m., 48% of which was for residential usage, comparing to 16% as of June 30, 2020, and we were operating and following up with 11 projects in the Greater Bay Area and areas adjacent to it with an estimated saleable area of approximately 2.5 million sq.m. Among these 11 projects in the Greater Bay Area, seven were urban renewal projects.

We closely follow the urban renewal policies and city development plans in the Greater Bay Area, and expect to achieve a full coverage of urban renewal of old towns, old villages and old factories. Recently, various favorable policies for urban renewal development were launched in cities of the Greater Bay Area, which are of significant importance for the development of our urban renewal projects in the Greater Bay Area. As of June 30 2021, we were operating and following up with seven urban renewal projects in the Greater Bay Area with a total estimated saleable area and saleable amount of approximately 1.1 million sq.m. and RMB30.0 billion, respectively. Among the seven urban renewal projects, five of those projects have been successfully converted into land bank, with a total estimated saleable area and saleable amount of approximately 0.35 million sq.m. and RMB14.0 billion, respectively. The aforesaid five urban renewal projects are expected to generate sales in the fourth quarter of 2021. The other two urban renewal projects are locked in with a total estimated saleable area and saleable amount of approximately 0.75 million sq.m. and RMB16.0 billion, respectively.

Regarding our trade center business, we proactively revitalize the assets and accelerate the turnover through various ways, including (i) changing the land usage from commercial to residential; (ii) changing the product type from trade centers to service apartments and commercial villas with residential function; (iii) co-developing with other strategic partners; and (iv) customizing products to certain customers. As of June 30, 2021, we had obtained the approval to change the land usage for our project in Lanzhou from commercial to residential for

700,000 sq.m. of land parcels, which accounted for approximately 90% of the total undeveloped land in our project in Lanzhou. We were also planning to sell all of our remaining properties with approximately 130,000 sq.m. of GFA in our project in Nanxiang.

Our business operations have experienced significant growth. In 2018, 2019, 2020 and the six months ended June 30, 2021, our revenue amounted to RMB2,842.2 million, RMB1,583.3 million, RMB3,737.2 million and RMB2,604.3 million, respectively. We continued to optimize our product portfolio to increase the portion of residential products, and among our total revenue in the first half of 2021, revenue from residential properties accounted for approximately 77%, a significant increase comparing to 2% in the first half of 2020. In recognition of our achievements and reputation, we were ranked 19th among the Top 50 Real Estate Enterprises in the Greater Bay Area in 2020 (2020粵港澳大灣區房地產50強企業) by China Index Academy and the China Real Estate Index system and were named one of the 2021 China Star Real Estate Developers (2021中國房地產百強之星) by the China Real Estate TOP10 Research, the 2021 China Excellent Industrial Park Operators (2021中國產業園區運營優秀企業) by the China Real Estate TOP10 Research, the 2021 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by Investment Value (2021中國大陸在港上市房地產公司投資價值TOP 10) by the China Real Estate TOP10 Research and the 2021 China TOP 10 Corporations of the Industrial New Town in Comprehensive Strength (2021中國產業新城運營商綜合實力TOP 10) by China Index Academy.

Our Competitive Strengths

We believe the following competitive strengths have contributed and will continue to contribute to our success:

Focus on Development of Residential Properties in the Greater Bay Area

On February 18, 2019, the State Council issued the Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area (《粵港澳大灣區發展規劃綱要》), which sets out the blueprint of a vibrant world-class city cluster. Benefiting from favorable policies, the economy, in particular the real estate industry, of the Greater Bay Area has demonstrated great development potentials.

Guided by the development strategies of the Greater Bay Area, we carried out strategic restructuring in 2019 by bringing in strategic shareholders, coordinating the sharing of the strong financial resources of these new strategic shareholders, providing a diverse range of industrial resources as well as for their operating experience to assist us with our innovative development and industrial upgrade. We have upgraded our business strategy since the second half of 2020, and strategically focused our business layout in the Greater Bay Area. Among our total contracted sales, contracted sales from the Greater Bay Area and areas adjacent to it accounted for approximately 37% in the six months ended June 30, 2021. As of June 30, 2021, we were operating and following up with 11 projects in the Greater Bay Area and areas adjacent to it, with a total estimated saleable area of approximately 2.5 million sq.m.

In order to better serve the national strategy of the Greater Bay Area, we developed the new “YOUNGO” brand to focus on urban renewal and boutique residential projects, implemented dual-brand operations and also changed our name to Guangdong – Hong Kong Greater Bay Area Holdings Limited. We continue to develop our trade centre business under the brand of “HYDOO”.

Fast-growing Urban Renewal Business

We closely follow the urban renewal policies and city development plans in the Greater Bay Area, and expect to achieve a full coverage of “Three Olds” urban redevelopment – old towns, old villages and old factories. Recently, various favourable policies for urban renewal development were launched in cities in the Greater Bay Area, which are of significant importance for the development of our urban renewal projects in the Greater Bay Area. As of June 30, 2021, we were operating and following up with seven urban renewal projects in the Greater Bay Area with a total estimated saleable area of approximately 1.1 million sq.m. Among the seven urban renewal projects, five had been successfully converted into our land bank, with a total estimated saleable area of approximately 0.35 million sq.m. The other two urban renewal projects have been locked in with a total estimated saleable area of approximately 0.75 million sq.m. In addition, we are also following up with several potential projects in the Greater Bay Area.

Strong Financial Condition with Healthy Cash Flow

We have dedicated efforts to ensure the Company having good financial condition with healthy cash flow, including:

- *Investment Management.* Currently, the income from the sales of properties contributed to the majority of our revenue. In connection with this, we have maintained a standard but flexible business model, which allows us to capture income from the sales of properties, rental income from leasing investment properties and the capital gains from holding these investment properties in optimized real estate portfolios relating to our projects. Leveraging on our strong project development execution capabilities, we are capable of delivering the first batch of completed properties in around 1.5 years from the time we obtain the relevant land-use rights. It takes about six months for us to negotiate and enter into an investment agreement with the local government and to execute the relevant acquisition contract for the lands. It only takes us about six months thereafter for us to undergo the construction of the project to the stage where a pre-sale can be carried out, which is an extremely short period requiring financing before the costs of constructions could be recuperated. After pre-sale, we are usually able to complete the works and deliver the properties in 9–12 months. Especially in the current era of PRC government launching real estate control policies based on the principle of “the housing is for accommodation, not for speculation” and tightening of real estate finance channels, being able to complete each stage of the project development in a short time frame enable us

to operate at a high turnover business model, which provides us with good financial conditions due to quick recovery of costs expended, as well as lowers our costs.

- *Debts and Leverage Management.* Through maintaining a solid and careful management of our finance, we are able to maintain healthy debt ratios. Our gearing ratio (dividing bank loans and other borrowings, corporate bonds, senior notes and interest-bearing loan from a non-controlling interest by total assets) as of December 31, 2018, 2019 and 2020, and June 30, 2021, is 20.5%, 21.2%, 16.5% and 22.1% respectively. Our net-debt-to-total-equity ratio (dividing bank loans and other borrowings, corporate bonds, senior notes and interest-bearing loan from a non-controlling interest minus total cash by total equity) as of December 31, 2018, 2019 and 2020, and June 30, 2021, is 24.4%, 19.6%, 13.3% and 36.7% respectively. We also satisfy our needs of funds with favorable costs through a combination of long-term and short-term loans.
- *Funds management.* We have always maintained a healthy cash flow to address the ever changing market conditions. We also regularly monitor the current and expected liquidity requirements to ensure we have sufficient cash reserves and revolving credit balances, in order to meet both our short-term and long-term liquidity needs.
- *Risk management.* We design and implement a risk management system with express provisions addressing risks relating to exchange rates, interests rates, credit, liquidity, capital and valuation, to minimize the negative impact resulting from the materialization of such risks on the Company's financial statements.

Experienced Directors and Management Team

The vision, experience and entrepreneurial spirit of our management team have contributed to our strong financial and operational performance and our ability to develop various large-scale projects in a highly disciplined and efficient manner. Our senior management has a proven ability to execute our business model in diverse regions across China. In particular, Mr. Wong Choi Hing (王再興), the founder, chairman and executive director of our Group, is one of the top leaders with over 20 years of experience in the development and operation of large-scale trade and logistics centers. Mr. Wong is currently responsible for providing guidance and formulating business strategies for our overall growth. Mr. Cai Hongwen (蔡鴻文), the co-chairman, executive director and chief executive officer of our Group, is a construction engineer and an architect with over 20 years of experience in the development and management of properties, including tourist resorts. Mr. Zeng Yunshu (曾雲樞), the co-chairman and executive director of our Group, is a senior economist with over 20 years of experience in business operations. Mr. Wang Dewen (王德文), the co-chief executive officer and executive director of our Group, has over ten years of experience in the development and operation of large scale trade centers, and has been the chief executive officer of our Group since 2014 and an executive director of our Group since 2015. See “Management” for more details. We believe that our

visionary and experienced management team is essential to our current achievements and will continue to lead us to success.

Our Strategies

Guided by the development strategies of the Greater Bay Area, we repositioned ourselves from a developer and operator of large-scale trade centers in China to a new ecological industrial city service provider with a focus on the Greater Bay Area. On one hand, we primarily focus on urban renewal projects and boutique residential projects located in the Greater Bay Area and other regions, especially provincial capitals, in China under our newly created “YOUNGO” brand; on the other hand, we continue to operate and revitalize the large-scale trade centers in high-growth second- and third-tier cities in China under our “HYDOO” brand. To facilitate our dual-track operation, we plan to implement the following strategies:

Enhance Business Operations and Comprehensive Management of the existing Trade Centers, Continue to Attract High Quality Customers and Enhance Value of our Properties

To enhance profitability and improve cost control, we have adopted the following initiatives in development our projects:

- *Enhance the Business Operations and Comprehensive Management of our Projects.* We intend to further improve the range and quality of the management and value-added services available at our projects to meet our customers’ needs. In 2018, Shenzhen Industry-University Research Institute Collaboration Association commenced its strategic partnership with us, through which we would obtain valuable services to our projects from high-tech enterprises, funds and service organizations. Also, we are going to strengthen the strategic cooperation with existing service providers and introduce additional providers at our projects, such as leading commercial banks, telecommunications companies, catering service providers and logistic companies. By providing customers access to these value-added services, we believe we will facilitate commercial activities at our projects and advance the business interests of our customers. We will also continue to work closely with local governments to strengthen the infrastructure surrounding our projects, which we believe will increase traffic flow and stimulate trading activities in the area. Enhancing the management and value-added services at our projects will attract potential customers to acquire or rent our properties, create a stable source of revenue and further diversify our high quality development of business.
- *Attract and Secure High Quality Customers.* We intend to implement strategic alliance strategies and cooperate with reputable enterprises to bring out their respective advantages and achieve a win-win situation. In 2017, Easyhome Investment Group signed a strategic cooperation agreement with us, and entered our Yulin Trade Center and Liuzhou Trade Center, bringing new vibe and vitality to our trade centers. Also, in 2017, the Red Star Macalline Group signed a strategic cooperation agreement with us. After the Red Star Macalline Group officially entered into our Ganzhou Trade Center in 2017, the Red Star Macalline Heze Kunming Road Mall was opened in 2018 in Area A1 Plaza of Heze Trade Center of the Group, creating a large-scale, high-end,

most influential home building business circle in Heze City. We also leverage our close relationships with local chambers of commerce to expand marketing scope and increase trading volume among our targeted tenants. In addition, we will continue to expand our relationships with trade associations, domestic suppliers, manufacturers, distributors, and capitalize on our in-depth knowledge of the industries represented at our trade centers to secure high quality clients to form the core of our customer base. Securing high quality customers will raise the profile and reputation of our projects and increase the flow of trade and commerce at our projects.

- *Adopt a Flexible Sales Strategy.* When we commence sales in a new projects, we plan to offer more attractive sales and rental terms to high quality clients, especially those key customers with expected significant trading volume. We will actively adjust the sales strategy of our properties and the allocation of properties for sale or leasing, reflecting market perceptions of our projects, general property market conditions as well as the availability of comparable or similar properties in the local region. We generally seek to increase sales prices and rental rates after the initial sales phase, as we believe that our clients will have by then established operations at our projects and benefited from the increased flow of business activities and the wide range of value-added supporting services and facilities. Such flexibility in sales strategy will also enable us to provide more favorable sales or rental conditions for our key customers with high trading volumes.
- *Expand Laterally to New Industry Parks in the Greater Bay Area.* We intend to construct new industry parks in the Greater Bay Area featuring novel business models, cutting edge technology and high quality services to serve our key customers. In this connection, in 2019, we entered into a strategic cooperation agreement with Shenzhen Science & Industry Park Group Co., Ltd., which has a first class industrial park and has rich experience and resources in soliciting leading technology enterprises, the high quality customers to our projects to be developed in the high-tech industry and new energy industry. With the benefit of this strategic cooperation, we expect that we would commence construction of international new technology parks.

Leverage the Strength of Our New Strategic Controlling Shareholder to Develop Residential Projects in the Greater Bay Area as well as First- and Second-tier Cities

In February 2019, the State Council promulgated the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area,” which positioned Hong Kong, Macao, Guangzhou and Shenzhen as the four core cities of the Greater Bay Area, which are required to give full play to their roles as the core drivers of regional development, and continue to exert their comparative advantages to grow bigger and stronger, and promote the development in the surrounding areas. The Group will stay abreast of the market demands and rationally plan the construction of the projects in the Greater Bay Area.

As the key to industrial growth lies on the realization of multi-dimensional and multi-level balance among pace of growth, risks and profits, we have been actively seeking to upgrade and enrich our business segments.

The above-mentioned intentions would be realized and advanced by having CG-HKGBAHL as our current controlling shareholder. CG-HKGBAHL is owned by RXHD Holdings and Hakka Park as to 50% and 50%, respectively. The group entities of RXHD Holding mainly focus on investing in and developing real estate projects in the PRC, and their businesses include operations on the real estate, finance, investment, commerce, hotels, tourism and property management industries. RXHD Holdings was owned as to 70% by Junsheng Holdings. Junsheng Holdings is equipped with expertise in real estate development and city revival in the Greater Bay Area. The group entities of Hakka Park mainly develops Hakka culture with a focus in cultural tourism and healthcare services in developing distinctive small towns (特色小鎮), which is also known as “hakka parks” or “Ketianxia” (客天下) combining real estate development with providing industry supporting facilities in the PRC. Through RXHD Holdings, Junsheng Holdings and Hakka Park, CG-HKGBAHL has sufficiently competitive edges in the development and operation of cultural tourism and healthcare service industry, rich management experience and outstanding capacity in creating customer stickiness. CG-HKGBAHL will take advantage on its competitive edges in cultural tourism and healthcare service sectors, and deeply integrates such competitive edges with the existing resources of the Group to bring a promising future for the Group. See “– Recent Developments” and “Principal Shareholders”.

We expect that with support from each of RXHD Holdings, Junsheng Holdings and Hakka Park in our development, we would construct and operate residential projects and city revival projects featuring cultural tourism and healthcare service, and hence entering into the brand new era “Hydoo 2.0”.

To support the development of the construction of these new projects, we would seek permission from the relevant local governments for a change of use in land part of the undeveloped parcels of land in our land bank into land for residential use. So as to increase the value of the land.

Take Advantage of the “Belt and Road” Initiative and Additionally Target Overseas Markets

We plan to take advantage of the “Belt and Road” initiative by the PRC government and the national policy of opening up inland commerce and trade. The “Belt and Road” initiative aims to build both land and sea trade routes connecting China to countries in other parts of Asia, Africa and Europe and further promote trade and commerce between China and countries along these trade routes. The PRC government has committed funds for infrastructure construction in the areas along these routes.

We have benefited from government efforts to globalize trade and commerce and we plan to continue to strategically locate our trade centers in locations where we expect to benefit from the “Belt and Road” initiative. We have entered into investment framework agreements with local governments for the construction of trade centers in Liuzhou, Wuzhou and Lanzhou, each of which is located along these trade routes, and we expect to experience increased trade and commerce as a result. Also, through these projects, and taking advantage of our status as a listed company in Hong Kong, our support from the Controlling Shareholder and our promotion of the “Hydoo 2.0” brand image, we expect reaching towards potential overseas markets in the South-East Asia and other areas supporting the “Belt and Road” initiative.

Our Projects

As of June 30, 2021, we had a total land bank of approximately 13.7 million sq.m., and were operating and following up with 11 projects in the Greater Bay Area and areas adjacent to it with an estimated saleable area of approximately 2.5 million sq.m. Among these 11 projects in the Greater Bay Area, seven were urban renewal projects. Each project includes various forms of constituent buildings that are subject to separate certificate, permit and approval requirements relating to project development. Each project may be divided into multiple phases and each phase may include different forms of constituent buildings based on our overall development plan.

The properties of our development projects are classified into three categories based on their respective development stages:

- *Completed Properties*, representing properties for which construction of all constituent buildings have been completed but which have not been fully sold.
- *Properties under Development*, representing properties for which we have obtained land-use rights certificates and the construction work of which has commenced but has not been completed.
- *Properties Planned for Future Development*, representing properties with respect to which (i) we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities in China, but have not yet commenced construction work (which we refer to in this offering memorandum as “properties planned for future development-with land grant contracts or land-use rights certificates”), or (ii) we have entered into master investment agreements with regulatory authorities in China and have not entered into land grant contracts with regulatory authorities in China (which we refer to in this offering memorandum as “properties planned for future development” and are described separately under the subsection headed “– Our Projects”). As a result, information regarding our properties planned for future development included in this offering memorandum, such as project planning, design, function, constituent buildings and other features, reflects our current expectations only and is subject to government approvals and further changes.

The following table sets forth a summary for our land bank of (i) completed but undelivered projects, (ii) projects under development and (iii) projects planned for future development, with land grant contracts or land-use rights certificates, as of June 30, 2021. Unless otherwise indicated, the categorization of our development projects as well as information presented with respect to such projects in this offering memorandum are based on the development progress made as of June 30, 2021.

Project	Undelivered saleable GFA of completed projects as of June 30, 2021	GFA of projects under development	GFA of projects planned for future development	Total land bank
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>
Ganzhou Project	292,584	180,626	1,870,534	2,343,744
Lanzhou Project	134,427	174,423	1,867,967	2,176,817
Liuzhou Project	8,983	42,602	1,648,290	1,699,875
Jiamusi Project	6,344	–	1,519,103	1,525,447
Wuzhou Project	176,540	338,579	192,442	707,561
Jining Project	142,403	147,249	99,900	389,552
Heze Project	84,628	40,629	196,379	321,636
Yulin Project	89,582	–	152,398	241,980
Ningxiang Project	125,036	–	–	125,036
Mianyang Project	35,563	66,290	–	101,853
Yantai Project	61,785	–	–	61,785
Haode Glnza	2,017	–	–	2,017
Heyuan Project	–	54,795	479,752	534,547
Jiande Project	–	215,871	–	215,871
Nanning Project	–	271,937	–	271,937
Humen Project	–	82,880	–	82,880
Xingning Project	26,538	306,343	150,186	483,067
Renhuai Project	27,422	113,577	–	140,999
Xishui Project	14,948	145,842	–	160,790
Great Lakes	–	73,633	–	73,633
Great River	–	123,557	–	123,557
Huahai Project	–	71,185	–	71,185
Lu Feng Project	–	–	235,421	235,421
Pingshan Project	–	179,473	–	179,473
Jining Sunac	220,046	96,058	–	316,104
Lanzhou Sunac	–	557,038	–	557,038
East bank	–	521,308	–	521,308
Total	1,448,846	3,803,896	8,412,372	13,665,115

As of June 30, 2021, among our total land bank of approximately 13.7 million sq.m., the land bank for residential usage accounting for approximately 48.0% as compared to approximately 16.0% as of June 30, 2020. Such increased in the proportion of land bank for residential usage was in line with our new business strategy. In the six months ended June 30, 2021, we acquired eight projects with planned GFA of approximately 2.1 million sq.m., and an expected saleable amount of RMB25.0 billion. In terms of newly acquired land bank, approximately 76.0% locates in the Greater Bay Area and areas adjacent to it, and approximately

24.0% locates in the provincial capital cities other than the Greater Bay Area and areas adjacent to it, which reflected our determination and capability in the transformation of the strategic layout to the Greater Bay Area.

In determining planned dates (including the planned dates of construction commencement and completion for properties under development and properties planned for future development and the planned dates of pre-sale or sale commencement and property delivery) and estimated site area and GFA information, we rely on certain assumptions, including that: (i) there will be no material change with respect to the general economic conditions in the PRC, performance of the PRC property market or demand for our trade center products, particularly in the regions where we plan to develop these properties; (ii) there will be no material change in the regulatory regime governing the real estate market in the PRC which could adversely affect our ability to develop such properties; (iii) there will be no significant delay or obstacle in obtaining necessary licenses and approvals to develop such properties, or any such licenses and approvals obtained are not subject to any material changes or amendments; (iv) we will be able to finance the project development through a combination of our working capital, external borrowings and other debt and equity financing on a timely basis; (v) we will be able to obtain the land-use rights with respect to the lands identified for our properties planned for future development as expected without any significant delay or difficulty; (vi) we will be able to carry out the development plan as set out in the master investment agreement without any material delay or significant changes or amendments to the development plan with respect to properties held for future development which we have not entered into land grant contracts with regulatory authorities in China; (vii) services provided by third party contractors, including our construction contractors, will meet our quality standards and requirements; (viii) there will be no material increase in the costs and expenses relating to the construction and development of the properties, including costs of construction materials and labor in the PRC; and (ix) we will not be involved in any material legal or other proceedings that could significantly affect our project development process. These estimates and plans are forward-looking statements and are outside of our control. See “Forward-looking Statements.”

Based on the above assumptions, estimated site area and GFA information in this offering memorandum is derived on the following bases:

- *Site area information:*

If we have received the land-use rights certificates with respect to certain properties, the site area information in respect of such properties refers to the site area information set forth in the land-use rights certificates; and

If we have not received the land-use rights certificates with respect to certain properties, the site area information in respect of such properties is estimated based on the site area information set forth in the land grant contract, or if not yet available, the master investment agreements signed with regulatory authorities in China relating to such properties (excluding the areas identified for public use, such as roads, community recreation zones or other public infrastructure).

- *Total GFA information:*

If the construction of the properties is completed and a completion inspection filing has been made, the total GFA information in respect of such completed properties refers to the total GFA information set forth in the completion certificate; or

If the completion inspection filing has not been made, the total GFA information in respect of such properties is estimated based on: (i) the total GFA information set forth in the construction work commencement permit; (ii) the total GFA information set forth in the construction work planning permit if the construction work commencement permit is not yet available; (iii) our current development plans if none of the above documents is otherwise available; or (iv) the total GFA information if any is indicated in the master investment agreement we entered into with regulatory authorities in China.

The total GFA generally includes non-saleable GFA and saleable GFA. Non-saleable GFA generally includes GFA of properties that are not saleable pursuant to PRC laws and regulations, such as communal facilities, underground space for civil defense purposes and parking lots. Saleable GFA generally refers to the GFA of properties that are saleable pursuant to PRC laws and regulations, including internal floor area and shared areas that are exclusively allocated to such properties.

In terms of GFA, the largest class of constituent buildings at each of our trade centers is wholesale trading markets. These wholesale trading markets generally consist of numerous two-to three-story buildings that are typically 16–20 meters by 40–80 meters in size. Each building is divided by a road that is approximately 10–20 meters wide. This design layout optimizes the amount of storefront area so that shoppers can move easily between stores and also allows vehicles to move between units in order to transfer merchandise. This design addresses a problem in many of China’s trading markets where vehicular access is a common bottleneck.

Each building that forms a part of our wholesale trading markets is typically divided into 15–35 units that have an average GFA of 70–140 sq.m. The ground floor of each unit is generally used for product display, while the upper floors are either used for display or for offices or storage. Purchasers of our units have the option of purchasing several adjoining units to create larger shops. This flexibility allows us to accommodate the varying space and design requirements of our unit purchasers.

The buildings that comprise the wholesale trading markets at our trade centers are generally similar in size and function, though the exterior finishing may differ between trade centers. This uniform approach allows us to save design and construction costs while providing flexibility in creating distinctive designs at each of our trade centers. From time to time, we also tailor the design of our wholesale trading markets to fit the particular needs of the industry served. For example, in the Mianyang and Ganzhou Trade Centers the wholesale trading markets are designed with a split-level floor plan to accommodate the hilly topography of the area. To accommodate the needs of our customers, we may also increase the height of certain of our wholesale trading market buildings.

In addition to wholesale trading markets as the primary type of constituent buildings, shopping malls are the second largest class of constituent buildings at our trade centers in terms of GFA. The shopping malls at our trade centers generally consist of a number of three- to five-story buildings that are typically 60–85 meters by 150–210 meters in size. Each building that forms a part of our shopping malls is typically divided into 1,500–2,000 units that have an average GFA of 10–30 sq.m. Our shopping malls are generally modern in design, most of which are reinforced concrete buildings with glass curtain walls.

Our Development Process

We are primarily engaged in developing and operating large-scale properties in China. By focusing on developing properties in rapidly-growing second- and third-tier cities, we seek to assist local governments in further stimulating the growth of local commerce, facilitating urbanization and, ultimately, upgrading and transforming cities. Although each project development is customized for the specific conditions of the location and designed in accordance with the requirements of the local authorities, the diagram below summarizes the major stages involved in developing and operating a project.



We have established various departments at the headquarters level to oversee and control the major steps of all of our project developments. We have also formed individual project companies to manage the day-to-day development and operational activities of individual projects. As part of our core ability to replicate our business model in different regions, all key decisions regarding a development project, including project assessment and site selection, land acquisitions and project planning and design, are primarily made at our headquarters. In addition, when we commence a new development project and after we establish the project company for the project, we generally dispatch a core team with extensive experience from a prior project to staff the new project company to ensure project developments are executed properly and our business model is executed consistently. In addition, this core team is supported by skilled managers and employees with relevant experience that we hire from other leading companies.

Through our past experience, we have set up a standard model to implement our project development process from site selection to project sales and marketing. Our management conveys our strategies and goals to various departments within our Group and our various project companies. Our management oversees the operation of various departments as well as project companies to ensure that they operate efficiently. We also leverage our bargaining power by centralizing negotiations with suppliers and construction companies and facilitate the sharing and efficient use of resources and expertise among various projects in areas such as design, construction and sales and marketing.

Project Assessment and Site Selection

During the project assessment and site selection stage, our initial task is to set development targets based on our growth strategies and medium-to long-term plans. As part of this process, we closely examine the PRC regulatory and economic environment and the impact the government's macro-economic policies and development plans may have on economic growth and the real estate development industry. We consider development trends in different regions of China to form preliminary concepts of areas into which we would like to expand and the number of projects we would like to develop each year. We currently primarily focus on second-tier and third-tier cities in China. The economies and consumption levels in these cities are growing quickly as they undergo rapid urbanization. Local governments in these cities have a pressing need to support such growth and perceive the construction of our projects as one of the means to promote this goal. Through this process, we are able to refine our strategies and goals to take advantage of opportunities in different regions of China.

Once we set development targets, we conduct feasibility studies on potential areas of expansion and consider potential risks, investment returns, and local economic and regulatory conditions. We also initiate discussions with various local governments so that we can understand how our projects can complement their needs.

After our high-level assessment of the conditions in various cities, we then send an assessment team, generally led by key members from our strategic planning department to visit a subset of those cities. Based on our needs, we may also engage professional market research firms to provide additional factual analysis and support, such as market analysis and feasibility research on potential markets.

After the strategic planning department, design department, finance department and sales and marketing department complete their research on various candidate cities, they submit reports to our investment committee, which is currently comprised of eleven members, including our executive directors and senior management team. The investment committee will review the written reports and, after further consultation with the involved departments and any external expert we may engage, make a decision as to which cities to develop projects in.

We actively look for suitable opportunities to develop projects where we can leverage our strengths and achieve attractive rates of return. In particular, we seek to establish projects in cities that satisfy the following criteria:

- promising local and regional economic growth potential and the ability of the city to positively impact the economic growth of neighboring cities;
- cities with relatively large, dense populations that are centrally located;
- availability of land sites with easy access to well-developed transportation networks in areas that are not saturated by similar projects; and

- ability to build a long-term cooperative relationships with local governments that understand our value proposition and can provide regulatory support for our development projects.

We prefer to select sites in suburban areas of cities with strong urbanization and economic growth prospects. These sites are generally within sufficient proximity of city centers to have access to ample local manufacturing, commercial and logistics support while being in areas where land can be obtained at a reasonable cost. After we have identified a city in which we would like to develop our projects, we use the following criteria in assessing different potential project sites within that city:

- whether the site is, in terms of area and condition, suitable for large-scale, integrated commercial development, such as suburban area of cities with strong urbanization prospects;
- its position in the city's overall planning and long-term development plans;
- whether a proposed project on the site will help lift the economic, cultural and social development of the city and region to a higher level;
- whether the site is conveniently connected to the local transportation infrastructure;
- whether the site is supported by local manufacturing, trading and logistics industries;
- infrastructure and supporting facilities planned or provided by the local governments;
- the projected overall costs and expenses of a proposed project on the site; and
- zoning rules applicable to the site.

After we identify a city with land resources that satisfies our criteria, we hold further discussions with the local government, typically focusing on issues including the location and size of the land site, the general layout, major functions and constituent buildings of the proposed project, overall development investment and costs, financing options, proposed development timeline, and available government support such as government grants and construction of connecting and other infrastructure. These discussions guide the initial drafting of a master investment agreement. Occasionally we also enter into a non-binding circular of understanding with the local government to set out certain high-level plans regarding our proposed development plan, which generally will be superseded by the master investment agreement. Our strategic planning department, in consultation with other departments of the company, reviews the initial draft of the master investment agreement and seeks comments and suggestions from various other relevant regulatory authorities in the city to revise the draft. A finalized master investment agreement will be signed with the local government after all negotiations are concluded and an agreement with the local government is reached. We may also enter into supplemental agreements with local governments to provide for further detailed or clarified execution plans with regard to key clauses of the master investment agreement.

Land Acquisition

Under current PRC laws and regulations, land-use rights for the purposes of commercial use, entertainment and commodity residential properties in China must be granted by the government only through public tender, auction or listing-for-sale. When deciding who to grant land-use rights, the government will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. For more information on the regulatory approvals needed to acquire land-use rights to our developments projects, see “Regulation – Land for Property Development.” During the relevant period, one of our subsidiaries acquired certain parcels of land by way of agreement instead of public auction bid.

The government authority generally establishes and announces the conditions for the public tender, auction or listing-for-sale of the land-use rights. After we participate in the process and if our bid is chosen, we will sign a land-use right grant agreement, which sets forth key terms and conditions of the grant of land-use rights. Generally, this land acquisition process takes between three to six months to complete.

Project Planning and Design

Our design department will begin to formulate a conceptual plan for our development project before we enter into the master investment agreement with local regulatory authorities. At this time, a suitable location will have already been designated. This plan typically sets forth the conceptual layout of the trade center project including the locations, size estimates and major functional areas and key constituent buildings, such as wholesale trading markets, residential and office buildings, hotels, shopping malls and exhibition centers. We believe our practice of forming an advanced conceptual plan and presenting it to the local authorities in the early stages of our negotiations with them distinguishes us from our competitors. We believe that doing so allows the local authorities to better understand our design philosophy and how our detailed plan can urbanize and upgrade their cities.

Once we establish the conceptual plan and enter into the master investment agreement with the regulatory authorities regarding a new development project, our design team starts to formulate a master design plan which sets out detailed information regarding the development project covered by the master investment agreement. Our design department works closely with external design firms to formulate the master design plan which needs to be approved by the local authorities in charge of city planning.

As we proceed with the land acquisition process, our design department, with the support of external design firms, starts to formulate the detailed design of the particular portion of the development project to be covered by the parcel of lands we are acquiring. This detailed design sets out key architectural, landscape and external design elements of the project and is based on the master design plan which has been approved by the local regulatory authorities. Once the detailed design is approved by the regulatory authorities and we have obtained a construction work planning permit, our construction management department (with the support of the design department) will proceed to work with external architecture firms to formulate detailed construction drawings that will guide the construction work at our trade center projects. Our design department will provide additional detailed designs as we continue to acquire additional

land-use rights and execute our overall development plan based on our master investment agreement with the local authorities.

Generally, we consider the factors below in planning and designing our projects:

- the positioning and functions of our projects and potential needs of our prospective customers;
- the urban planning requirements and considerations of the local government authorities;
- the neighborhood and environment surrounding the site;
- the characteristics of the site, including its location, site area, geographic nature, existing conditions and structures;
- the advice provided by our professional advisors, including architects, planning experts and sales and marketing personnel;
- information we receive from the strategic planning department and sales department regarding our customers' needs; and
- the costs of the different project designs.

The design department is responsible for selecting the architects and design firms we engage. We generally engage reputable design institutes in China with rich experience in designing projects, such as Guangzhou Shanshui Bide Design Co., Ltd., Juzhen Zongheng Design Co., Ltd. and Zeling Art (Shenzhen) Co., Ltd., to assist our project planning and design process. We also engage international design firms, such as AECOM, based on our project design needs. We typically use a tender process in selecting these architects and design firms and draw from a list we maintain of over 145 preferred architects and design firms. We request potential architects and design firms to provide a proposal with a fee quote. In making our decision, we consider their proposed design concepts, their reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. The design department continually monitors the progress and quality of the appointed design firms to ensure that they meet our specifications.

Project Construction

We develop and manage our projects through our construction management department at our headquarters and also through the individual construction management departments of our project companies. The construction management department at our headquarters makes strategic determinations and sets strategic parameters for our project construction process, including overall project construction planning and periodic targets, scope and size of construction work, selection of key construction contractors and pricing and the procurement of key raw materials and equipment. Construction management departments at the project company level oversee the day-to-day construction process of their respective projects. The construction management

department at our headquarters coordinates with various project companies on an on-going basis through various progress meeting and reporting mechanisms.

Selection of Construction Companies

We engage third-party construction companies for site preparation, project construction, equipment installation, engineering and interior work. We generally select construction companies through a tender process and request potential construction companies to provide a proposal with a fee quote. We currently maintain a database of more than 1,000 construction companies as our qualified construction contractors. As of June 30, 2021, we engaged more than 100 construction contractors, with which we have been working for a period ranging from one to six years. We consider the construction companies' track record, professional qualifications, past performance, reputation for reliability, quality and safety, references, technical sophistication, proposed delivery schedule and cost in our selection process. We seek to achieve high quality in the construction process while maintaining our construction costs at a reasonable level.

The construction companies we have engaged carry a minimum Second Grade certification from Ministry of Housing and Urban-Rural Development of the PRC ("MOHURD") (中華人民共和國住房和城鄉建設部), and hold all the necessary licenses and permits. To ensure that our projects are constructed by quality construction companies only, our construction contracts prohibit assignments without our consent. Our construction management department, both at headquarters and project company levels, continues to review the qualifications and performance of the construction companies on an on-going basis throughout the course of the construction process. The review criteria include construction quality, satisfactory construction in line with specifications, safety record, compliance with laws and regulations, and site management, among others.

Construction Contract Terms

The principal terms of the agreements with our construction contractors include the scope of work, a timetable for construction, fees and payment terms. In addition, our agreements with construction companies typically contain warranties for quality and requirements for timely completion of the construction process. Our construction agreements typically provide for payments based on construction progress until a specified maximum percentage of the total contract price is paid. We typically do not make any pre-payments, but instead make payments according to the progress on a monthly basis. We review the construction progress and make payments, generally on a monthly basis, equal to a set percentage of the construction work completed in the previous month. Following governmental inspection and approval of the completed construction project, a payment of the remaining balance, up to 97% of the total amount, of the completed construction may be paid to the contractor. The remaining balance, which is withheld to cover any damages as a result of any construction defects, is typically paid, without interest, to the contractor approximately two years after the date of governmental inspection and approval. From time to time, we may also negotiate for more favorable payment terms with our construction contractors. We generally have the contractual rights to terminate

the construction contracts, with prior written notice, upon (i) mutual agreement, (ii) assignment or sub-contracting of the construction work without our prior consent, (iii) material breach of the construction contract resulting in impossibility of due performance or (iv) a force majeure event. We generally require construction companies we engage to purchase insurance to cover risks related to construction while they perform work on our construction sites.

Procurement

Key building construction materials, such as steel and concrete, are generally procured by the construction companies we engage and we typically designate the brands and quality requirements of these key construction materials as part of our construction agreement. The risk of price fluctuation for these materials is generally borne by these construction companies so long as the increase is less than 3%–5% of the stated contract price. In the event the price exceeds 3%–5%, we are responsible for paying the increase in price above 3%–5% of the stated contract price. At the headquarters level, we negotiate and arrange the purchase of certain large equipment, such as elevators, escalators and air-conditioning systems by our project companies.

Project Monitoring and Quality Control

Time Control

To monitor construction progress, we develop a master construction plan for each project, which sets out the scope and timing of each construction milestone. We adopt varying time control and management methods during different periods of the construction process. During the ground construction period, our construction management department conducts regular meetings with construction companies, and our project team works closely with the construction companies we engage to ensure strict compliance with the schedule in the master construction plan. We closely monitor weather forecasts and make preparations in advance or adjustments to the construction progress accordingly. Once the ground construction is completed and the structural construction commences, we monitor the construction progress through weekly meetings. The master construction plan is adjusted in light of any delay reported by the construction contractors with a view to completing the overall project according to the original schedule. We strictly oversee the construction progress and require construction contractors to complete the construction work on a timely basis or be subject to fines. We have not experienced any material delay in the completion of property construction.

Quality Control

Quality control is crucial to the successful development of our projects and to meet the requirements of our target customers. We have taken a number of measures to ensure that the quality of our projects complies with applicable laws and regulations and meets market standards.

We maintain a list of approved design consultants, architects, construction companies and other suppliers to ensure that we use only those product and service providers with proven records. Our construction management department works closely with each project company to monitor the performance of the design consultants and construction companies who we engage

to work on our projects. Within all our project companies, we have approximately 70 employees who perform regular on-site quality audits and report poor workmanship, sub-standard materials or other irregularities to the construction management department. These employees are required to possess the qualification and industry experience generally required for such quality control function.

We employ strict procedures for selection, inspection and testing of equipment and materials. Each project company works with third-party product inspection companies to inspect equipment and materials to ensure compliance with contractual specifications before accepting the materials on-site and approving payment. We reject materials that are below our standards or that do not comply with our specifications.

Cost Control

For each project we prepare a master budget. The budget is first formed at the project company level by our cost-control team. This budget is then reviewed by the eight-member cost-control department at the headquarters level and then ultimately approved by our Board. These employees review and verify the costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects. If the actual cost is likely to exceed the initially approved budget, prior approval from senior management must be obtained. Historically, we were not materially and adversely affected by any significant increase in cost of raw materials, equipment and construction contractors. We believe that we were able to reflect any additional payments made in this regard in the sale price of the relevant properties.

Property Sales

After we receive a pre-sale permit from the governmental authorities, but generally before signing a sales contract, we require prospective purchasers to pay a deposit ranging from RMB50,000 to RMB200,000 to secure the property they have selected. After we receive the deposit, generally within a period of one to three months, we execute a sales contract with our customers. Such deposit is typically included as part of the down payment made by our customers when they sign the sales contract with us. Our sales contracts typically set out customary sales terms, such as specific information of the subject property, sales price, payment arrangement, delivery plan and default provisions.

Our customers generally elect to pay for their properties through a single lump-sum payment, installments without a mortgage loan or installments with a mortgage loan. If customers pay in a single lump sum, we normally require settlement upon or within one month after the signing of the sales contract. If customers pay in installments without utilizing a mortgage loan, we generally require them to pay 50% of the purchase price as a down payment upon signing of the sales contract and pay the remaining amount before or upon the delivery of the property. If customers pay in installments and also utilize a mortgage loan, we generally require them to pay 50% of the purchase price as a down payment upon signing of the sales contract and the remaining amount when the mortgage loan is drawn down. We generally deliver property to the customer after the remaining purchase price is fully settled through the mortgage loan.

A number of our customers purchase our properties through the use of mortgage loans. In line with the general practice in the property industry in China, we provide guarantees to commercial banks in respect to the mortgage loans provided to the purchasers of our properties from the time of the drawdown up until the property is duly mortgaged with the bank. As part of our guarantee arrangement with commercial banks in China, we are generally required to place a deposit of up to 10% of the total loan facility made available with the commercial bank as a security for our guarantee obligation. We can take over the ownerships of the related properties and sell the properties to recover any amounts paid by us to the banks. The directors also consider that the fair market value of the underlying properties is sufficient to cover the outstanding mortgage loans guaranteed by us in the event the purchasers default payments to the banks. We have not recognized any deferred income in respect of these guarantees as its fair value is considered to be minimal.

We endeavor to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our property projects as well as conduct pre-delivery property inspections to ensure on-time delivery. Once the construction has met all the requirements of sales agreement, we deliver the completed properties and help to obtain property ownership certificates which are required under the sales contracts to customers.

Property Management

We provide management services for our properties through property management subsidiaries at project company level. Our property management services include, among other things, security, cleaning, repair and maintenance of equipment and facilities and other supporting facilities. We generally charge our customers a pre-determined monthly fee based on the GFA of the properties they own or rent for our property management services. We are responsible for establishing property management procedures and preparing maintenance and renovation plans with respect to our shopping centers and public facilities.

We also make available a range of on-site services at our properties through our property sales and lease arrangements with service providers in China, such as commercial banks, telecommunications companies, catering service providers and logistic companies. As we continue to grow our business, we expect to further ramp-up our property management services operations and expand the scope of property management services to our customers. We also expect to provide property management services to hotels at our projects.

Other Services

Our other services primarily include the leasing of investment properties and other properties. As our projects currently under development enter into later phases, typically three to five years after the commencement of development, we plan to retain a proportion of commercial properties as investment properties for long-term recurring income and capital appreciation. These properties may include units of wholesale trading markets, shopping malls, office buildings and exhibition and conference centers for leasing as well as serviced apartments and hotels that we may retain for investment purposes. As of June 30, 2021 we had an aggregate of 434,207 sq.m. of properties designated as investment property. In 2018, 2019, 2020 and the six months ended June 30, 2020 and 2021, we derived certain amounts of revenue from rental

income, which amounted to RMB39.7 million, RMB56.2 million, RMB41.0 million, RMB23.8 million and RMB23.8 million, respectively.

In addition, we developed new commodity trade business in 2020, and generated gross transaction amount of approximately RMB575.0 million, the net profit of which was recorded as our revenue. We expected to implement the centralized procurement and supply chain business for the our property development through this platform.

Suppliers and Customers

Our principal suppliers are primarily construction companies that we engage to construct our projects. In 2018, 2019, 2020 and the six months ended June 30, 2020 and 2021, purchases attributable to our single largest supplier accounted for approximately 12.0%, 28.7%, 26.1%, 37.9% and 13.0%, respectively, of our total purchase. For the same periods, purchases attributable to our five largest suppliers accounted for approximately 30.0%, 63.2%, 53.0%, 49.9% and 38.9%, respectively, of our total purchases.

Our principal customers are purchasers and tenants of our properties. In 2018 and 2019, revenue derived from our single largest customer as well as the five largest customers of our Group accounted for less than 40.0% of our total revenue. In 2018, 2019, 2020 and the six months ended June 30, 2020 and 2021, the aggregate sales to our single largest customer accounted for approximately 36.1%, 1.0%, 0.2%, 1.0% and 6.4%, respectively, and the aggregate sales to the five largest customers of our Group accounted for approximately 37.2%, 2.5%, 1.0%, 3.7% and 7.6%, respectively, of our total revenue.

Competition

There are many property developers that undertake property development projects in the Greater Bay Area and elsewhere in the PRC. Our major competitors include large national and regional property developers, including local property developers that focus on one or more of the regions in which we operate. We endeavor to further strengthen our leading position in these regions. Our competitors, however, may have a better track record, greater financial, marketing and land resources, broader name recognition and greater economies of scale than us in the regions where we operate. We also face competition for our real estate businesses from certain international real estate companies.

For more information on competition, see “Risk Factors – Risks Relating to Our Business – We face competition from other property developers in China for land and customers.”

Properties for Our Own Use

As of June 30, 2021, we occupied office space with a total GFA of approximately 7,735 sq.m. in the PRC as office facilities for our headquarters. We also leased office space with a GFA of approximately 134.1 sq.m. in Hong Kong.

Insurance

We carry employer's liability to pay pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance as required by PRC laws. We also maintain insurance policies covering property damage due to natural hazards and general liability under property risk insurance, construction all risk insurance and public liability insurance. We do not, however, maintain property damage or third-party liability insurance on our workplace property developments projects, as we generally require our construction contractors to carry such insurance as part of our arrangement with them. We also carry automobile insurance covering collision damage and various types of liability for our vehicles.

We believe our insurance practice is in line with the customary practice in the PRC real estate industry. We closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us. See "Risk Factors – Risks Relating to Our Business and Industry – We have limited insurance to cover our potential losses and claims."

Employees

We had 1,153 employees as of June 30, 2021. We actively recruit skilled and qualified personnel in Chinese local markets, including students newly graduated from universities as well as employees with relevant working experience. For senior management team and selected management positions, we may also seek to recruit personnel with international experience. The remuneration package of our employees includes salary, bonuses and other cash subsidies. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. We are subject to social insurance contribution plans organized by PRC local governments. In accordance with national and local labor and social welfare laws and regulations, we are required to pay, monthly social insurance premiums covering pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing reserve funds. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

Environmental and Safety Matters

We are subject to PRC environmental protection laws and regulations. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We are required to submit our environmental impact study statements to the government for approval or an environmental impact registration form for record-filing. The PRC government will not grant us a construction permit with respect to any property project absent an acceptable environmental impact study statement for approval or an environmental impact registration form for record-filing. We are committed to complying with these environmental protection laws and regulations. We also actively participate in the environmental assessment process and fully cooperate with accredited environmental assessment organizations.

We have taken certain measures to reduce pollution and comply with applicable environmental laws and regulations. These include energy-saving policies that reduce our electricity consumption, the implementation of a rain and sewage diversion system in certain trade centers, smoke filtering systems in the kitchens of our cafeterias and restaurants and in our backup generators, the installation of sound insulation in our backup generators and cooling machines, and the use of solar-powered water heaters. We encourage our construction contractors to use equipment and facilities and to adopt or develop new technologies in order to reduce the impact of our projects on the environment. In this regard, we have attempted to design our projects to reduce their impact on the environment and reduce energy costs. The developers shall, upon completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, carry out acceptance check of the supporting environmental facilities being constructed and prepare an acceptance report according to the standards and procedures required by the environmental protection administrative authorities of the State Council.

Under PRC laws and regulations, most of the potential liabilities to the workers and visitors of our construction sites rest with the construction companies we engage. Under the Construction Law of the People's Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor. Under the Environmental and Hygienic Standards of Construction Work Site (建築施工現場環境與衛生標準), a contractor is required to adopt effective occupational injury control measures, to provide workers with necessary protective devices, and to offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

To our knowledge, there has been no material non-compliance with the environmental and safety laws and regulations by us from 2018 to June 30, 2021. During the same period, we did not have any material environmental or safety accidents at our development projects. As of June 30, 2021, we were not aware of any material claim for personal or property damage in relation to environmental or safety accidents.

Legal Proceedings

As of the date of this offering memorandum, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that material legal proceedings, claims or disputes will not arise in the future. See “Risk Factors – Risks Relating to Our Business – We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result.”

REGULATION

Summary of Principal PRC Legal and Regulatory Provisions

Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to our operations and business. These include laws and regulations relating to:

- Establishment of a Real Estate Development Enterprise
- Qualification of a Real Estate Developer
- Land for Property Development
- Sale of Commodity Properties
- Transfer of Real Estate
- Mortgages of Real Estate
- Real Estate Management
- Measures on Stabilizing Property Prices
- PRC Taxation
- Foreign Currency Exchange
- Labor Protection

Establishment of a Real Estate Development Enterprise

According to the Law on Administration of Urban Real Estate of the People's Republic of China (the "Urban Real Estate Law") (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the National People's Congress, effective on January 1, 1995, as amended respectively on August 30, 2007, August 27, 2009 and August 26, 2019 (effective in January 1, 2020), a real estate developer is defined as an enterprise which engages in the development and operation of real estate for the purpose of making profits. Under the Regulation on Administration of Development of Urban Real Estate (the "Development Regulation") (城市房地產開發經營管理條例) promulgated by the State Council on July 20, 1998, as amended respectively on January 8, 2011, March 19, 2018, March 24, 2019, March 27, 2020, and November 29, 2020, an enterprise which is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1.0 million or more; and

- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate. The authorities at the provincial level, autonomous region level or municipalities under the direct administration of the central PRC government may impose more stringent requirements regarding the registered capital and professional qualifications of real estate enterprises.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign invested enterprises.

Under the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄) promulgated by MOFCOM and National Development and Reform Commission of the PRC (“NDRC”) on March 10, 2015, the construction of villa 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. The Catalog of Guidance on Industries for Foreign Investment was amended on June 28, 2017 and was effective on July 28, 2017, according to which the construction of villa is removed from the category of industries in which foreign investment is prohibited and real estate development falls within the category of industries in which foreign investment is permitted. The real estate development does not fall within the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2018) (外商投資准入特別管理措施(負面清單) (2018年版)) jointly promulgated by MOFCOM and NDRC on June 28, 2018 and effective on July 28, 2018. On June 30, 2019, MOFCOM and the NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version) (《外商投資准入特別管理措施(負面清單) (2019年版)》) which replaced the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version) effective from July 30, 2019. On June 23, 2020, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) which replaced the Special Administrative Measures for Foreign Investment Access (Negative List) (Edition 2019) from July 23, 2020.

Subject to approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and operation of real estate may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise in accordance with the PRC laws and administrative regulations regarding foreign invested enterprise.

In response to the global financial crisis and in an effort to expand domestic demand, the State Council issued the Notice for Adjusting the Proportion of Capital Fund for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) on May 25, 2009. Under the notice, the minimum capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the minimum capital ratio for other real estate development projects is adjusted from 35% to 30%. On September 9, 2015, the State Council promulgated the Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment (關於調整和完善固定資產投資項目資本金制度的通知), according to which the minimum capital ratio for other real estate development projects is adjusted from 30% to 25%.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, State Administration for Industry & Commerce of the PRC (“SAIC”) and SAFE promulgated the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資准入和管理的意見) (the “171 document”).

According to the Opinions, a foreign investor must comply with the following requirements in order to invest in the real estate market in China:

- A foreign entity or individual purchasing real estate in China other than for self-use shall, subject to the principle of commercial existence, apply for the establishment of a foreign-invested enterprise pursuant to the regulations relevant to foreign investment in real estate, and conduct relevant operations within the authorized business scope after obtaining approvals from the relevant government authorities and upon completion of the relevant registrations.
- If the total investment amount of a foreign-invested real estate development enterprise exceeds or equals to US\$10.0 million, the registered capital shall not be less than 50% of the total investment amount of the enterprise. If the total investment amount is less than US\$10.0 million, the current rules on registered capital shall apply.
- A transfer of projects or shares in a foreign-invested real estate development enterprise, and the acquisition of a domestic real estate development enterprise by foreign investors shall be approved by the commerce authorities in strict compliance with the relevant laws, regulations and policies. The investor should submit: (a) a letter of guarantee pledging to abide by the land grant contract, the construction land planning permit and the construction work planning permit; (b) the land-use rights certificate; (c) the certification of a change of registration issued by the relevant construction administration authorities; and (d) the certification of tax payment issued by the relevant tax authorities.
- Foreign investors acquiring a domestic real estate enterprise by way of equity transfer or other means, or acquiring domestic investors’ equity interest in an equity joint venture, shall make proper arrangements for the real estate enterprise’s employees and bank loan repayment. The foreign investors shall pay the transfer price in a lump sum and with their own capital. Foreign investors with unfavorable records are prohibited from involvement in such real estate activities in China.

On August 14, 2006, the General Office of MOFCOM issued a Notice on the Implementation of the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於貫徹落實《關於規範房地產市場外資准入和管理的意見》有關問題的通知).

The notice requires that, the registered capital of a FIREE shall not be less than 50% of its total investment if its total investment exceeds US\$3.0 million, and the registered capital of a FIREE shall not be less than 70% of its total investment if its total investment is US\$3.0 million or less.

On August 19, 2015, the Ministry of Housing and Urban-Rural Development, MOFCOM, NDRC, PBOC, SAIC and SAFE promulgated the Notice on Adjusting the Policies Concerning the Entry 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), to adjust certain policies in 171 document, including:

- The ratio of registered capital to total investment of foreign-invested real estate enterprises should be governed by the relevant provisions of the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-foreign Equity Joint Venture Enterprise (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);
- The requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for onshore or offshore loans or foreign exchange settlement for foreign debt is cancelled;
- The foreign-invested real estate enterprises may process relevant foreign exchange registration for foreign direct investment directly with the banks.

On September 1, 2006, SAFE and the Ministry of Construction promulgated the Notice on Regulating the Administration of Foreign Exchange in Real Estate Market (關於規範房地產市場外匯管理有關問題的通知), which sets forth the specific regulations regarding to the procedure of purchasing real estate by foreign enterprises and individuals. The notice further requests that where a FIREE fails to pay the registered capital in full amount or fails to acquire a land-use rights certificate or to make its project development capital reach 35% of the total investments of the project, it shall not borrow any foreign debt, and the foreign exchange bureau shall not accept the registration of its foreign debt or approve the conversion of foreign debt into RMB. On May 4, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Abolishing and Revising Regulatory Documents Relating to Reform of Registered Capital Registration System (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知), which amended the aforesaid notice to cancel the requirement on full payment of the registered capital by a FIREE to borrow foreign debt.

When a foreign enterprise or individual merges a domestic real estate enterprise by way of equity transfer or by any other means or takes over the equity shares from the Chinese shareholder in a joint venture, if it/he fails to pay the transfer price in a lump sum with its/his own fund, the foreign exchange bureau shall not accept the registration or change registration of its/his foreign exchange.

On May 23, 2007, MOFCOM and SAFE issued the Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investments in the Real Estate Industry (the “No. 50 Notice”) (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), which was amended on October 28, 2015. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign investment in real estate enterprises, and strictly control foreign fund from investing in high quality real estate development projects. For establishment of a foreign invested real estate enterprise, land-use rights, house or other construction ownership right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the establishment will not be approved by the authorities. For existing foreign invested company who intends to engage in real estate development or operation business or intends to engage in the operation or development of new real estate projects, they should undertake relevant procedures to expand business scope or enlarge the operation scale with the approval authority.

No. 50 Notice strictly controls the acquisition or merger of domestic real estate enterprises by means of round trip investment (includes the same de facto controller). It also prohibits Chinese or foreign investors in foreign-invested real estate joint ventures to reach any fixed return related term, or any term to the same effect, for either party.

The local MOFCOM administrative authority should make a record to MOFCOM after a foreign-invested real estate company is approved to establish. The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for capital projects of FIREEs who fail to complete the record with the MOFCOM or to pass the annual review. On October 28, 2015, MOFCOM issued the Decision on Modifying Certain Regulations and Regulatory Documents (關於修改部分規章和規範性文件的決定), according to which pass of the annual review will no longer be required to conduct foreign exchange purchase and settlement process for capital projects of FIREEs.

SAFE issued the Circular Regarding the Publication of the List of the First Batch of Foreign-Invested Property Development Projects that Have Filed with MOFCOM (“Circular No. 130”) (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) on July 10, 2007, further regulating foreign investment in real estate sector in China. According to Circular No. 130, on or after June 1, 2007, real estate enterprises with foreign investment as filed with MOFCOM (including due to establishment and capital increase) will not be permitted to borrow money from overseas, including shareholder loans and foreign commercial loans, or will not be approved to settle foreign exchange of foreign debt. Further, for those which obtain foreign investment approval certificates on or after June 1, 2007 but fail to file with MOFCOM, neither foreign exchange registration nor foreign exchange alteration registration will be effected with SAFE or its branches, and as a result, foreign exchange under capital projects will not be settled or purchased.

The Circular No. 130 was abolished on May 13, 2013 by the Notice on Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and its Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知) (“Notice No. 21”) which was promulgated by SAFE on May 10, 2013 and amended respectively on October 10, 2018 in accordance with the Circular

on Issuing the List of Some Normative Documents Concerning Administration of Foreign Exchange and Relevant Clauses to be Abolished and Invalidated (國家外匯管理局關於公佈廢止和失效部分外匯管理規範性文件及相關條款的通知) and on December 30, 2019 in accordance with the Circular of the State Administration of Foreign Exchange on Repealing and Invalidating Five Normative Documents Concerning Administration of Foreign Exchange and Some Articles of Seven Normative Documents Concerning Administration of Foreign Exchange (國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知). However, the restriction measures on the foreign debt of foreign-invested real estate enterprises stipulated in the Circular No. 130 have been reflected in the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) (“Notice No. 19”) issued by SAFE on April 28, 2013, amended respectively on May 4, 2015.

On November 22, 2010, the General Office of MOFCOM issued the Notice on Strengthening Management to Registration of Foreign Investment in the Real Estate Sector (關於加強外商投資房地產業審批備案管理的通知). Foreign invested real estate enterprises shall not generate revenues through purchasing and selling completed real estate properties and/or real estate properties under construction. Local commerce administration authorities shall not accept registration of investment companies involving development and management of real estate.

On January 14, 2017, NDRC issued the Circular on Effectively Implementing Foreign Capital-related Work in the Catalog of Investment Projects Subject to Governmental Approval (2016 Version) (關於做好貫徹落實《政府核准的投資項目目錄(2016年本)》有關外資工作的通知), according to which, (i) any project of the restricted category with a total investment (including capital increase) for USD300 million or above as included in the Guidance Catalog requires the approval of NDRC, and any project with a total investment (including capital increase) for USD2 billion and above requires a filing to be submitted to the State Council, (ii) any project of the restricted category with a total investment (including capital increase) for less than USD300 million as included in the Guidance Catalog requires the approval of the provincial government, and (iii) the foreign investment projects beyond the scope of projects subject to approval and not in the prohibited category as provided in the Guidance Catalog requires a filing to be presented to local development and reform commissions.

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

- establishment of a foreign invested enterprise in China, independently or jointly with any other investor;
- acquisition of shares, equities, property or any other similar rights and interests of an enterprise in China;

- investment in a new project in China, independently or jointly with any other investor; and
- investment in any other way as may be stipulated by laws, administrative regulations or provisions of the State Council.

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

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (the “Provisions on Administration of Qualifications”) (房地產開發企業資質管理規定) promulgated by the Ministry of Construction on March 29, 2000 and amended on May 4, 2015 and December 22, 2018, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Approval measures of Class 2 or lower qualifications are formulated by the construction authorities at the provincial level. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scale is subject to confirmation by the construction authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and operation

of real estate within its approved scope of business and may not engage in business which is limited to another classification.

Pursuant to the Provisions on the Administration of Qualifications, the qualifications of each class of real estate developments are as follows:

- ***Class 1 qualification:*** (1) over five years of operating experience in real estate development is required; (2) in the past three years, the cumulative GFA completed shall be not less than 300,000 sq.m. or the required capital investment for developing corresponding GFA has been invested; (3) the passing rate of quality of construction work is 100% for five consecutive years; (4) GFA of over 150,000 sq.m. of building construction has been completed or the required capital investment for developing corresponding GFA has been invested in the previous year; (5) the professional management team shall consist of no less than 40 persons with titles and majoring in architecture, construction, finance, real estate and economics, while the number of management staff with professional titles of intermediate level or above shall be no less than 20 persons and there shall be no less than four accountants holding professional qualification certificates; (6) the person-in-charge of, among others, engineering technology, finance and statistics shall hold professional titles of the intermediate level or above; (7) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (8) there shall not be any occurrence of any major accident relating to construction quality.
- ***Class 2 qualification:*** (1) over three years of operating experience in real estate development is required; (2) in the past three years, the cumulative GFA completed shall be not less than 150,000 sq.m. or the required capital investment for developing corresponding GFA has been invested; (3) the passing rate of quality of construction work is 100% for three consecutive years; (4) GFA of over 100,000 sq.m. of building construction has been completed or the required capital investment for developing corresponding GFA has been invested in the previous year; (5) the professional management team shall consist of no less than 20 persons with titles and majoring in architecture, construction, finance, real estate and economics, while the number of management staff with professional titles of intermediate level or above shall be no less than 10 persons and there shall be no less than three accountants holding professional qualification certificates; (6) the person-in-charge of, among others, engineering technology, finance and statistics shall hold professional titles of the intermediate level or above; (7) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (8) there shall not be any occurrence of any major accident relating to construction quality.
- ***Class 3 qualification:*** (1) over two years of operating experience in real estate development is required; (2) the cumulative GFA completed shall be not less than 50,000 sq.m. or the required capital investment for developing corresponding GFA has

been invested; (3) the passing rate of quality of construction work is 100% for two consecutive years; (4) the professional management team shall consist of no less than 10 persons with titles and majoring in architecture, construction, finance, real estate and economics, and the number of management staff with professional titles of intermediate level or above shall be no less than five persons and there shall be no less than two accountants holding professional qualification certificates; (5) the person-in-charge of, among others, engineering technology and finance shall hold professional titles of the intermediate level or above and the person in charge of other departments, including statistics, shall hold professional titles of the primary level or above; (6) there shall be a proper quality control system in place, and in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (7) there shall not be any occurrence of any major accident relating to construction quality.

- ***Class 4 qualification:*** (1) over one year of operating experience in real estate development is required; (2) the passing rate of quality of construction work completed shall be 100%; (3) the professional management team shall consist of no less than five persons with titles and majoring in architecture, construction, finance, real estate and economics, and there shall be no less than two accountants holding professional qualification certificates; (4) the person-in-charge of engineering technology shall hold professional titles of the intermediate level or above and the person-in-charge for finance shall hold professional titles of the primary level or above, and professional statistician(s) shall be appointed; (5) in respect of the sale of commodity residential property, the systems of Residential Quality Guarantee and Residential User Manual shall be implemented; and (6) there shall not be any occurrence of any major accident relating to construction quality.

In addition, pursuant to the Provisions on Administration of Qualifications, a newly-established real estate developer shall make application with the competent authorities for an interim qualification certificate within 30 days from the date of the business license. A developer applying for an interim qualification certificate shall fulfill the requirements of class 4 qualification or above. The validity period of the certificate is one year. Regulatory authorities of real estate development may extend the validity of the interim qualification certificate depending on the operation of the developer, provided that the extension shall not exceed two years. In the event that no development project has been carried out within one year since the issuance date of the interim qualification certificate, the validity of the interim qualification certificate shall not be extended.

No entity or individual may alter, lease, lend, transfer or sell its/his qualification certificate. In case of merger, division or any change of name, legal representative or main personnel in charge of management and technologies, enterprises shall re-apply for qualification grade or apply for change formalities with the original examination and approval authorities.

The qualification of a property developer should be subject to annual inspection. The Ministry of Construction or its entrusted institution is responsible for carrying out the annual inspection of real estate developers with Class 1 qualification. The construction authorities at the provincial level formulate annual inspection measures for real estate developers with Class 2 or lower qualifications.

Development of a Real Estate Project

In October 2004, the NDRC issued the Interim Provisions on Approving Foreign Investment Projects (外商投資項目核准暫行管理辦法), according to which, approval of the NDRC or its branches shall be required for foreign investment projects. The Administrative Measures for Approval and Record-filing of Foreign Investment Projects (外商投資項目核准和備案管理辦法), which supersedes the Interim Provisions on Approving Foreign Investment Projects, was promulgated by the NDRC on May 17, 2014 and was amended on December 27, 2014.

According to the Administrative Measures for Approval and Record-filing of Foreign Investment Projects and the Notice of the State Council on Promulgating the Catalog of Investment Projects Approved by the Government (2016 Version) (the “Catalog”) (國務院關於發佈政府核准的投資項目目錄(2016本)的通知), which was promulgated and effective on December 12, 2016, two methods are developed for the management of foreign investment projects, namely, approval and record-filing; the investment projects specified in the Catalog shall be approved by the NDRC or other competent authorities; the foreign investment projects other than those specified in the Catalog shall be filed with the competent investment department of the local governments.

Under the Interim Regulation Concerning the Grant and Assignment of the Right to Use State-owned Urban Land (the “Interim Regulation on Grant and Assignment”) (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) promulgated by the State Council on May 19, 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law and the Interim Regulation on Grant and Assignment, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land-use rights certificate which evidences the acquisition of land use rights. The Urban Real Estate Law and the Development Regulation provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Land (建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources on March 2, 1999, as amended respectively on November 30, 2010, and November 29, 2016 and the Measures for Administration of Preliminary Examination of Construction Project Land (建設項目用地預審管理辦法) promulgated by the Ministry of Land and Resources in July 25, 2001, as amended in November 1, 2004, November 29, 2008 and November 29, 2016. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land grant contract with the land user and issue an approval for the construction land to the construction entity or the developer.

According to the Urban Real Estate Law, a land user who obtains land use rights under the grant system must develop the land according to the land usage as indicated in the land grant contract and must commence the development within the time frame agreed to under the land grant contract.

According to the Regulation on Idle Land Administration (閒置土地處置辦法) promulgated by the Ministry of Land and Resources on April 28, 1999, as amended on June 1, 2012, it shall be idle land which the land user fails to commence developing after one year from the construction commencement date stipulated in the state-owned construction land grant contract or in the approval of premium-free allocation. The land may also be treated as idle land and may be subject to land idle fee or forfeiture, if the developed land area is less than one-third of the total land area under the land grant contract or the sum already expended on the development of the land is less than one-fourth of the total investment of the project, and the suspension of development of the land has lasted for one year or more.

According to the Regulation on Idle Land Administration, if the land user fails to commence developing the land after one year from the construction commencement date, then the local land administration authority, with approval by the local government, shall charge the land user a “land idle fee” of 20% of the land premium, which is not permitted to be disbursed from the cost. If the land user fails to commence development of the relevant land after two years from the deadline, with approval by the local government, the land user’s land-use rights shall be forfeited by local land administration authority without compensation. However, the aforesaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions.

Where the land user reserves or speculates lands on purpose by violating laws or regulations, or breaching contractual obligations or land allotment letter, the local land administration authority shall not accept its new land-use application or registration of transfer, lease, charge and change of its idle land. Relevant local land-use administration departments shall inform finance administration departments of the information of idle land.

On January 3, 2008, the State Council issued a Notice on Promoting Economization of Land Use (關於促進節約集約用地的通知), which urges the full and effective use of existing construction land. The notice also emphasizes the strict enforcement of the current rules on idle land. If a piece of land has been idled for two years or more, it must be taken back free of charge in accordance with laws and regulations, and rearranged for any other uses; if the land does not meet the statutory conditions for being taken back, it must be timely dealt with and fully used through changing usage, replacement by parity value, temporary usage or incorporation into government reserves. If a piece of land has been idled for one year or more but less than two years, an idle land fee must be collected at a price of 20% of the transfer or allotment price. Financial institutions shall not grant loans to illegal land-use projects and such projects shall not be approved for public listing.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction on December 4, 1992, as amended on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of the National People's Congress on October 28, 2007, effective from January 1, 2008 and amended on April 24, 2015 and April 23, 2019, and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority. According to the Law of the People's Republic of China on Urban and Rural Planning, a construction entity shall return the land or compensate relevant parties if it gets the approval of land-use right without a permit for construction works planning. Such land-use right approval shall be forfeited by the relevant authority. If a construction entity starts a project construction without obtaining a planning permit or violates the provisions of the planning permit, it will be punished by local planning administration authorities by way of stopping construction, imposing a fine based on construction costs or removing the completed construction.

According to the Regulation on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例), promulgated by the State Council on January 21, 2011, local government shall decide expropriation of buildings based on public interests. Construction entities shall be prohibited from participating in relocation activities.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting 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, as amended on July 4, 2001. The Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on June 25, 2014, as amended respectively on September 28, 2018

and March 30, 2021, supersedes the Measures on Construction Permission and has the similar requirements.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and began implementing the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), and amended this regulation on October 7, 2017 and April 23, 2019, which sets out the respective quality responsibilities and liabilities for developers, construction companies, exploration companies, design companies and construction supervision companies. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Development Regulation and the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the Ministry of Construction on June 30, 2000. The Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the Ministry of Housing and Urban-Rural Development in December 2, 2013, supersedes the Acceptance Examination Measures and has the similar requirements. The developer must also report details of the acceptance examination according to the Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction on April 4, 2000, as amended on October 19, 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

There are several laws and regulations regulating environment protection in the real estate industry in the PRC, including Environmental Protection Law of the People's Republic of China(中華人民共和國環境保護法), Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), Law of the People's Republic of China on Appraising of Environment Impacts (中華人民共和國環境影響評價法), Regulation of Environment Protection in Construction Projects (建設項目環境保護管理條例), Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China (中華人民共和國固體廢物污染環境防治法) and Decision of the State Council on Several Issues Concerning Environmental Protection (國務院關於環境保護若干問題的決定). Pursuant to these laws and regulations, depending on the impact of the project on the environment, the developers shall prepare environmental impact statement for approval, or an environmental impact registration form for record-filing. The developers should obtain an approval before the commencement of the construction project requiring the preparation of the environmental impact statement. In addition, the developers shall, upon completion of a construction project for which an environmental impact statement has been prepared, carry out acceptance check of the supporting environmental facilities being constructed and prepare an acceptance report according to the standards and procedures required by the environmental protection administrative authorities of the State Council, and such supporting environmental protection facilities shall be put into operation simultaneously or use together with the main body of the project.

There are several laws and regulations in the PRC regarding to the civil air defense project construction, including Law of the People's Republic of China on National Defense (中華人民共和國國防法), Civil Air Defense Law of the People's Republic of China (中華人民共和國人民防空法) and Measures of the Development and Utilization of Civil Air Defense Construction during the peacetime (人民防空工程平時開發利用管理辦法). According to such laws and regulations, basements that will be used for air defense in time of war shall be constructed in new buildings of cities for civil use. If any construction project cannot have basements due to any geological reason, fees for substitute site construction shall be paid. Investors of air defense construction shall be entitle to any benefits generated from its usage and shall manage such construction in the peacetime. Civil use of air defense construction shall be registered in relevant air defense authority.

Several laws and regulations specific fire protection in real estate development, including Fire Protection Law of the People's Republic of China (中華人民共和國消防法) and Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (建設工程消防設計審查驗收管理暫行規定). According to such laws and regulations, a real estate project shall get approval from or filing with relevant public security and fire protection authorities for fire protection design before the construction is started and subject to a fire protection as-built acceptance inspection.

Land for Property Development

In April 12, 1988, the National People's Congress amended the Constitution of the People's Republic of China (中華人民共和國憲法) to permit the transfer of land-use rights for value. And in December 29, 1988, the Standing Committee of the National People's Congress amended the Land Administration Law (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 issued the Interim Regulation on Grant and Assignment of Right to the Use of State-owned land in Urban Areas (城鎮國有土地使用權出讓和轉讓暫行條例), which prescribes different maximum terms of granted land-use rights for different uses of land as follows: (i) land for commerce, tourism and entertainment: 40 years; (ii) land for residence: 70 years; (iii) land for industry: 50 years; (iv) land for education, science, technology, culture, public health and sports: 50 years; and (v) land for comprehensive utilization or other purposes: 50 years. The State may not resume possession of lawfully granted land-use rights prior to expiration of the term of grant. If the public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. Subject to compliance with the terms of the land grant contract, a holder of land-use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease. Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for issuance of the land-use rights certificate. Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land-use rights and payment of a new land grant fee. If the term of the grant is not renewed, the land-use rights and ownership of any buildings on the land will revert to the State without compensation.

Individuals and entities may acquire land-use rights in different ways, two of which are most important, i.e. land transfers from land users who have already obtained land-use rights and land grants from local land authorities.

Real estate development companies may acquire land-use rights from land users that have already obtained the land-use rights by entering into a land assignment contract or by way of capital contribution. Under the Land Administration Law, any change to be lawfully made in land-use rights shall be registered.

As to the land grants, on May 9, 2002, the Ministry of Land and Resources promulgated the Rules Regarding the Grant of State-Owned Construction Land-Use Rights By Way of Tender, Auction and Listing-For-Sale (the “Rules”) (招標拍賣掛牌出讓國有建設用地使用權規定), which was implemented on July 1, 2002 and was amended on September 28, 2007. Pursuant to the Rules, all land for commercial use, tourism, entertainment and commodity residential housing must be granted by way of tender, auction or listing for sale.

On September 24, 2003, the Ministry of Land and Resources promulgated the Notice on Strengthening the Land Supply Management and Facilitating the Continuous and Healthy Development of Property Market (關於加強土地供應管理促進房地產市場持續健康發展的通知), as amended on December 3, 2010, which provides that land supply for luxury commodity housing shall be strictly controlled.

According to the Opinions on Certain Issues Relating to Voluntary Examination and Rectifying of Land Market (關於進一步治理整頓土地市場秩序中自查自糾若干問題的處理意見) promulgated by Ministry of Land and Resources on October 13, 2003, land must be restored to its original use if the development of such land fails to comply with the overall land-use requirements, unless such land has been developed for construction and restoration is impossible to achieve, in which case the overall land-use requirements shall be modified so the respective amount of basic farmland, cultivated land and land for building will remain unchanged. Similarly, restoration of land to farmland or to its original use is required when a land development project lacks construction feasibility or is short of project funding, even though a proper approval is in place. Idle land that has been supplied for construction purposes shall be disposed of according to relevant stipulation governing idle land. However, exceptions are allowed when pre-approval has been granted by local authorities, or if a project development contract has been executed and between local authorities and developers prior to July 1, 2002. On March 18, 2004, the Ministry of Land and Resources together with the Ministry of Supervision promulgated the Notice of Enforcing and Supervising the Transfer of Operative Land-Use Rights Through Tenders, Bidding and Public Auction (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知), which expressively required that after August 31, 2004, no transfer of land-use rights will be allowed in the form of agreement.

On November 18, 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, the Ministry of Supervision of the PRC and the National Audit Office of the PRC jointly issued a Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting (關於進一步加強土地出讓收支管理的通知), to require a minimum down payment of 50% of the land premium relating to land purchases from the PRC government. The notice also provides that the installment period stipulated in the relevant land grant contracts may not

exceed one year, provided that, for special projects, upon collective approval by the relevant government authorities, the installment period stipulated in the relevant land grant contracts can be two years. Developers will not be permitted to buy new land if they fail to pay off such land premium in time. The new rules also forbid local governments from giving discounts to developers or allowing developers to delay payments except as stipulated by the State Council.

On March 8, 2010, the Ministry of Land and Resource of the PRC issued the Notice on Several Issues concerning the Reinforcement on Provision and Supervision over the Land-Use for Property Development (關於加強房地產用地供應和監管有關問題的通知), which shortens the time for payment of the land price by successful bidder of land. On April 17, 2010, the State Council issued the Notice on Resolutely Curbing the Rise of Housing Prices in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知), according to which, when real estate development enterprises participate in the auction, development and construction of land, their shareholders shall not provide loans, lending, guarantee or other relevant financing activities to them in violation of regulations.

On September 21, 2010, the Ministry of Land and Resources and the Ministry of Construction issued the Notice on Further Strengthening the Control of Land Transfer (關於進一步加強房地產用地和建設管理調控的通知) regarding land authorities to prohibit real estate developers and their controlling shareholders who have engaged in illegal activities (such as obtaining land-use rights through fraudulent means, transferring land-use rights improperly, holding land which has been idled for more than one year due to the fault of the developer or the controlling shareholders) from participating in land bidding process until the illegal activities have been rectified.

On January 26, 2011, the State Council issued the Notice on Issues Relating to Further Regulating the Control of Property Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) which specifies that if a real estate developer fails to obtain the construction permits or fails to commence the construction within two years from the designation of land for real estate development, the granted land-use rights will be forfeited and an idle land penalty will be imposed. A real estate developer is further restricted from transferring land and real estate development projects if the amount of real estate development investment (excluding the land grant fee) incurred is less than 25% of the total investment amount in respect of the subject project. The Ministry of Land and Resources issued the Notice of Diligently Carrying Out Real Estate Land-Use Management and Regulation (關於做好2012年房地產用地管理和調控重點工作的通知) on February 15, 2012, requiring land users to submit written reports to land and resources departments at the time of or prior to project commencement and completion.

On February 26, 2013, the State Council issued the “Notice on Further Implementing Regulation and Control of Real Property Markets” (國務院辦公廳關於繼續做好房地產市場調控工作的通知) and required strict implementation of certain on-going restrictive measures with respect to residential properties, including that (i) the restriction area should cover the relevant cities’ entire administrative area; the restrictive measures should apply to all the newly established or second-hand residential properties in such cities; and the qualification review of the purchasers should be conducted before the execution of the purchase agreement or subscription agreement; (ii) the minimum down payment of the total purchase price and the minimum mortgage lending interest rate for a second residential property may be further raised

in cities where the housing prices are increasing at an excessively high rate; (iii) the individual income tax rate for selling any self-owned residential properties should strictly be 20%, if the original value of such properties could be verified through taxation or real estate registration records; and (iv) the issuance the pre-sale certificate may be suspended if the price is unreasonably high and the developer refuses to accept the direction of the relevant government authority; or the project is not subject to the pre-sale revenue supervision.

On September 29, 2014, the PBOC and the CBRA jointly issued the “Notice on Further Improving Housing Financial Services” (關於進一步做好住房金融服務工作的通知), which requires that: (i) For a household that purchases the first ordinary housing unit for its own use with loans, the minimum down payment ratio is 30%, the lower limited for loan rate is 70% of the benchmark loan rate; (ii) Where a household that owns a housing unit and has paid off the relevant housing loans applies for loans to purchase another ordinary commodity housing unit to improve its living conditions, the banking financial institution shall implement the policy for the purchase of the first housing unit with loans.

On April 1, 2017, the MOHURD and the Ministry of Natural Resources jointly issued the Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply (關於加強近期住房及用地供應管理和調控有關工作的通知) which provides, among others, that cities and counties that have more than one million inhabitants are required to make three-year (2017–2019) and a five-year (2017–2021) plans for housing land supply, and make the plans public by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course depending on the period of the inventory cycle of commodity housing. Where such period is longer than 36 months, no more land is to be supplied. Land supply shall be reduced in size if the said period is over 18 months but shorter than 36 months and more land shall be provided in the case of a period of longer than six months but shorter than 12 months. However, if the current inventory could be sold in less than six months, land shall be supplied in a significant scale at a fast pace. In addition, the circular stipulates that local authorities are required to adopt the examination system of land acquisition capital to insure the property developers acquiring land with internal funds and the property developers will be disqualified for any land bid backed by capital from questionable sources and prohibited from bidding for land within stipulated time limit.

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

non-real-estate enterprises legally may be used as rental housing land if its ownership remains unchanged and its use is in line with the overall land use planning and the urban and rural planning.

Sale of Commodity Properties

Under the Measures for Administration of Sale of Commodity Properties (商品房銷售管理辦法) promulgated by the Ministry of Construction on April 4, 2001, sale of commodity properties can include both sales before the completion of the properties (the “pre-sale”) and sales after the completion of the properties (the “post-completion sale”). Commodity buildings may be put to post-completion sale after they have passed the clearance examination and satisfied the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the real estate development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Urban Commodity Buildings (the “Pre-sale Measures”) (城市商品房預售管理辦法) promulgated by the Ministry of Construction in November 15, 1994, as amended in August 15, 2001 and in July 20, 2004, and the Development Regulation. The Pre-sale Measures provide that any pre-sale of commodity buildings is subject to specified procedures. According to the Development Regulation and the Pre-sale Measures, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authority for a permit for pre-sale. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land-use rights involved and a land-use rights certificate has been properly obtained;
- a permit for construction works planning and a permit for commencement of works have been properly obtained;
- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained;
- a permit for pre-sale of commodity buildings has been obtained through pre-sale registration; and
- The proceeds of pre-sale of commodity buildings must be used to the relevant project construction.

According to the Measures for Administration of Sale of Commodity Properties (商品房銷售管理辦法), the real estate developer shall not sell commodity properties by means of rebated sale or any such means in disguised forms. The real estate developer may not sell uncompleted commodity properties by the after-sale lease guarantee or by any such means in disguised forms.

According to the Notice on Promoting the Stable and Sound Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) promulgated by the General Office of the State Council on January 7, 2010, local governments shall decide the minimum scale of pre-sales rationally based on local practice and may not issue separate pre-sale permits by floor or unit.

On April 13, 2010, the MOHURD issued the Notice on Further Regulating the Real Estate Market and Improving the Commodity Housing Pre-sale System (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), which set forth certain measures to enhance the regulation of pre-sales of commodity housing. Real estate developers are strictly prohibited from pre-selling commodity housing without obtaining pre-sale permits. Within 10 days after obtaining the relevant pre-sale permits, real estate developers are required to make a public announcement on all information relating to the units available for pre-sale and the price of each unit.

As to the post-completion sale, commodity properties may be put up for post-completion sale only when the preconditions for such sale have been satisfied. Under the Measures for Administration of Sale of Commodity Properties (商品房銷售管理辦法), the sale of commodity properties after the completion shall meet the following conditions:

- the real estate developer has a business license and a qualification certificate for real estate development;
- the land-use right certificates or approval documents of land using have been obtained;
- the construction planning permit and the construction commencement permit have been obtained;
- the commodity properties have been completed, inspected and accepted; the relocation of the residents has been completed;
- the supplementary essential facilities such as the supply of water, electricity, heating and gas, and communications are ready for use, and other public facilities are ready for use or the schedule of construction and delivery date of such facilities have been specified; and
- the property management plan has been confirmed.

The Provision 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. According to the provision, any real estate developer or real estate agency (“real estate operators”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provision requires real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate operators that have received property pre-sale permit or have completed the filing procedures for the sales of completed properties, real estate

operators shall announce all the commodity properties available for sale in a lump within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose such information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties with price higher than the explicit marked price or charge any other fees which has not been explicitly marked. Moreover, real estate operators may neither mislead purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

To support the demand of purchasers of residential property and to promote the sustainable development of the real estate market, the PBOC and the CBRC jointly issued the Notice on Further Improving Financial Services for Residential Property (《關於進一步做好住房金融服務工作的通知》) on September 29, 2014, which provides that for any family that wishes to use a loan to purchase a residential property, the minimum down payment will be 30% of the property price and the minimum loan interest rate will be 70% of the benchmark lending interest rate, with the specific terms of such loan to be decided by the banking financial institution that provides the loan, based on the risk profile of the borrower. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to purchase another residential property to improve living conditions, the bank may apply mortgage loan policy for first-time purchasers of residential property. In cities that have lifted restrictions on the purchase of residential property by residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off its existing mortgage loans applies for a new mortgage loan to purchase another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, to decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies.

On February 13, 2017, the Asset Management Association of China (“AMAC”) has released and implemented the Administrative Rules for the Filing of Private Equity and Asset Management Plans by Securities and Futures Institutions No. 4 – Investment in Real Estate Developers and Projects by Private Equity and Asset Management Plans (the “AMAC Rule No.4”) (《證券期貨經營機構私募資產管理計劃備案管理規範第4號 – 私募資產管理計劃投資房地產開發企業、項目》). The AMAC Rule No. 4 specifies that AMAC will temporarily cease to accept registration of those private equity and asset management plans if such plans are to make investment into ordinary residential property projects located in hot cities (currently including Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Hefei, Nanjing, Suzhou, Wuxi, Hangzhou, Tianjin, Fuzhou, Wuhan, Zhengzhou, Jinan and Chengdu); meanwhile, it is prohibited to use private equity products to finance real estate developers for the purpose of paying the land grant fees and providing working capital loans, and directly or indirectly provide down payment facilities to various institutions.

On August 25, 2019, PBOC issued the Announcement of the People’s Bank of China No.16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract

period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points.

Transfer of Real Estate

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

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

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

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

If the land-use rights were originally obtained by allocation, such allocation may be changed to land-use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land-use rights and pay the land premium according to the relevant statutes.

Leases of Buildings

The Civil Code of the People's Republic of China (中華人民共和國民法典) (the "Civil Code") was promulgated on May 28, 2020 and has taken effect since January 1, 2021. The Civil Code defines a leasing contract as a contract whereby the lesser delivers to the lessee the lease item for it to use or accrue benefit from, and the lessee pays the rent.

The lease term may not exceed 20 years. If the lease term exceeds 20 years, the portion of the lease term beyond the initial twenty year period is invalid. At the end of the lease term, the parties may renew the lease, provided that the renewed term may not exceed 20 years commencing on the date of renewal. Where the lease term is six months or longer, the lease shall be in writing. If the parties fail to adopt a writing form, the lease is deemed an indefinite lease.

Under the Urban Real Estate Law and the Measures for Administration of Leases of Commodity Buildings (商品房屋租賃管理辦法) promulgated by the MOHURD on December 1, 2010, being effective from February 1, 2011, parties to a lease of a building must enter into a lease contract. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

Mortgages of Real Estate

Under the Civil Code, and the Measures for Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法) promulgated by the Ministry of Construction on May 9, 1997, as amended on August 15, 2001 and March 30, 2021, when a mortgage is created on the ownership of a building legally obtained, a mortgage must be simultaneously created on the land-use rights of the land on which the building is situated. When a mortgage is created on land obtained by way of grant, a mortgage must be simultaneously created on the ownership of the building which is on the land. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. Within 30 days after a real estate mortgage contract has been signed, the parties to the mortgage must 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 will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the

mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

The PBOC issued a Circular on Further Strengthening the Management of Loans for Property Business (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to tighten the requirements for banks to provide loans for the real property business as follows:

- Property development loans may be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. Such loans shall be given in full support of residential housing projects which conform to the purchasing capacity of families with medium-to-low income, and shall be property restricted where projects involve building properties of large size and/or cover large area, such as luxury commodity houses and villas. For property developers with commodity properties of high vacancy rate and debt ratio, strict approval procedures must be applied for their new property development loans and their activities must also be subject to close monitoring.
- Commercial banks may not grant loans to property developers without a “land-use rights certificate”, “construction land planning permit”, “construction work planning permit” and “construction work commencement permit”.
- While property developers apply for bank loans, their own capital, i.e. owner’s equity, shall not be less than 30% of the total investment required for the project. Commercial banks are prohibited from lending to property developers solely for the payment of land premiums. A loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a cross-region way.
- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down-payment by the borrower remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the down-payment by the borrower should be approximately increased.
- When a borrower applies for a mortgage loan for an individual commercial use building, the mortgage ratio may not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity building must be duly completed and accepted after the relevant governmental inspection.
- The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area (套型建築面積) of 90 sq.m. or more, effective on June 1, 2006. See “– Measures on Stabilizing Property Prices” below.

In a Circular on Facilitating the Continuous and Healthy Development of Property Market (關於促進房地產市場持續健康發展的通知) issued by the State Council on August 12, 2003, a series of measures were adopted by the government to control the property market. They

included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity residential houses and controlling the construction of high quality commodity houses. Besides, the government also staged a series of measures on the lending for residential development.

They included, among others, strengthen efforts in housing provident fund collection and the granting of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商業銀行房地產貸款風險管理指引) issued by CBRC on August 30, 2004, commercial banks may not provide any loan in any form for a project without the land-use rights certificate, construction land-use planning permit, construction work planning permit and construction work commencement permit. Any property developer applying for property development loans must have invested at least 35% of capital required for the development and a commercial bank should maintain a strict project approval mechanism for processing applications for property development loans.

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

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

On September 27, 2007, PBOC and CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知) to further regulate the management of credit loans for commercial real estate. These measures include:

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land-use rights certificate, construction land-use planning permit, construction planning permit and a construction permit;
- prohibiting commercial banks from lending to property developers solely for the payment of land premiums;

- for commodity properties that has been vacant for three years, a commercial bank shall not accept them as collateral for a loan. In principle, a loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a project of different location. For a loan, the use of which is really needed in a non-local real estate development project and for which the relevant risk control measures have been implemented, a commercial bank shall report on it to the regulatory authority for archival purposes before the loan is made;
- requiring banks to support funding needs of borrower purchasing their first small and medium self-occupied flat, and to grant loans only to individuals who have purchased flats the main structure of which have been topped out;
- the minimum down payment for a first unit of self-occupied flat with a GFA of less than 90 sq.m. per unit shall not be less than 20%. The minimum amount of down payment for a first unit of self-occupied flat with a GFA of over 90 sq.m. per unit shall not be less than 30%. The minimum down payment for the second unit or more payable by an individual who has obtained a mortgage to purchase the first flat shall not be less than 40%, the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC, and the minimum amount of down payment and interest rate shall significantly increase with the number of flats purchased; and
- commercial properties purchase by loans shall have been completed and passed completion acceptance inspection; and for commercial properties, the minimum down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. For combined commercial and residential properties, the minimum down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations of commercial property loans.

According to the Supplementary Notice of the PBOC and CBRC on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的補充通知) issued on December 5, 2007, the number of loans granted to a borrower shall be determined on the basis of loans granted to the borrower's family (including the borrower, his/her spouse and his/her underage children).

According to the requirement under a notice issued by PBOC and CBRC on Promoting Economical and Intensive Utilization of Land Through Financing (關於金融促進節約集約用地的通知) on July 29, 2008, when the land and resource authority confirms that a developer has only developed less than 1/3 of the whole area or has only invested less than 1/4 of the total investment after the lapse of one full year from the date of commencing the construction of a real estate project as stipulated in the land transfer contract, a financial institution shall be prudent in granting loans to it and rigidly control extended loans or rolling credits to it. When the land and resource authority confirms that the construction use land for a real estate project has been idled for two years or longer, it is prohibited to grant any loan a real estate development for the given project or other loans with the construction use land of such project as collateral (including the asset protection business).

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

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

On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), provides that the families (including the debtors, their spouses and their juvenile children) who have bought a residential house by the loans and are applying for loans to buy a second residential house or more residential houses, the down payments of the loans should not be lower than 40%.

On April 17, 2010, the State Council issued the Notice on Resolutely Curbing the Rise of Housing Prices in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知), which increases (i) the amount of down payment to 30% of the property price for the purchase of the first property over 90 sq.m.; (ii) the amount of down payment to 50% of the property price for the purchase of the second property and the mortgage interest rate to be no less than 1.1 times the benchmark rate in China; and (iii) the amount of down payment and the mortgage interest rate for additional properties significantly as determined by the banks in accordance with their risk management policies.

According to the Notice on Issues concerning the Improvement of Differential Housing Credit Policies (關於完善差別化住房信貸政策有關問題的通知) jointly issued by of the PBOC and CBRC on September 29, 2010, all commercial banks shall suspend granting housing loans to families for purchasing the third or more housing units; commercial banks shall also suspend the granting of housing loans to non-local residents who cannot provide local tax payment proof or proof of social insurance payment for one year or longer.

For the purchase of commodity housing with loans, the down payment shall be adjusted to more than 30% of the total price. For the real estate developers which leave any land idle, change the usage and nature of land, delay the time of initiating project and completion of construction, hold back housing units for future sale, or have other records of violations of laws or regulations, all commercial banks shall suspend granting loans to them for new projects development and suspend the extension of loans.

On January 26, 2011, the General Office of the State Council issued the Notice on Issues Relating to Further Regulating the Control of Property Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知), according to which, the minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60% of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant benchmark lending rate published by the PBOC.

On September 29, 2014, the PBOC and CBRC jointly issued the Notice on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知), according to which, for a family that applies for a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio shall be 30%, and mortgage rate shall be no less than 0.7 times of the relevant benchmark lending rate; where a family, which owns an existing residential house for which the relevant mortgage loan has been paid off, applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant financial institutions shall adopt the lending policies of the first owner-occupied property.

The PBOC, Ministry of Housing and Urban-Rural Development and CBRC issued the Notice on Matters Concerning Personal Housing Loan Policies (關於個人住房貸款政策有關問題的通知) on March 30, 2015. According to the Notice, where a household, which already owns one housing property 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 ratio is adjusted to 40%. In case of purchasing ordinary housing properties using housing accumulation fund loans by first-time buyers, the minimum down payment ratio is 20%; where a household, which already owns one housing property and has paid off the relevant housing loan, applies for another housing accumulation fund loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment ratio is 30%.

According to the Notice on the Adjustment to the Down Payment Ratio for Personal Housing Provident Fund Loans (關於調整住房公積金個人住房貸款購房最低首付款比例的通知) promulgated by the Ministry of Housing and Urban-Rural Development, Ministry of Finance and PBOC on August 27, 2015, and effective from September 1, 2015, where a household, which already owns one housing property and has paid off the relevant housing loan, applies for another housing accumulation fund loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment ratio is adjusted from 30% to 20%. Beijing, Shanghai, Guangzhou and Shenzhen may decide on such ratio at their own discretion based on the state's policy and local condition.

On September 24, 2015, the PBOC and the CBRC jointly issued the Notice on Issues concerning the Further Improvement of Differentiation on Housing Credit Policies (關於進一步完善差別化住房信貸政策有關問題的通知), according to which, for the first purchase of ordinary housing with commercial loans, the minimum down payment shall be adjusted to not less than 25% of the purchase price in cities where no purchase restriction policy is adopted. According to the Notice on Matters concerning the Adjustment of the Personal Housing Loans Policies (關於調整個人住房貸款政策有關問題的通知), issued by the PBOC and CBRC on February 1, 2016, in cities where no “property purchase control” is implemented, the minimum down payment for all commercial housing loans used for first purchases of ordinary housing shall be 25% in principle, and may be lowered by up to 5% by local governments. When a borrower who has already purchased a first home and has not repaid in full the relevant housing loan applies for another commercial housing loan to purchase another ordinary house, the minimum down payment is adjusted to 30%.

Real Estate Management

According to the Regulation on Property Management (物業管理條例) promulgated by the State Council on June 8, 2003 and amended respectively on August 26, 2007, February 6, 2016 and March 19, 2018, an enterprise engaging in property management activities shall have the independent corporation capacity. The competent construction administrative department of the State Council shall, jointly with the relevant departments, establish the mechanism for encouraging honesty and punishing the dishonesty, and enforce the administration of the credit in the property management industry.

Insurance

There is no mandatory provision in PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments.

According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party’s liability risk, employer’s liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

Measures on Stabilizing Property Prices

The General Office of the State Council promulgated a Circular on Stabilizing Housing Prices (關於切實穩定住房價格的通知) on March 26, 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. On April 30, 2005, the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and resources, PBOC, the State Taxation Bureau and CBRC jointly issued the Opinions on Stabilizing Housing Prices (關於做好穩定住房價格工作的意見) with the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.
- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.
- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the National Bureau of Statistics, the State Taxation Bureau and CBRC jointly issued the Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The Opinions reiterated the existing measures and introduced new measures to further curb fast increase in property prices development of the PRC property market. These measures, among the others, include:

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

On December 20, 2008, the General Office of the State Council issued the rules on the Opinion on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見), which provides that in order to expand domestic demand and encourage consumption in ordinary residential housing, a business tax relief policy for real property transfers will be implemented for one year in relation to residential property conveyance. Business tax is exempted for any transfer of ordinary housing purchased and held by individuals for at least two years, as opposed to five years previously; any transfer of ordinary housing

purchased by individuals for less than two years is subject to business tax based on the difference between the sale price from such transfer and the original purchase price, as opposed to the full sale price. Any transfer of non-ordinary housing purchased by individuals for at least two years, as opposed to five years previously, is subject to business tax based on the difference between the gain from such transfer and the original purchase price. Any transfer of non-ordinary housing purchased by individuals for less than two years remains subject to business tax based solely on the sale price from such transfer. The above-mentioned policy is tentatively scheduled to be enforced until December 31, 2009.

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

- Loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on the following factors: whether or not it is the first time for the borrower to buy the house, whether or not the house is used for self occupancy, whether or not the house type and GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity.
- Financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for their first purchase of ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may properly raise the loan conditions.
- As to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion thereof, in accordance with Section 1 of this notice, on the basis of reasonable assessment of loan risks and according to the original loan contracts. The down payment ratio under the original loan contracts shall remain effective.
- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

Pursuant to the Circular of the General Office of the State Council on Notice on Issues Relating to Further Regulating the Control of Property Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) dated January 26, 2011, generally, municipalities, provincial capitals and cities with high housing prices will implement purchase restrictions for a specified period. In principle, (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one additional house (including the new commodity residential house or a second hand one); and (ii) a local residential family that holds two or

more houses, a non-local residential family that holds one or more houses or a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

On February 26, 2013, The State Council General Office of the PRC promulgated the Notice on Further Regulation and Control of Real Estate Market (關於繼續做好房地產市場調控工作的通知), introducing five policy measures to control the real estate market, including: (a) improving the accountability system for stabilization of house prices; (b) strictly controlling over house purchase for speculation; (c) increasing the supply of ordinary residential houses and the land supply of residential houses; (d) accelerating the planning and construction of subsidized housing projects; (e) tightening the market regulations and forecast management; and (f) accelerating the establishment and optimization of the long-term mechanism for the healthy development of the real estate market.

The highlights of the measure for “control over house purchase for speculation” under the notice are as follows:

- Continuous enforcement of stringent restrictions on commodity housing purchases;
- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments; and
- The taxation department and the housing and urban-rural development department shall work closely together to impose personal income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

The notice also stipulated that if the number of small-and medium-sized units of a general commodity housing project accounted for more than 70% of the total units to be constructed, the banking financial institutions shall give priority to the financing need of the development of the project subject to credit conditions. In addition, the local authorities shall strengthen the pre-sale fund management and improve their regulatory systems. For overpriced pre-sale commodity housing projects in breach of the guidance of the housing and urban-rural development department or the regulations on pre-sale fund, the approval and issuance of the pre-sale permits may be suspended.

On September 29, 2014, the PBOC and the CBRC jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (關於進一步做好住房金融服務工作的通知), which provides where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property,

the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies.

On October 10, 2016, the MOHURD issued the Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Real Estate Market Order (《關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知》), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations. On May 19, 2018, the MOHURD issued the Notice on Issues of Further Do Good Job of the Regulation of the Real Estate Market (《關於進一步做好房地產市場調控工作有關問題的通知》) which required that local governments shall formulate the residential property development plan according to their respective social development level, supply and demand of residential property and population, and certain cities shall increase the supply of construction land for residential.

On August 10, 2019, the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (the “CBIRC”) published the notice of special inspection on real estate business of banking institution (中國銀保監會辦公廳關於開展2019年銀行機構房地產業務專項檢查的通知) (the “CBIRC Notice”). As stated in the Notice, the CBIRC upheld the concept of “Housing is for living, but not for speculation”. To prevent the formation of bubble in the real estate market, the banking institutions with businesses heavily concentrated in real estate will be inspected by the CBIRC regarding their internal control and regulation. The CBIRC will conduct intensive inspection on the potential violation of funds invested into the real estate market through illegal channels. Meanwhile, the CBIRC will put in place the centralisation of management for land development loan and land reserve loan together with the source of funds verification and minimum capital requirement. The new policy will further increase the financing cost and difficulty in obtaining financing for real estate developers.

PRC Taxation

PRC Deed Tax

Under the Provisional Regulation on the Deed Tax of the People’s Republic of China (中華人民共和國契稅暫行條例) which took effect on October 1, 1997, amended in March 2019, deed tax applies to entities and individuals that accept the transfer of land-use rights and the ownership of houses within the territory of the PRC.

The transfer of land-use rights and the ownership of houses refer to the following acts:

- Assignment of the right to use state-owned land;
- Transfer of land-use rights, including the transfer by means of sale, gift and exchange, excluding the transfer of the right contract for the management of rural collective land;

- Purchase and sale of houses;
- Gift of houses; and
- Exchange of houses.

The transfer of land-use rights and the ownership of houses by the means of the following methods are also deemed to be governed by the above regulation, as stipulated by the Implementation Rule of Provisional Regulation on the Deed Tax (中華人民共和國契稅暫行條例細則):

- Using land-use rights and ownership of a house as investment;
- Setting off debt with land-use rights and the ownership of house;
- Obtaining land-use rights and the ownership of a house as a prize; and
- Obtaining land-use rights and the ownership of a house by the way of purchasing in advance.

The rate of deed tax will, within the range of 3–5%, be determined by the PRC government agencies of provincial, autonomous region and municipal level in light of the actual conditions of the underlying properties respective areas and shall be reported to the Ministry of Finance and the State Administration of Taxation.

The deed tax will be reduced or exempted under the following circumstances:

- For the acceptance of land and houses by state agencies, institutions, social organizations and military units for office, teaching, medical service, scientific research and military facilities, the deed tax will be exempted;
- For the initial purchase of state-owned residential houses by urban and township workers and staff members according to the provisions of relevant laws and regulations, the deed tax will be exempted;
- For the purchase of residential houses in replacement of houses damaged or destroyed due to force majeure, the tax will, upon approval, be reduced or exempted according to the circumstances; and
- Any other types of reduction or exemption provided by the Ministry of Finance.

Reduction or exemption of deed tax will not be applicable if the relevant land or house and the change of use is no longer within the above mentioned scope, and an amount of tax equivalent to the tax reduction or exemption should be repaid.

Pursuant to the Notice on Adjustment of Preferential Treatment Policies in respect of Deed Tax and Business Tax on Real Estate Transactions (關於調整房地產交易環節契稅、營業稅優惠政策的通知) promulgated by MOF, SAT and MOHURD on February 17, 2016 and began implementing on February 22, 2016, the rate of deed tax payable for real estate transactions is adjusted downward as follows:

- for an individual purchasing the only residential property for his/her household, the rate of deed tax is adjusted downward to 1% for a property of 90 sq.m. or less and to 1.5% for a property of more than 90 sq.m.; and
- for an individual purchasing the second residential property for his/her household to improve the living conditions, the rate of deed tax is reduced to 1% for a property of 90 sq.m. or less and to 2% for a property of more than 90 sq.m.

If a taxpayer applies for tax preferential treatments, the competent real estate authority at the location of the property will issue written search results on the housing status of the taxpayer's household pursuant to his/her application or authorization and promptly provide the search results and the relevant housing status information to the tax authority.

On September 1, 2021, the Law on the Deed Tax of the People's Republic of China (中華人民共和國契稅法) (the "Deed Tax Law") promulgated by the Standing Committee of the National People's Congress on August 11, 2020, came into effect and superseded the Provisional Regulation on the Deed Tax of the People's Republic of China. Pursuant to the Deed Tax Law, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. The tax rates remain unchanged, i.e. between 3% and 5%, subject to determination by local governments at the provincial level in light of the local conditions.

Income Tax

According to the EIT Law enacted by the National People's Congress on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, and relevant implementation rules enacted by the State Council on December 6, 2007 and amended on April 23, 2019, both in effect from January 1, 2008 onwards, a uniform income tax rate of 25% will be applied towards PRC enterprises, foreign investment enterprises and foreign enterprises which have set up production and operation facilities in the PRC. The PRC EIT Law also permits enterprises to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules, under which enterprises that were subject to an enterprise income tax rate of 15% prior to January 1, 2008 may continue to enjoy the lower rate and gradually transition to the new enterprise income tax rate within five years after the effective date of the PRC EIT Law, that is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the new statutory enterprise income tax rate of 25% from 2012 onwards. In addition, under the phase-out rules, enterprises established before the promulgation date of the PRC EIT Law and which were granted tax holidays (such as a two-year exemption and three years of reduction by 50% and a five-year exemptions and five years of reduction by 50%) under the then effective tax laws or regulations may continue to enjoy their tax holidays until their expiration.

Under the implementation rules of EIT Law, in effect from January 1, 2008, a withholding tax of 10% will be applicable to dividends paid by foreign-invested enterprises to foreign investors, unless otherwise stipulated in tax treaties concluded between Chinese government and other jurisdictions. However, due to Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) on August 21, 2006, a company incorporated in Hong Kong will be subject to a withholding tax at a rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company.

According to the implementation rules of the EIT Law, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such an enterprise may be recognized as a PRC tax resident enterprise and subject to enterprise income tax at the rate of 25%. According to the PRC EIT Law, dividends received by a qualified PRC tax resident enterprise from another qualified PRC tax resident enterprises are exempted from enterprise income tax.

On March 6, 2009, the State Administration of Taxation promulgated the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses (房地產開發經營業務企業所得稅處理辦法) amended on June 15, 2018, which regulates the revenue, cost of sales, fees deduction, accounting of costs and tax treatment of specific matters of enterprises engaging in the real estate business in the PRC in relation to the imposition of corporate income tax.

Value Added Tax

Any entity or individual engaged in the sale of goods, the provision of specified services or the importation of goods in the PRC is generally required to pay value added tax on the added value derived during the process of manufacture, sale or service provided, according to the Interim Regulation on the Value Added Tax of the PRC (中華人民共和國增值稅暫行條例) promulgated by the State Council on December 13, 1993 and amended on November 5, 2008, February 6, 2016 and November 19, 2017 and this regulation’s implementing rules. Unless stated otherwise, for taxpayers who are selling goods, providing labor services or leasing services for tangible movable assets or importing goods, the value added tax rate shall be 17%. For taxpayers who are providing services related to transportation, postal services, basic telecommunications, construction, leasing of property, selling any real property, or transfer any land use rights, the value added tax rate shall be 11%.

According to the Notice of the MOF and the SAT on the Adjustment of VAT Tax Rate (財政部、稅務總局關於調整增值稅稅率的通知) promulgated by the MOF and the SAT on April 4, 2018 with effect from May 1, 2018, if the taxpayer has sales or imports goods subject to value added tax and the original value added tax rate is 17% and 11%, the tax rate shall be adjusted to 16% and 10%. On March 20, 2019, the MOF, SAT and General Administration of Customs promulgated the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Policy of Deepening the Reform of Value-Added Tax (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告) which came into effect on April 1, 2019. Pursuant to this notice, the tax rates of 16% and 10%

applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively.

Land Appreciation Tax

Under the LAT Regulation (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 revised on January 8, 2011, and its implementation rules, LAT applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land-use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- Payment made to acquire land-use rights;
- Costs and expenses related to land development and the construction of the properties;
- Construction costs and charges in the case of newly constructed buildings and facilities or assessed value in the case of old buildings and structures;
- Taxes in connection with the transfer of real estate; and
- Other items stipulated by the Ministry of Finance (including 20% deduction of the first two items mentioned above in relation to property development).

LAT is charged at progressive rates ranging from 30% to 60% of the appreciation value (i.e., the balance as described above).

<u>Appreciation value</u>	<u>LAT rates (%)</u>
For the portion	
Not exceeding 50% of allowable deductions	30
Over 50% but not more than 100% of allowable deductions	40
Over 100% but not more than 200% of allowable deductions	50
Over 200% of allowable deductions	60

An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

According to the implementation rules of LAT Regulation, a provision of LAT may be made before the completions of construction of the tax payer transfers the proceeds of pre-sale. The provision rate may be determined by Local government subject to the minimum requirement set forth by the State Administrative of Taxation.

Urban Land-use Tax

Pursuant to the Provisional Regulation Governing Land-Use Tax in Cities and Towns of the People's Republic of China (中華人民共和國城鎮土地使用稅暫行條例) enacted by the State Council on September 27, 1988 and revised on December 31, 2006, on January 8, 2011, on December 17, 2013 and March 2, 2019, land-use taxes in respect of urban land is to be levied according to the area of relevant land. The annual tax shall be between RMB0.2 and RMB10.0 per sq.m. of urban land. According to the Approval on Land-Use Tax Exemption of Foreign Investment Enterprises (關於外商投資企業徵免土地使用稅問題的批覆) issued by the State Administration of Taxation on March 27, 1997, land-use fees instead of land-use taxes were to be collected from foreign-invested enterprises. However, the Provisional Regulation Governing Land-Use Tax in Cities and Towns of the People's Republic of China (中華人民共和國城鎮土地使用稅暫行條例) was revised by the State Council on December 31, 2006. As of January 1, 2007, land-use taxes are to be collected from foreign-invested enterprise. The annual tax is between RMB0.6 and RMB30.0 per sq.m. of urban land. On June 1, 2007, the State Administration of Taxation promulgated the Approval on Levy of Urban Land-Use Tax of Foreign Investment Enterprises and Foreign Enterprise (關於外商投資企業和外國企業徵收城鎮土地使用稅問題的批覆) and restated the above points.

Real Estate Tax

Before January 1, 2009, there are two parallel tax systems in China for enterprises engaged in real estate development and investment in China. Such tax applicable for domestic enterprises, organizations and individuals is real estate tax which is calculated on the remaining original book value of the real estate after 10% to 30% deduction of the original book value depending on where the real estate is located, at a rate of 1.2%, or on the rental income derived by the real estate at a rate of 12% according to the Provisional Rules on Real Estate Tax of the People's Republic of China (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011. While foreign invested enterprises, foreign enterprises and foreign individuals are required to pay urban real estate tax on land and buildings owned by them in the urban areas of China. According to the Provisional Rules on Urban Real Estate Tax of the People's Republic of China (中華人民共和國城市房地產稅暫行條例) promulgated by the State Council on August 8, 1951, the urban real estate tax is charged at a rate of 1.5% annually based on standard prices for property or 15% annually based on rental income.

By issuance of PRC State Council Order 546 (中華人民共和國國務院令2008第546號) on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as mentioned in the Provisional Rules on Real Estate Tax of the People's

Republic of China (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986.

Stamp Duty

Under the Provisional Regulation on Stamp Duty of the People's Republic of China (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988, effective on October 1, 1988 and revised on January 8, 2011, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land-use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Urban Maintenance and Construction Tax and Education Surcharge

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

Under the Provisional Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge at a rate of 3% on the total amount of consumption tax, value-added tax and business tax paid by such entity, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas (關於籌措農村學校辦學經費的通知).

Foreign Currency Exchange

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise that used foreign currency in the normal course of its operations was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate set up by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for and supply of the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain an advanced approval from SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of the PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民銀行關於進一步改革外匯管理體制的公告), effective on January 1, 1994 and revoked on

August 28, 2009. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the settlement and payment system of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On June 20, 1996, the PBOC promulgated the Regulation on the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

The principal regulation governing foreign currency exchange in the PRC is the Regulation on the Control of Foreign Exchange (the “Foreign Exchange Regulation”) (中華人民共和國外匯管理條例), promulgated by the State Council in January 29, 1996, as amended in January 14, 1997 and August 5, 2008. Under the regulation, Renminbi are freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital expenditure such as direct investment, loans or investments in securities outside the PRC unless the approval of SAFE is obtained in advance.

Under the Foreign Exchange Regulation, foreign-invested enterprises in the PRC may purchase foreign currency for trade and service-related foreign exchange transactions without the approval of the SAFE by providing commercial documents evidencing these transactions. They may also remit foreign currency (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loans and investments in securities outside the PRC are subject to limitations and require approvals from SAFE.

On October 21, 2005, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), which became effective on November 1, 2005 (“Circular No. 75”). The notice requires PRC domestic resident natural persons (境內居民自然人) to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicle without any round-trip investment being made. On July 14, 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (the “Circular No. 37”) (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), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The Circular No. 37 supersedes the Circular No. 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the Circular No. 37, in the event the change of basic information of the registered offshore special purpose vehicle such

as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, according to the procedural guideline as attached to the Circular No. 37, the principle of review has been changed to “the domestic individual resident is only register the SPV directly established or controlled (first level)”. According to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and became effective from June 1, 2015, the initial foreign exchange registration for establishing or taking control of a special purpose vehicle by domestic residents can be filed with a qualified bank, instead of the local branch of the SAFE.

Under the 171 document, no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not paid their registered capital in full, or have not obtained the land-use rights certificate, or their internal fund for a development project is less than 35% of the total investment.

In accordance with the 171 document, MOFCOM and SAFE jointly issued No. 50 Notice on May 23, 2007. Under the No. 50 Notice, the local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for foreign-invested real estate company who fails to satisfy the MOFCOM for filing requirement or to pass the joint annual examination of foreign-invested enterprises.

On July 10, 2007, the General Department of SAFE issued Circular No. 130. According to Circular No. 130, registration regarding the establishment of foreign-invested real estate enterprises shall be made with MOFCOM. However, such real estate enterprises with foreign investment as filed with MOFCOM will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

The Circular No. 130 was abolished on May 13, 2013 by Notice No. 21 which was promulgated by SAFE on May 10, 2013. However, the restriction measures on the foreign debt of foreign-invested real estate enterprises stipulated in the Circular No. 130 have been reflected in Notice No. 19 issued by SAFE on April 28, 2013.

On August 29, 2008, SAFE issued the “Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises” (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “Notice 142”) which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the

relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. An offshore holding company that uses foreign exchange to invest in real estate businesses in the PRC is typically required to conduct the real estate operations through PRC subsidiaries that were established as foreign-invested real estate companies and invest in such foreign-invested PRC subsidiaries through equity contribution. In addition, it is required to complete the requisite filing procedures with MOFCOM before it can remit any funds from offshore. The use of such Renminbi capital may not be changed without SAFE's approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans have not been used.

The Notice 142 was abolished by the Notice on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), which was promulgated by SAFE on March 30, 2015. According to the Notice, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding Account for Foreign Exchange Settlement Pending Payment with the foreign exchange bureau (bank) at the place of registration.

According to the Notice on Further Improving and Adjusting Management Policies on Foreign Exchange of Direct Investment (關於進一步改進和調整直接投資外匯管理政策的通知) (the "Notice 59"), promulgated by the SAFE on November 19, 2012, effective from December 17, 2012, amended on May 4, 2015 and October 10, 2018, foreign investors are no longer required to obtain approval from the SAFE to re-invest in China by using legal income generated in China. No approval from the SAFE is required for opening the bank account, payment into account, settlement of the foreign exchange and for the purchase and external payment of foreign exchange in relation to direct foreign investments in China. Also, domestic transfer of foreign exchange under direct investment account is no longer subject to approval by the SAFE. In addition, the foreign invested entities are permitted to remit funds to their offshore parent companies.

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

Labor Protection

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) promulgated on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of an employment contract and the rights and obligations of the employees and the employers. At the time of hiring, the employer shall truthfully inform the employee as to the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employee requests to be informed about.

Employers in the PRC are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, for unemployment insurance, for basic medical insurance, for work-related injury insurance, for maternity insurance and for housing accumulation fund. These payments are made to local administrative authorities and an employer who fails to contribute may be fined and be ordered to make up for the missed contributions. The various laws and regulations that govern the employers' obligation to contribute to the social security funds include the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法) promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and effective on July 1, 2011; the Interim Regulation on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例), which was promulgated by the State Council on January 22, 1999 and became effective on the same date; the Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法) which was promulgated by the Ministry of Labor on December 14, 1994 and became effective on January 1, 1995; the Regulation on Occupational Injury Insurance (工傷保險條例), which was promulgated by the State Council on April 27, 2003 and amended on December 20, 2010; and the Regulation on Management of the Housing Accumulation Fund (住房公積金管理條例), which was promulgated and became effective on April 3, 1999 and was then amended on March 24, 2002 and March 24, 2019.

MANAGEMENT

Board of Directors

Our Board currently comprises eight directors, including five executive directors and three independent non-executive directors.

Name	Age	Position/Title
WONG Choi Hing ······	69	Chairman and Executive Director
ZENG Yunshu ······	68	Co-Chairman and Executive Director
CAI Hongwen ······	58	Co-Chairman and Executive Director
YANG Sanming ······	48	Chief Executive Officer and Executive Director
WANG Dewen ······	43	Co-Chief Executive Officer and Executive Director
LAM Chi Yuen Nelson ·····	53	Independent Non-executive Director
YUE Zheng ······	48	Independent Non-executive Director
DAI Yiyi ······	54	Independent Non-executive Director

Executive Directors

Mr. WONG Choi Hing (王再興), aged 69, is the founder of our Group. He has been re-appointed as the chairman and an executive director of the Group on October 12, 2019. He has over 20 years' experience in the development and operation of large-scale trade and logistics centers and is one of the core leader of the industry, participating in the implementing industry standards and industry self-regulations. From October 2010 to August 2014, Mr. Wong was chairman of the Board, executive director and CEO of the Group, chaired and witnessed the important stage of the Group's listing in Hong Kong. Mr. Wong has received a number of social honors, including member of the 11th and 12th Chinese People's Political Consultative Conference ("CPPCC") National Committee (政協第十一屆和第十二屆全國委員會), vice-president of the 3rd and 4th China Society for Promotion of the Guangcai Program (中國光彩事業促進會), Standing Member of the 10th and 11th executive committee of All-China Federation of Industry and Commerce (中華全國工商業聯合會), founding president of Hong Kong China Chamber of Commerce (香港中國商會), Chairman of Friendship Federation of Hong Kong Jiangxi Community Organizations (香港江西社團(聯誼)總會), permanent honorary president of Federation of Hong Kong Shenzhen Association (香港深圳社團總會), honorary president of Federation of Hong Kong Chiu Chow Community Organizations (香港潮屬社團總會), honorary president of Federation of Hong Kong Guangdong Community Organizations (香港廣東社團), honorary president of Chaozhou and Shantou Chamber of Commerce in Shenzhen (深圳市潮汕商會), vice-chairman of Shenzhen Harmony Club (深圳同心俱樂部), president of Federation of Ganzhou Chambers of Commerce (贛州商會聯合總會), and executive vice-president of Federation of Jiangxi Companies (江西贛商聯合總會), among others. Mr. Wong Choi Hing is the father of Mr. Wang Dewen, an executive Director and the Co-CEO of the Company, and uncle of Mr. Wang Dekai, the vice president of the Group. Mr. Wong is also the father of Mr. Wong Kim, the beneficial owner of Eminent Ascend, which owns 6.74% of issued share capital of the Company as of June 30, 2021.

Mr. ZENG Yunshu (曾雲樞), aged 68, has been appointed as a Co-Chairman and an executive director of the Group since October 2019. He has been engaged in business operations for over 20 years and is a senior economist. He has successfully established a number of enterprises with proven experience in property development and management. Mr. Zeng was the chairman of the board of directors from January 2007 to November 2011 and executive director from January 2007 to June 2012 of Hong Long Holdings Limited (now known as Suncity Group Holdings Limited) (stock code: 1383.hk). Mr. Zeng worked at Shenzhen Petrochemical Industry (Group) Co. Ltd. (深圳石化工業集團股份有限公司) and domestically associated enterprise in Shenzhen in 1991. From 1981 to 1990, Mr. Zeng served at various departments of the Xingning and Meizhou municipal governments. Mr. Zeng was the Standing Committee Member of the Meizhou CPPCC (梅州市政協常委), and currently holds positions at a number of organizations and associations, including executive president of Guangdong Hakka Chamber of Commerce (廣東省客家商會), honorary president of Shenzhen Ningjiang Cultural Promotion Association (深圳市寧江文化促進會) and president of Shenzhen Hongli Charitable Foundation (深圳市紅荔慈善基金會). Mr. Zeng has received numerous honors, such as “Yiju Top 30 Real Estate Pioneers of Shenzhen (宜居深圳30大地拓荒牛)” and “Gold Award for Personal Charitable Donations in Pengcheng (鵬城慈善捐贈個人金獎)”. Mr. Zeng is the father of Mr. Zeng Sheng (曾勝). Mr. Zeng Sheng is the sole shareholder and a director of Junsheng Holdings a controlling shareholder of the Company), and a director of RXHD Holdings (a controlling shareholder of the Company). Mr. Zeng is a director of each of Junsheng Holdings, RXHD Holdings and China Greater Bay Area Holdings.

Mr. CAI Hongwen (蔡鴻文), aged 58, has been appointed as our Co-Chairman, executive Director and CEO since October 2019. He resigned as CEO in June 2020. He is a construction engineer and an architect. Mr. Cai has been engaged in business operations for more than 20 years, during which he has successfully established Guangdong Hongyi Group and China Hakka Park which is the first cultural tourism industry park project in China and which the project was selected as the “Guangdong Province New Urbanization 2511 Beautiful Town Pilot Project”, and won the “2017 Third China Outstanding Contribution Award in the Tourism Industry”, that is, the “Pegasus Award”, and he has also engaged in many tourism real estate projects across the country. Mr. Cai was a member of the 11th and 12th Guangdong Provincial People’s Congress, member of the 4th, 5th and 6th Meizhou Municipal People’s Congress, Standing Committee Member of the 5th, 6th and 7th Meizhou Municipal People’s Congress, vice-chairman of Meizhou Federation of Industry and Commerce, and chairman of Meijing District Federation of Industry and Commerce. He currently holds positions at a number of organizations and associations, including executive vice-president of Guangdong Hakka Chamber of Commerce, mentor of the Top 10,000 National Outstanding Mentors for Innovative Entrepreneurship, visiting professor and member of the governing board of Jiaying Academy in Meizhou of Guangdong Province, and vice president of the Quanjinglian and director of Feature Towns Committee, honorary president of Guangdong Province Wuhua Chamber of Commerce, Vice President of Guangdong Real Estate Industry Association, honorary president of Meizhou Real Estate Industry Association, president of Meizhou Wuhua Chamber of Commerce. Mr. Cai has received numerous honors, such as the “Guangdong May 1st Labour Certificate Award”, “Meizhou Outstanding Private Entrepreneur”, Meizhou’s Third “Ten Outstanding Youth”, “Meizhou Entrepreneurship Star” and “Glorious Career Medal”. Mr. Cai is enthusiastic about social welfare, education, medical care and rural revitalization. He has made donations of more than RMB500 million.

Mr. Cai is a director of each of Hakka Park (a controlling shareholder of the Company), Guang Yitong (a controlling shareholder of the Company) and China Greater Bay Area Holdings (a controlling shareholder of the Company).

Mr. YANG Sanming (楊三明), aged 48, has been appointed as an executive Director of the Company and the CEO of the Group since June 2020. Mr. Yang is a senior engineer and an architect, is engaged in construction and real estate industry for over 20 years with proven experience in management of real estate operation in China. From July 1996 to June 2013, Mr. Yang worked in China Construction First Building (Group) Corporation Limited as vice general manager of real estate branch and regional general manager of Eastern China. From June 2013 to December 2019, Mr. Yang served as various positions in Guangdong Pearl River Investment Limited, such as general manager of Shenzhen branch, general manager of Guangzhou branch, general manager of residential investment division of the group, assistant president of the group, vice-president of the group and managing vice-president of the group. He was in charge of operation and management of Guangzhou branch, Shenzhen branch and residential sector of the group. Mr. Yang was also in charge of the comprehensive operation and management of the group, with a particular focus on investments, overall operation and urban renewal. In addition to a wealth of experience in land acquisition, investment, development and construction, project operation and management and urban renewal, his corporate management experience covers project handling, regional planning and group corporate level management. Since 2018, Mr. Yang has been serving as the standing deputy chairman of Guangdong Province Real Estate Chamber of Commerce.

Mr. Yang Sanming obtained a bachelor's degree in architectural engineering from Tongji University, China and an executive master of business administration (EMBA) from China Europe International Business School.

Mr. WANG Dewen (王德文), aged 43, has been the chief executive officer of our Group since 2014 and has been re-designated as the co-chief executive officer of our Group since October 2019. He has been an executive director since 2015 and a director of various subsidiaries of the Company. Mr. Wang Dewen has over 10 years of experience in the development and operation of large scale trade centers. Mr. Wang Dewen had worked in China Great Wall Securities Company Limited (長城證券有限責任公司) and of Guosen Securities Co., Ltd. (國信證券股份有限公司) and held positions of manager of investment banking department and analyst of research department. From 2009 to 2012, he served as the president of China South City Xi'an Company Limited (西安華南城有限公司), a subsidiary of China South City Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1668.hk). Mr. Wang Dewen currently holds positions at a number of organizations and associations, including member of Chinese People's Political Consultative Conference of Jiangxi Province (中國人民政治協商會議江西省委員會), executive vice-president of Shenzhen Harmony Club Youth Committee (深圳市同心俱樂部青年委員會), executive vice-president of Shenzhen Youth Entrepreneurs Association (深圳市青年企業家聯合會), vice-president of Shenzhen Association of Industry, Education and Research Cooperation (深圳產學研合作促進會), and vice-chairman of Shenzhen Volunteer Service Foundation (深圳市志願服務基金會). Mr. Wang Dewen devoted to youth development and social volunteer services, enthusiastic about charity and has received numerous honors and accolades, including "Shenzhen Third Pengcheng Charity Award" (深圳第三屆鵬城慈善獎) and "Shenzhen Youth Development Foundation 'Love

Dedication' Award" (深圳市青少年發展基金會「愛心奉獻」獎). Mr. Wang Dewen is the son of Mr. Wong Choi Hing, the Chairman and an executive Director of the Group, and the cousin of Mr. Wang Dekai, the vice president of the Group. Mr. Wang Dewen is also the brother of Mr. Wong Kim, the beneficial owner of Eminent Ascend, which owns 6.61% of issued share capital of the Company.

Non-executive Directors

Mr. LAM Chi Yuen Nelson (林智遠), aged 53, has been an independent non-executive director of the Group since 2013. He has extensive experience in professional accountancy in Hong Kong. Currently, he is the chairman of Nelson CPA Limited. He has been appointed as a non-official non-executive director of the Urban Renewal Authority Board of Hong Kong SAR since May 2013. He has been the independent non-executive director of China Resources Cement Holdings Limited, a company listed on the Stock Exchange (stock code: 1313), since August 2008. He has also been appointed as a member of the Financial Reporting Review Panel since July 2013 and a member of the Air Transport Licensing Authority since August 2013. Mr. Lam is a practicing fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of several professional bodies in Australia, the USA and the United Kingdom, including CPA Australia, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants of England and Wales. He is also a CFA charter holder and a fellow member of the Hong Kong Institute of Directors. Mr. Lam received a Bachelor of Business Administration in Accounting from the Hong Kong Baptist University (formerly known as Hong Kong Baptist College) in January 1992, a Master of Business Administration from the Hong Kong University of Science and Technology in November 1998 and a Master of Science in Finance from the Chinese University of Hong Kong in November 2001.

Mr. YUE Zheng (岳崢), aged 48, has been an independent non-executive director of the Group since March 2019. He has been serving as a vice president of Chia Tai Land Company Limited since July 2004. Prior to that, Mr. Yue served as a project manager and a marketing director of PricewaterhouseCoopers ("PwC") China and PwC New York from July 1997 to July 2004. He graduated from Fudan University (復旦大學) in July 1996 and obtained a bachelor degree in economics. He also obtained a master degree in business administration in May 2002 from Yale University.

Mr. DAI Yiyi (戴亦一), aged 54, has been appointed as an independent non-executive Director of the Company since March 2021. He has extensive experience in business management and the real estate industry. Mr. Dai is a full-time professor of the Executive Master of Business Administration programme of the School of Management of Xiamen University and the chairman of the Board of the Jin Yuan Research Institute of Xiamen University. Mr. Dai was the vice dean of the School of Management of Xiamen University between January 2008 and December 2015. Mr. Dai also serves as an adjunct professor for real estate CEO programmes hosted by Tsinghua University and Peking University.

As of the date of this offering memorandum, Mr. Dai serves as an independent non-executive director, the chairman of the remuneration committee, and a member of the audit committee and nomination committee of China SCE Property Holdings Limited (Stock Code:

1966.HK) and as an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of Cosmo Lady (China) Holdings Company Limited (Stock Code: 2298.HK), both of which are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). Mr. Dai is also an independent director of Fujian Septwolves Industry Co., Ltd. (Stock Code: 002029.SZ), a company listed on the Shenzhen Stock Exchange, and Xiamen C&D Inc. (Stock Code: 600153.SH), a company listed on the Shanghai Stock Exchange. Mr. Dai was an independent non-executive director of Mingfa Group (International) Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 846.HK) from October 2009 to September 2018.

Mr. Dai graduated from Xiamen University with a bachelor’s degree in economics in 1989 and received a doctoral degree in economics from Xiamen University in 1999. He was awarded a real estate appraisal qualification certificate in 1997 and has been a consultant at the Fujian Real Estate Association since 2005.

Senior Consultant

Mr. ZHANG Yijun (張宜均), aged 66, has been a senior consultant of our Group since October 2019. He is a senior economist. Mr. Zhang graduated from South China Normal University with a bachelor’s degree in July 1983 and holds an EMBA from Shanghai Jiaotong University. Mr. Zhang studied corporate management and real estate management in Japan and has over 30 years’ experience in investment and corporate management. Mr. Zhang was the vice-chairman of the board of directors, executive director and CEO from December 2009 to January 2011, and non-executive director from January 2011 to November 2011 of Hong Long Holdings Limited (now known as Suncity Group Holdings Limited) (Stock code: 1383.hk); non-executive director of Top Spring International Holdings Limited (Stock code: 3688.hk) from July 2011 to December 2012; non-executive director of Road King Infrastructure Limited (Stock code: 1098.hk) from December 2004 to December 2009; executive director and CEO of Shenzhen Investment Limited (Stock code: 604.hk) from October 2004 to December 2009; non-executive director of Coastal Greenland Limited (Stock code: 1124.hk) from January 2007 to December 2007; and chairman of the board of directors and CEO of Shenzhen Construction and Investment Holdings Limited* (深圳市建設投資控股有限公司) from 1996 to 2004. Prior to the aforesaid, Mr. Zhang had served as the Head of the Shenzhen Supervisory Bureau (深圳市監察局), the Secretary of the Shenzhen Municipal Committee of CPC Youth League (深圳共青團) and the chairman of Shenzhen Municipal Youth Federation. Mr. Zhang received the title of “Outstanding EMBA Student of Year 2005” of Shanghai Jiaotong University in 2005, as well as “Top 10 Persons of the Low-Carbon Era of Year 2010 in China” in 2010.

Mr. Zhang Yijun is the elder brother of Mr. Zhang Yihuan (張宜環), who is a director of each of CG-HKGBAHL and Bowie Resources Limited (寶裕資源有限公司) (“Bowie Resources”) (a company which holds 20% interests of CG-HKGBAHL). Mr. Zhang Yihuan is the spouse of Ms. Luo Yanling (羅雁玲), the sole shareholder of Bowie Resources.

Mr. ZHANG Huaqiao (張化橋), aged 57, has been a senior consultant of our Group since October 2019. He is a director of various listed companies, including as an independent non-executive director of Fosun International Limited (Stock Code: 656.hk), Zhong An Real Estate Limited (Stock Code: 672.hk), China Huirong Financial Holdings Limited (Stock Code:

1290.hk), Logan Property Holdings Company Limited (Stock Code: 3380.hk) and Luye Pharma Group Ltd. (Stock Code: 2186.hk). Mr. Zhang is also a non-executive director and the chairman of the board of China Smartpay Group Holdings Limited (Stock code: 8325.hk). Mr. Zhang was also the directors of various listed companies for the past three years, including as a non-executive director of Boer Power Holdings Limited (Stock Code: 1685.hk) from November 2011 to May 2019, as an independent non-executive director of Yancoal Australia Ltd (Stock Code: YAL, a company listed on the Australia Securities Exchange) from April 2014 to January 2018, Sinopec Oilfield Service Corporation (Stock Code: 1033.hk) from February 2015 to March 2018, Wanda Hotel Development Company Limited (Stock Code: 169.hk) from September 2014 to May 2018, and China Rapid Finance Limited (Stock Code: XRF, a company listed on the New York Stock Exchange) from April 2017 to March 2019 respectively.

From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China in Beijing. From June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch and held positions of the head of the China research team and the co-head of the China research team. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and executive director from May 2006 to September 2008 of Shenzhen Investment Limited (stock code: 604.hk). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited.

Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

Senior Management

Mr. YANG Sanming (楊三明), aged 47, has been an executive Director and chief executive officer of the Company since June 2020. For Mr. Yang Sanming's biographical details, please refer to "Biographical Details of Directors and Senior Management – Executive Directors".

Mr. WANG Dewen (王德文), aged 42, has been an executive director since 2015, and has been the chief executive officer of our Group since 2014. For Mr. Wang Dewen's biographical details, please refer to "Executive Directors" above.

Mr. WANG Dekai (王德開), aged 44, has been the chief operating officer of our Group since 2014, and is primarily responsible for the daily operation and management of the Group. Mr. Wang has approximately 18 years of experience in the development and operation of large scale trade and logistics centers. From February 2000 to May 2006, he served as the chairman and the general manager of Henan Xinyang Commercial and Trade Center Development Company Limited (河南信陽貿易廣場開發有限公司), and was primarily responsible for the company's management and operation. From June 2006 to October 2009, he served as the chairman and the deputy general manager of Liaoning Chaoyang Howard Commercial and Trade Center Development Company Limited (遼寧朝陽豪德貿易廣場開發有限公司), and was primarily responsible for project management and operation. From November 2009 to July 2012, he also served as the chairman and general manager of Jining Howard Lunan Modern Trade Center Development Company Limited (濟寧豪德魯南現代物流城開發有限公司), and was responsible for project management and operation. From August 2012 to July 2014, he served as

the general manager of Mianyang Western Trade Center Development Company Limited (綿陽西部現代物流城開發有限公司), and was responsible for project management and operation. Mr. Wang Dekai is the nephew of Mr. Wong Choi Hing, the Chairman and an executive Director of the Group, a cousin of Mr. Wang Dewen, an executive director and the chief executive officer of the Company, and Mr. Huang Dehong, an executive director of the Company.

Mr. LI Yixin (李怡新), aged 59, has been a vice-president of our Group since September 2019, and is primarily responsible for the overall financial affairs and costs management of our Group.

Mr. Li obtained a bachelor's degree and a master's degree in education from the South China Normal University. He has over 20 years of experience in banking management, in which he started serving at commercial bank branches and progressed to managerial role at head offices. He has a deep understanding of the national monetary credit policies and financial regulations in the PRC, as well as corporate financial and capital operations. Prior to joining our Group, Mr. Li served as the vice president of the Yangjiang branch of Agricultural Bank of China ("ABC") in October 1995, and was primarily responsible for the management of human resources, offices, credit cards, and financial technology. In July 1996, he served as the president of the Yangjiang Branch of ABC, and was responsible for branch management. In January 1997, Mr. Li served as the vice president of the Marketing Department of the Guangdong branch of ABC, and was responsible for research and development of products, and leading the business and retail market expansion of ABC in Guangdong province. In October 1998, he served as the president of the Meizhou branch of ABC, and was responsible for managing branch operations. In September 2001, Mr. Li served as the vice president of the Guangdong provincial branch of ABC, and was mainly responsible for managing corporate affairs, international affairs, risk assets, retail affairs, financial accounting and assets and liabilities. In January 2010, he became the vice president of the head office of Bank of Guangzhou* (廣州銀行股份有限公司), and was primarily responsible for managing corporate affairs, financial market affairs, financial accounting, international affairs and expansions of branches.

Mr. MAO Jun (毛鈞), aged 48, has been appointed as a vice president of the Group since March 2020, and is primarily responsible for the Group's investment development, and city and industry integration business. Mr. Mao is an industrial and civil construction engineer, a real estate intermediate economist, and has a qualification of a registered first grade architect. Mr. Mao received an Executive MBA degree from Cheung Kong Graduate School of Business, a bachelor's degree in industrial and civil construction from Wuhan Industrial University (now Wuhan University of Technology). Mr. Mao has over 20 years of working experience in real estate companies. Prior to joining the Group, Mr. Mao was the managing director in Shenzhen Shenghui United Development Management Co., Ltd. from August 2016 to March 2020, fully responsible for the company's operations and management. Mr. Mao was also the chief engineer and vice president, as well as the general manager in a regional company of Guangdong Hongyi Group Limited from August 2010 to August 2016, responsible for overall development and management of the projects of the regional company. From August 2009 to May 2010, Mr. Mao served as the deputy general manager of Shenzhen Minghao Real Estate Development Co., Ltd. and the general manager of its Hunan company, fully responsible for the expansion and the development of Hunan company. From August 2005 to July 2009, Mr. Mao served as the deputy

general manager of Huasheng Real Estate Development Co., Ltd of Shenzhen Huasheng Holding Co., Ltd, responsible for the management of the business segments of design, engineering, cost, tendering and procurement. Prior to that, Mr. Mao had worked for China CITIC Group (Shenzhen) Co., Ltd., Shenzhen Baohua Investment Co., Ltd., Shenzhen Xingtong Real Estate Development Co., Ltd. and Wuhan Steel Design & Research Institute Shenzhen Yard.

Mr. YAN Hongyu (嚴紅宇), aged 49, has been appointed as a vice president of our Group since June 2020. He is primarily responsible for sales, design and property and business management of the Group. Mr. Yan graduated from Zhongnan University of Economics and Law with a bachelor's degree and he is an intermediate real estate economist. Mr. Yan has over 20 years of working experience in real estate companies. Prior to joining the Group, Mr. Yan served as the Executive Deputy General Manager of the Residential Division of Zhujiang Investment Co., Ltd. from August 2015 to September 2018, in charge of marketing, design, property management, and investment in the residential sector. Mr. Yan also served as the Deputy General Manager of Dalian Wanda Group Guangzhou branch and General Manager of the marketing department of southern project management center from November 2009 to May 2014, and he was responsible for the marketing management of the Guangzhou branch and the southern part of the group. Prior to that, Mr. Yan worked in China Poly Real Estate, China CITIC South China Group Co., Ltd., Dongguan Zhonghui Group, and Dongguan Dingfeng Group.

Mr. ZHONG Ding Hua (鐘定華), aged 49, has been appointed as a chief financial officer of our Group since September 2020. He is primarily responsible for the financing and investor relations affairs of the Group. Mr. Zhong has more than 20 years of experience in the real estate industry in the PRC and has extensive operational experience in project financing, overseas mergers and acquisitions, corporate diversification and internationalization, and financial management. From July 1994 to July 2001, Mr. Zhong served as the finance manager, finance director, and deputy general manager of the finance department of Shenzhen Nanshan Development Group. From 2005 to May 2010, he served as the finance supervisor of Zhuoyue Real Estate Group Co., Ltd. From September 2011 to June 2016, he served as deputy general manager of the funds department of Shenzhen Hazens Real Estate Group Co., Ltd.. From July 2016 to October 2018, he served as the president of Shenzhen Zhengde Financial Holdings Co., Ltd.. From January 2019 to June 2020, he served as the chief investment and finance officer of Legend Strategy International Holdings Group Company Limited (stock code: 1355), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Zhong graduated from the Department of Finance in Jinan University in the PRC majoring in International Finance in 1994. In 2004, he completed the postgraduate diploma certificate program at the University of Auckland in the New Zealand.

Mrs. LIANG Lina (梁麗娜), aged 38, has been the Company Secretary and the secretary of the Board since July 2020. Mrs. Liang has extensive experience in auditing, financial management, offshore financing, investor relations, and corporate governance. Mrs. Liang joined the Group in November 2011, holding various positions including the deputy director of financial department, the director of investor relationship department and the general manager of the office of the Board. Mrs. Liang was deeply involved in many significant capital markets projects of the Group, including the listing of the Group on the Main Board of the Stock Exchange, offshore financing, merger and acquisition, business cooperation, and was also responsible for corporate governance, investor relations and company secretarial duties. Prior to

joining the Group, Mrs. Liang worked in Ernst & Young and had more than seven years' experiences in auditing. Mrs. Liang holds a bachelor degree in Accounting from the Central University of Finance and Economics, and a master degree in Finance from Peking University. Mrs. Liang is currently a member of each of the Chinese Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants, and the American Institute of Certified Public Accountants.

Company Secretary

Mrs. LIANG Lina (梁麗娜), aged 38, has been the company secretary and an authorized representative of the Company since July 2020. For Mrs. Liang Lina's biographical details, please refer to "Senior Management" above.

Board Committees

We have established four committees, namely, the audit committee, the remuneration committee and the nomination committee, and the strategic review committee to handle particular responsibilities of our board and our affairs. All of our board committees are established with defined written terms of reference, and are provided with sufficient resources to discharge their duties.

Audit Committee

We established the audit committee on September 27, 2013 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the audit committee by the Board. The revised terms of reference have been adopted by the Board on December 27, 2018 to comply with the new CG Code which became effective on January 1, 2019. The primary duties of the audit committee are to review the financial information, to oversee the financial reporting process, risk management and internal control systems of our Group, to oversee the audit process, to make recommendation on the appointment, re-appointment and removal of external auditor and to perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of three independent non-executive Directors. The three members are Mr. Lam Chi Yuen Nelson, the chairman of the Audit Committee and an independent non-executive Director; Mr. Dai Yiyi, an independent non-executive Director; and Mr. Yue Zheng, an independent non-executive Director.

Remuneration Committee

We established the remuneration committee on September 27, 2013 with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the remuneration committee by the Board. The primary duties of the remuneration committee are to make recommendations to the policy and structure of the remuneration for directors and senior management and to review and approve the compensation payable to directors and members of senior management. The remuneration committee comprises two independent non-executive

directors and one executive director. The current three members are Mr. Yue Zheng, the chairman of the remuneration committee and an independent non-executive director; Mr. Lam Chi Yuen Nelson, an independent non-executive director; and Mr. Wang Dewen, an executive director.

Nomination Committee

We established the nomination committee on September 27, 2013 with written terms of reference in compliance with the requirements of the CG Code and Corporate Governance Report as set out in the Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the nomination committee by the Board. The primary duties of the nomination committee are to review the structure, size and composition of the Board and to make recommendations to the Board on the appointment and removal of directors. In the nomination procedures, the nomination committee makes reference to criteria including candidates' reputation, integrity, accomplishment, experience and professional and educational background. The Nomination Committee comprises two independent non-executive Directors and one executive Director. The three members are Mr. Dai Yiyi, an independent non-executive Director; Mr. Yue Zheng, an independent non-executive Director; and Mr. Zeng Yunshu, an executive Director.

Compensation of Directors and Management

Our directors and senior management of our Company receive compensation in the form of salaries, bonuses, contributions to pension schemes, long-term incentives (including share-based compensation), housing and other allowances and benefits in kind subject to applicable laws, rules and regulations. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations.

The aggregate amount of compensation (including any fees, salaries, allowances, benefit in kind, retirement scheme contributions, equity-settled share-based payments and bonus) paid to our directors for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021 were approximately RMB11.9 million, RMB22.9 million, RMB19.1 million and RMB8.3 million, respectively.

PRINCIPAL SHAREHOLDERS

So far as our directors are aware, the following table sets forth information regarding beneficial ownership of our ordinary shares as of the date of this offering memorandum by (i) our directors and senior management and (ii) those persons known by us to beneficially own 5% or more of our outstanding shares.

Name of shareholder	Corporate interest	Share options and convertible notes	Total shares interested	Approximate percentage of the issued share capital of the Company ⁽¹⁾
Directors and senior management				
Mr. Cai Hongwen	2,664,306,801 ⁽⁴⁾	–	2,664,306,801 ⁽⁴⁾	58.72%
Principal shareholders				
CG-HKGBAHL	2,664,306,801 ⁽²⁾	–	2,664,306,801 ⁽²⁾	58.72%
RXHD Holdings	2,664,306,801 ⁽³⁾	–	2,664,306,801 ⁽³⁾	58.72%
Junsheng Holdings	2,664,306,801 ⁽³⁾	–	2,664,306,801 ⁽³⁾	58.72%
Mr. Zeng Sheng	2,664,306,801 ⁽³⁾	–	2,664,306,801 ⁽³⁾	58.72%
Hakka Park	2,664,306,801 ⁽⁴⁾	–	2,664,306,801 ⁽⁴⁾	58.72%
Mr. Cai Hongwen	2,664,306,801 ⁽⁴⁾	–	2,664,306,801 ⁽⁴⁾	58.72%
Mr. Chen Junyu	–	–	449,198,000 ⁽⁵⁾	9.90%
Eminent Ascend Limited	305,950,000 ⁽⁵⁾	–	305,950,000 ⁽⁷⁾	6.74%
Sunet Global Limited	305,950,000 ⁽⁵⁾	–	305,950,000 ⁽⁷⁾	6.74%
Mr. Wong Kim	305,950,000 ⁽⁶⁾	–	305,950,000 ⁽⁷⁾	6.74%

Note:

- (1) The percentage shareholding is calculated on the basis of 4,537,354,000 shares issued as June 30, 2021.
- (2) CG-HKGBAHL is owned as to 50% by RXHD Holdings and RXHD Holdings is owned as to 70% by Junsheng Holdings, which is in turn wholly and beneficially owned by Mr. Zeng Sheng. By virtue of Part XV of the Securities and Futures Ordinance (the “SFO”), each of RXHD Holdings, Junsheng Holdings and Mr. Zeng Sheng is deemed to be interested in all the Shares held by China Greater Bay Area Holdings.
- (3) The spouse of Mr. Zeng Sheng is deemed to be interested in the Shares which Mr. Zeng Sheng is interested in under Part XV of the SFO.
- (4) China Greater Bay Area Holdings is owned as to 50% by Hakka Park, and Hakka Park is wholly-owned by Guang Yitong, which is in turn owned as to 60% by Mr. Cai Hongwen. By virtue of Part XV of the SFO, each of Hakka Park and Mr. Cai Hongwen is deemed to be interested in all the Shares held by CG-HKGBAHL. The spouse of Mr. Cai Hongwen is deemed to be interested in the Shares which Mr. Cai Hongwen is interested in under Part XV of the SFO.
- (5) Eminent Ascend Limited is wholly-owned by Sunet Global Limited and in turn wholly-owned by Mr. Wong Kim, hence each of Sunet Global Limited and Mr. Wong Kim is deemed to be interested in all the Shares held by Eminent Ascend Limited.
- (6) The spouse of Mr. Wong Kim is deemed to be interested in the Shares which Mr. Wong Kim is interested in under Part XV of the SFO.

Save as disclosed above, as of the date of this offering memorandum, to the knowledge of the Directors, no other person (other than a Director or chief executive of the Company) had, or were deemed or taken to have interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

From time to time, our Group has entered into a number of transactions with our related parties. We believe that each of our related party transactions was entered into in the ordinary course of business on fair and reasonable commercial terms in our interest and the interest of our shareholders as a whole. For further information, please refer to our financial reports for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021 included elsewhere in this offering memorandum. Following our listing on the SEHK and as part of our effort to reduce the related party transactions, we have established policies and procedures to identify related parties and all related party transactions are required to be approved by our Board.

Transactions with Related Parties

The following is a summary of the significant transactions carried out between the Group and our related parties during the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2020 and 2021:

	As of/For the year ended December 31,				As of/For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>US\$'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>US\$'000</i>
Amount due from related parties							
Amount due from a joint venture	-	21,400	43,224	6,727	37,724	44,070	6,826
Amount due from associates	4,000	-	-	-	-	-	-
Key management personnel remuneration							
Contribution to defined contribution retirement plans	404	412	292	45	153	138	21
Wages, salaries and other benefits in kind	26,874	44,854	31,152	4,825	15,635	11,358	1,759
Equity settled share-based payment expenses	-	-	3,586	555	292	3,669	568

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To finance our capital expenditure and working capital requirements and to fund certain of our acquisitions, we have entered into financing arrangements with various financial institutions. We had bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes of approximately RMB5,506.8 million (approximately US\$852.9 million) as of June 30, 2021.

Set forth below is a summary of the material terms and conditions of these loans and other material indebtedness.

PRC Bank Loan Agreements

We and certain of our PRC subsidiaries have entered into short- and long-term loan agreements with local branches of various commercial banks in China, mainly including Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of Ganzhou and Bank of Lanzhou. These loans have terms ranging from one to five years. As of June 30, 2021, the aggregate outstanding amount under these loans totaled approximately RMB2,354.1 million (US\$364.6 million), of which RMB453.1 million (US\$70.2 million) was due within one year of such date. These loans are secured by our properties in the PRC.

Interest

Our bank loans bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to review by the lenders monthly, quarterly, semi-annually or annually. Other loans are subject to fixed interest rates. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of June 30, 2021, the weighted average interest rate on the outstanding amount under these PRC bank loan agreements was 6.53% per annum.

Financial Covenants

Under a number of our loans, certain of our PRC subsidiaries have agreed to comply with financial covenants, including (i) the total liabilities to total assets ratio not exceeding an agreed number that ranges from 60% to 70%, (ii) the contingent liabilities to net assets ratio not exceeding 70%, (iii) the actual earnings received from property projects not below 30% of the estimated amount, (iv) reductions in credit ratings, and (v) early repayment of principal to be triggered when 60% of the gross saleable area for the relevant property project is sold. In the event we fail to comply with the financial covenants in the loans, the relevant lending bank will be entitled to demand additional guarantees under the loans and if we cannot provide additional guarantees to the satisfaction of the lending banks, it may be entitled to accelerate payments under the loan.

As of the date of this offering memorandum, none of our subsidiaries are currently not in compliance with the financial covenants under our bank loans.

Dividend Restrictions

Pursuant to the PRC bank loans with certain of our lenders, some of our PRC subsidiaries have also agreed not to declare or make payment of dividends or other distributions (i) if profit after tax in the relevant fiscal year is insufficient to offset accumulated losses from previous years or if the relevant subsidiary cannot make timely payments of principal or interest after the dividend payments; (ii) before the relevant PRC loans are fully repaid; or (iii) exceeding a certain percentage of their respective after-tax net profit or total undistributed profit for the year, in each case without prior consent from the lenders.

Events of Default

Our PRC bank loan agreements contain certain customary events of default, such as 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 its approval, material breach of the terms of the loan agreement and acceleration of repayment obligations under other loan or financing documents. Upon the occurrence of an event of default, the lenders may terminate the loan agreement and demand immediate repayment of principal of the loan and any accrued but unpaid interests and other application compensation.

Contingent Liabilities

We make arrangements with PRC commercial banks so that such banks may provide mortgage facilities to our customers to purchase our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to our customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan along with any accrued and unpaid interest and any applicable penalty as set forth in the underlying loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of June 30, 2021, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB6,090.8 million (US\$943.3 million).

The Existing Notes

On December 19, 2019, we entered into an indenture (as amended and supplemented from time to time, the "Existing Notes Indenture") pursuant to which we issued 14.00% Senior Notes due 2021. As of the date of this offering memorandum, an aggregate principal amount of US\$293.5 million of the Existing Notes are outstanding.

Guarantee

Our obligations under the Existing Notes are guaranteed by our existing subsidiaries (the “Existing Notes Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the Existing Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a Existing Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the Existing Notes Indenture. Each of the Existing Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the Existing Notes.

Interest

The Existing Notes bear an interest rate of 14.00% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the Existing Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The Existing Notes Indenture contains 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 30 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 trustee under the Existing Notes Indenture 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 certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding Existing Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the Existing Notes is December 19, 2021.

At any time prior to December 19, 2021, we may redeem the Existing Notes, in whole but not in part, at a redemption price equal to 102.236% of the principal amount of the Existing Notes, plus a premium and any accrued and unpaid interest to (but not including) the redemption date.

At any time and from time to time prior to December 19, 2021, we may redeem up to 35% of the aggregate principal amount of the Existing Notes at a redemption price equal to 114.00% of the principal amount of the Existing Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if we or a subsidiary guarantor under the Existing Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the Existing Notes at a redemption price equal to 100% of the principal amount of the Existing Notes, plus any accrued and unpaid interest, subject to certain exceptions.

DESCRIPTION OF THE NEW NOTES

For purposes of this “Description of the New Notes”, the term “Company” refers only to Guangdong – Hong Kong Greater Bay Area Holdings Limited, and any successor obligor on the Notes, and not to any of its Subsidiaries, and the term “Notes” only refer to the New Notes issued by the Company. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor”, and each such Guarantee is referred to as a “Subsidiary Guarantee”. Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a “JV Subsidiary Guarantor”.

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection on or after the Original Issue Date at the corporate trust office of the Trustee at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

Brief Description of the Notes

The Notes are:

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

The Notes will mature on October 12, 2023, at 102.6% of its outstanding principal amount, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows Additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues”. Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the New Notes” include any Additional Notes that are actually issued.

The Notes will bear interest at 13.85% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 12 and October 12 of each year (each an “Interest Payment Date”), commencing April 12, 2022. Interest on the Notes will be paid to Holders of record at the close of business on March 28 or September 27 immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year composed of twelve 30-day months.

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes is not a Business Day in the relevant place of payment, or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment by the Holders of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent currently located at c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland) and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by wire transfer or by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants 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 be Hongkong Hydoo Holding Limited (香港毅德控股有限公司), Trade Logistics Enterprises Limited (業運企業有限公司), Abundant Idea Investments Limited (訊溢投資有限公司), Hongkong China Hydoo Logistic Limited (香港中國毅德物流有限公司), Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司), Copious Epoch Limited (世溢有限公司), Union Capital Holdings Limited (滙聯集團有限公司), Jiayue Limited (佳粵有限公司) and Hongkong Hydoo Financial Holding Limited (香港毅德金融控股有限公司). These Subsidiary Guarantors consist of all of the Company's Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. None of the Company's other Restricted Subsidiaries organized outside of the PRC (the "Initial Other Non-Guarantor Subsidiary") and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the "PRC Non-Guarantor Subsidiaries", and together with the Initial Other Non-Guarantor Subsidiary, the "Initial Non-Guarantor Subsidiaries") will be a Subsidiary Guarantor on the Original Issue Date.

No future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries (including 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, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date or any entity (1) that is incorporated in any jurisdiction other than the PRC and (2) 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 20.0% of the Capital Stock of such Restricted Subsidiary or (y) in the case of any other entity, is proposing to purchase the Capital Stock of such entity such that it becomes a Subsidiary and designate such entity 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 such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (i) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (ii) requiring the Company or any of the Restricted Subsidiaries 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; and
- 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 (the “JV Subsidiary Guarantee”) of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor and each such Restricted Subsidiary of such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the applicable 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) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of June 30, 2021,

- the Company and its consolidated subsidiaries had bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes of approximately RMB5,506.8 million (approximately US\$852.9 million), including short-term indebtedness of RMB2,820.9 million (US\$436.9 million);
- the Company and the Subsidiary Guarantors (on an unconsolidated basis) had total senior notes of approximately RMB2,367.8 million (US\$366.7 million); and
- the Non-Guarantor Subsidiaries had total bank loans and other borrowings and interest-bearing loan from a non-controlling interest in the amount of RMB3,139.0 million (US\$486.2 million).

In addition, as of June 30, 2021, the Initial Non-Guarantor Subsidiaries had commitments in respect of property development expenditure and contingent liabilities of approximately RMB4,849.5 million (US\$751.1 million) and RMB6,090.8 million (US\$974.3 million), respectively.

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

- will be a general obligation of such JV Subsidiary Guarantor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), promptly upon such future Restricted Subsidiary becoming a Restricted Subsidiary or ceases to be an Exempted Subsidiary or Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted

Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary Guarantee (each a “New Non-Guarantor Subsidiary”, together with the Initial Other Non-Guarantor Subsidiary, 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 Other Non-Guarantor Subsidiaries (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of Total Assets.

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, (a) instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that they will no longer Guarantee the Notes), *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Other Non-Guarantor Subsidiaries (including the New Non-Guarantor Subsidiaries but other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a Guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date other than 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”.

Under the Indenture and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture; *provided* that any JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the applicable JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been

made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be made in U.S. dollars.

Under the Indenture, and any supplemental indenture thereto, 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 insolvency, fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to an amount which is the lower of (i) the applicable 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 or voidable, it could be rendered ineffective or 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. The Guarantee of a Subsidiary Guarantor or a JV Subsidiary Guarantor may be voided or subject to review under applicable insolvency or fraudulent transfer laws, or subject to a lawsuit by or on behalf of creditors of such Subsidiary Guarantor or JV Subsidiary Guarantor. See "Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable financial assistance, insolvency corporate benefit or fraudulent transfer or unfair preference laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees".

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance as described under “– Defeasance – Defeasance and Discharge”;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture;
- in the case of a JV Subsidiary Guarantee, upon the replacement of such JV Subsidiary Guarantee with a Subsidiary Guarantee in compliance with the terms of the Indenture;
- 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; or
- in the case of a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released 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 20.0% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (i) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee, (ii) prohibiting the Company or any Restricted Subsidiary from providing such JV Subsidiary Guarantee or (iii) requiring the Company or any Restricted Subsidiary to deliver or keep in force a replacement Guarantee on terms that are more favorable to the recipients of such Guarantee than the 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; and
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the 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 applicable 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) a legal opinion 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 "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" covenant.

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

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee, as the case may be, shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements and conditions precedent relating to such release under the

Indenture have been complied with and that such release is authorized and permitted by the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price, the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below.

Optional Redemption

At any time prior to October 12, 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 102.6% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to October 12, 2023, the Company may redeem up to 35% of the principal amount of the Notes with the Net Cash Proceeds of one or more sales of its Common Stock in an Equity Offering at a redemption price of 113.85% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

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

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

Repurchase of Notes upon a Change of Control Triggering Event

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

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company’s and the Subsidiary Guarantors’ then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors – Risks Relating to the New Notes – We may not be able to repurchase the New Notes upon a Change of Control Triggering Event”.

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Company. Although there is a limited body of case law interpreting the phrase “substantially all”, no precise definition of the phrase has been established. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder’s Notes as a result of a sale of less than all the assets of the Company to another person or group is uncertain and will be dependent upon particular facts and circumstances and the relevant jurisdiction or jurisdictions in which this phrase is interpreted.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require the Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on, the Notes or under the Subsidiary Guarantees and 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, collected, withheld, assessed or levied by any jurisdiction in which the Company, a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”) or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Jurisdiction”), or the 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, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (a) for or on account of:
 - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or, if the Holder is a trust, partnership, limited liability company or a corporation, its beneficiaries, partners, members or shareholders, and the Taxing Jurisdiction, other than merely holding such Note, 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;

- (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30 day period;
 - (C) 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 or beneficial owner, as the case may be, to provide any certification, identification, information and documents concerning such Holder's or 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 would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or
 - (D) the presentation of such Note (where presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, excise, transfer, personal property or similar tax, assessment or other governmental charge;
 - (iii) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (iv) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any other agreement pursuant to the implementation of FATCA; or
 - (v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv).

- (b) 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, person or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to 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, or amendment to, an 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 an official position is announced (a) in the case of the Company, Surviving Person and any initial Subsidiary Guarantor on or after the Original Issue Date, or (b) in the case of a Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, 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 changing the jurisdiction of the Company, a Subsidiary Guarantor or Surviving Person is not a reasonable measure for purposes of this section; *provided further* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (a) an Officers' Certificate stating that such change or amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and
- (b) an Opinion of Counsel or an opinion of a tax consultant of recognized standing with respect to tax matters in the Relevant Jurisdiction to the effect that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph exists.

The Trustee shall and shall be entitled to rely on conclusively and accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed pursuant to the provisions under the caption “– Redemption for Taxation Reasons” will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (a) 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 or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
- (1) Indebtedness under the Notes (excluding any Additional Notes and any Indebtedness Guaranteed by *Pari Passu* Guarantee) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (2) any *Pari Passu* Guarantee;
 - (3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (b)(4) of this “– Limitation on Indebtedness and Preferred Stock” covenant; *provided* that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (4) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary to whom such Indebtedness is owed 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 (4), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;
 - (5) 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 (a) or clause (1), (2), (3), (8), (15), (16), (17), (18), (20), (21), (22) or (23) of this paragraph (b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (5) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument

pursuant to which such new Indebtedness is issued and remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced; (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (5) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (6) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (7) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (8) Indebtedness Incurred by the Company or any Restricted Subsidiary:
 - (i) representing Capitalized Lease Obligations to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business; or
 - (ii) 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 the 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 clause (ii), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price, cost or payment, as the case may be, and (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, in the case of clauses (i) and (ii), (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (8) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under this clause (8) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) and (2) the aggregate principal amount of all outstanding Indebtedness Incurred and Preferred Stock Issued under clauses (16), (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness), does not exceed an amount equal to 30.0% of Total Assets;

- (9) 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);
- (10) 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;
- (11) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;

- (12) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided however*, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (13) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under another provision of this covenant or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;
- (14) 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 (b)(14) at any time outstanding (together with refinancings thereof) does not exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (15) 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);
- (16) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (16) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clause (8) above and clauses (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (17) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; *provided* that, on the date of Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness Incurred and Preferred Stock Issued under this clause (17) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred

pursuant to clauses (8) and (16) above and clauses (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;

- (18) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties or other properties owned and held by any Restricted Subsidiary for office use; *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 (18) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (8), (16) and (17) above and clauses (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 30.0% of Total Assets;
- (19) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement;
- (20) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or any 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 sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (20) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), and (18) above and clauses (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (21) Acquired Indebtedness Incurred of any Person that becomes a Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any

portion of the funds utilized to consummate the transaction or series of transactions pursuant to which such person becomes a Restricted Subsidiary or (B) otherwise in contemplation of such 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 sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (21) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18) and (20) above and clauses (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;

- (22) 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 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 (22) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20) and (21) above and clause (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets; and
- (23) Indebtedness of the Company or any Restricted Subsidiary under Credit Facilities; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (23) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20), (21) and (22) above (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets.

- (c) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (d) 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 of the Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s or such Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary, other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries); 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 shall have 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 provision in the first paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”; or
- (C) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date (excluding, for the avoidance of doubt, Restricted Payments permitted by clauses (2) to (8) and (10) to (13) of the immediately following paragraphs), shall exceed the sum (without duplication) of:
- (1) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2015 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
 - (2) 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 (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) 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 after deducting 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
 - (3) 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
 - (4) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments

of loans or advances by such Person or other transfer of properties (with respect to transfer of properties, the amount of reduction shall be the lower of (x) such net reduction as recorded under GAAP and (y) the Fair Market Value of such properties at the time of such transfer), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

- (5) US\$20.0 million (or the Dollar Equivalent thereof using the Measurement Date as the date of determination).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company, 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 substantially concurrent sale (other than to a Subsidiary of the Company) of, shares of 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)(2) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company,

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)(2) of the preceding paragraph;

- (5) 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) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (7) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person *provided* that, such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made (such date not to exceed 12 months from the date the Staged Acquisition Agreement was entered into) (the “Deadline Date”); *provided further* that, in the event such Person does not become a Restricted Subsidiary on or before the Deadline Date, all payments previously made under this clause (7) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this covenant;
- (8) dividends paid to, or the purchase of the Capital Stock of any Restricted Subsidiary (as the case may be) 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 under paragraph (b)(17) of the “Limitation on Indebtedness and Preferred Stock” covenant;
- (9) the declaration and payment of dividends on, or the redemption, repurchase or other acquisition of, the Common Stock of the Company by the Company in an aggregate amount not to exceed 20.0% of profit for the year based on the consolidated financial statements of the Company for the immediately prior fiscal year;
- (10) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (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 at least equal to the Fair Market Value of such Capital Stock;
- (11) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture;

- (12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); provided that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock for any fiscal year shall not exceed US\$3.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination); or
- (13) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;

provided that, in the case of clause (2), (3), (4) or (9) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payment set forth in clauses (5) through (13) above) must be based upon an opinion or appraisal issued by an Independent Financial Advisor if the Fair Market Value exceeds US\$20.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than any Restricted Payments set forth in clause (5) through (13) above) in an amount in excess of US\$10.0 million (or the Dollar Equivalent thereof), 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 under the caption "-- Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to directly or indirectly incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and 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 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 obligations owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, *Pari Passu* Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor Guaranteed by any *Pari Passu* Guarantee, or in any extensions, refinancings, renewals, supplements, amendments or replacements of any of

the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment 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) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”, “Limitation on Indebtedness and Preferred Stock” and “Limitation on Asset Sales” covenants; or
- (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 permitted under the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension,

refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

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 the Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and *provided* that the Company complies with the "Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary; and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, or (2) such Guarantee is permitted by clause (b)(3), (b)(4), (b)(13)(ii) (in the case of clause (b)(13)(ii), other than a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary or (b)(16) (in the case of

clause (b)(16), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Bank Deposit Secured Indebtedness), under the caption “Limitation on Indebtedness and Preferred Stock”.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (B) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such Guarantee will be limited to the applicable JV Entitlement Amount. If any JV Subsidiary Guarantor Guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such Guarantee exceeds the applicable JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or any Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under “Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described 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 that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or 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 an aggregate consideration with a Fair Market Value in excess of US\$20.0 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 Independent Financial Advisor. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation, set-off or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds".

Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When the aggregate amount of Excess Proceeds exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) to be purchased on a *pro rata* basis will be selected in the manner set out under “– Optional Redemption”. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

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 as board members 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) or (2) of the first paragraph of the covenant described above under the caption “Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme has been approved by the Board of Directors and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which as of the Original Issue Date require a majority shareholder approval of any such scheme;
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any Restricted Subsidiary with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (7) any sale of real property by the Company or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Company and its Subsidiaries with respect to such property; *provided* that (A) revenues from all such sales in any fiscal year shall not exceed 1.0% of the revenues for that year as shown in the consolidated financial statements of the Company for that period in accordance with GAAP, (B) any such discount shall not be in excess of 10.0% of the Fair Market Value of the relevant property and (C) any such sale, individually or in the aggregate (if required to be aggregated under the Listing Rules), would not require the Company to obtain approval from its shareholders (or seek a waiver from complying with such requirement) in order to comply with the Listing Rules;

- (8) subject to complying with clause (1) of the preceding paragraph, 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;
- (9) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the proposed Restructuring, including but not limited to transactions entered into for purposes of any reorganization in connection with the proposed Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the proposed Restructuring; and
- (10) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed Restructuring, or any amendment or modification or extension or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries in any material respect than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among the Company and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary).

Limitation on 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”.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary 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 “– 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, if it is permitted to do so under the Indenture, a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (i) 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, (ii) 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 (iii) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) as specified under the caption “Use of Proceeds” in this offering memorandum 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.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from the Rating Agency and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from the Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “– Limitation on Indebtedness and Preferred Stock”;
- (2) “– Limitation on Restricted Payments”;
- (3) “– Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “– Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “– Limitation on Transactions with Shareholders and Affiliates”;

- (7) “– Limitation on the Company’s Business Activities”;
- (8) “– Limitation on Sale and Leaseback Transactions”;
- (9) “– Limitation on Asset Sales”;
- (10) clauses (3), (4) and (5)(x) of the first and second paragraphs of “– Consolidation, Merger and Sale of Assets”; and
- (11) clause 2(a) of “– Provision of Financial Statements and Reports”.

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary”.

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “– Certain Covenants – Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s common shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) 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 the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the most recent fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, *provided* that the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or an 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:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) 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;

- (c) default in the performance or breach of the provisions of the covenants described under “– Consolidation, Merger and Sale of Assets”, the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions “– Repurchase of Notes upon a Change of Control Triggering Event” or “– Limitation on Asset Sales”;
- (d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (A) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (B) the failure to make a principal payment when due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company’s insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any Significant Restricted Subsidiary (i) 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, (ii) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant

Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

- (i) 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 (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived and (y) 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 with respect to the Notes occurs and is continuing, the Trustee may but will not be obligated to pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that 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 it deems proper that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to

expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security satisfactory to it; and
- (5) during such 60 day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has 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 of any default or defaults in the performance of any covenants or agreements under the Indenture. See "Provision of Financial Statements and Reports".

None of the Trustee or any Agent is 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. Each of the Trustee and the Agents may assume that no such event has occurred and that the Company and the Subsidiary Guarantors are performing all of their obligations under the Indenture and the Notes unless the Trustee or the Agent, as the case may be, has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Company and the Subsidiary Guarantors are not performing all of their obligations under the Indenture and/or the Notes.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation incorporated and validly existing under the laws of the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption "-- Limitation on Indebtedness and Preferred Stock";
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under the caption "-- Consolidation, Merger and Sale of Assets", shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “Limitation on Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is

unconditionally released in accordance with the provisions described under “The Subsidiary Guarantees – Release of the Subsidiary Guarantees and JV Subsidiary Guarantees”.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under 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 of the Notes 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 of the Notes.

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 of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, (ii) Holders or beneficial owners of the Notes that are located or resident in the United States or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the

deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (A) the Company (a) has deposited with the Trustee (or its agent), in trust, money, U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes 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, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture;
- (B) 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
- (C) 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 of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and all the covenants described herein under “Certain Covenants”, other than as described under “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering”, and (ii) clause (c) under “Events of Default” with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets”, and with respect to such other events set forth in such clause (i) above, clause (d) under “Events

of Default” with respect to such other covenants set forth in clause (i) above and clauses (e) and under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (B) 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 with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to the Notes issued thereunder, when:

- (1) either:
 - (a) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Paying Agent for cancellation; or
 - (b) all Notes not theretofore delivered to such Paying Agent for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

- (2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit) with respect to the Indenture or the Notes issued thereunder shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under any other material agreement or instrument (other than the Indenture) to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;
- (3) the Company has paid or caused to be paid all sums payable by it under the Indenture; and
- (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;
- (2) comply with the provisions described under "Consolidation, Merger and Sale of Assets";
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) provide collateral, add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

- (8) effect any change to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the 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 Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments with Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees; *provided, however*, that no such modification or amendment may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, or premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;
- (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 must be made or by which the Notes may 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 the provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control Triggering Event or the event giving rise to the repurchase of the Notes under “– Certain Covenants – Limitation on Asset Sales”;
- (11) change the redemption date or the redemption price of the Notes from that stated under the captions “Optional Redemption” or “Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under U.S. federal securities laws.

Concerning the Trustee and the Agents

Citicorp International Limited is to be appointed as Trustee under the Indenture and Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, is to be appointed as registrar (the “Registrar”), as paying agent (the “Paying Agent”) and transfer agent (the “Transfer Agent”, and together with the Registrar and the Paying Agent, the “Agents”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have provided written instructions to the Trustee and offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

The Trustee shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee shall not be deemed to have knowledge of an Event of Default or Default unless it has been notified in writing of such an Event of Default or Default thereof.

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee and Agents, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee or the Agents in respect of such risks.

Book Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the “Initial Global Note”). On the Original Issue Date, the Initial Global Note will be deposited with a common 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 Global Notes (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 “– Certificated Notes”, the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts”.

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the 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, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect

participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the common depository will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depository, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of certificated notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Notes 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".

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Certificated Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Company has received a written request from a Holder, the Company will issue certificated notes in registered form in exchange for the Global Notes. 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 certificated notes and cause the requested certificated notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee for delivery to Holders. Persons exchanging interests in a Global Notes for certificated 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 certificated notes. In all cases, certificated notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Certificated notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first class postage prepaid, in the mails of the relevant jurisdiction (if intended for the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor; (if intended for the Trustee), addressed to the Trustee at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York in connection with

any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee (if any), the Indenture or any transaction contemplated thereby and (ii) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes 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.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after October 12, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause of this definition or (iii) 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 (i) or (ii). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person,

means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of 102.6% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 102.6% of the principal amount of the Notes on October 12, 2023 plus (y) all required remaining scheduled interest payments due on such Note through October 12, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) 102.6% of the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an Investment by the Company or any of its Restricted Subsidiaries 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 of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries 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 of its Restricted Subsidiaries (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 of its Restricted Subsidiaries.

“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 or issuance of Capital Stock of a Restricted Subsidiary or sale of Capital Stock of any other Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; *provided*, that “Asset Sale” shall not include:

- (a) sales, transfers 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;
- (b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “Limitation on Restricted Payments” covenant;
- (c) 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;
- (d) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

- (e) any, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (f) a transaction covered by the covenant under the caption “– Consolidation, Merger and Sale of Assets”; and
- (g) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, 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, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended.

“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; and by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“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 or exchangeable into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders collectively are the beneficial owners of less than 40.0% of the total voting power of the Voting Stock of the Company;
- (3) any “person” or “group” (as such terms are used for purposes of 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 under the Exchange Act), directly or indirectly, of the 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 or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election or nomination 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.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and, *provided* that the Notes are rated by at least one Rating Agency, a Rating Decline.

“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 protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a comparable maturity to October 12, 2023 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to October 12, 2023.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is available, Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile on 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 (including, for the avoidance of doubt, any capitalized interest included in cost of sales in conformity with GAAP),
- (2) income taxes (other than income taxes attributable to extraordinary and non recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than the accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP, *provided* that (i) 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 of the Restricted Subsidiaries and (ii) in the case of any 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 (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries but less the amount of interest income from Bank Deposit Secured Indebtedness, if any, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) 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, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary, and (vii) any capitalized interest, *provided* that Consolidated Interest Expense shall not include (x) interest expense attributable to leases which would have been classified as “operating leases” before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers, and *provided further* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (A) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed

by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

- (B) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;
- (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 calculating the Consolidated Net Income (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 purposes of calculating Consolidated EBITDA and

the Fixed Charge Coverage Ratio, any net after-tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries prepared in accordance with GAAP (which the Company shall use its reasonable best efforts to compile in a timely manner), 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 of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (*provided* that such increase is permitted under the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange contract, currency swap agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control Triggering Event” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control Triggering Event” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided* that, such borrowings are not reflected on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any bona fide underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a Person controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in clause (i), clause (ii) or a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; provided that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“Fitch” means Fitch Ratings Inc. 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 two semi-annual 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 “Two Semi-annual Periods”) to (2) the aggregate Consolidated Fixed Charges during such Two Semi-annual Periods. 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 Two Semi-annual Periods and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement in effect on the last day of such Two Semi-annual Periods), 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 with or consolidated 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 sentence 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 two semi-annual 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 International Financial Reporting Standards, formulated by the International Accounting Standards Board, or 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 Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination; and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligation, 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 item 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 or indebtedness 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*

- (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and
- (C) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (a) zero if Incurred pursuant to paragraph (b)(6) under the “Limitation on Indebtedness and Preferred Stock” covenant or (b) the net amount that would be payable by such Person if such Hedging Obligation were terminated at that time, if not Incurred under such covenant.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of international standing, *provided* that such firm is not an Affiliate of the Company.

“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 protect against fluctuations in interest rates.

“Investment” means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person,
- (ii) 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),

- (iii) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person, or
- (iv) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and is guaranteed by such Person.

“Invest”, “Investing” and “Invested” shall have corresponding meanings.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the Company’s proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Fitch.

“Investment Property” means any property that is owned and held by any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor which is not a Subsidiary of another JV Subsidiary Guarantor, together with its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “– The Subsidiary Guarantees”. “JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiaries” means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“Measurement Date” means December 15, 2015.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Moody’s” means Moody’s Investors Service and its successors.

“Net Cash Proceeds” means:

- (a) 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:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (3) 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;
 - (4) 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

- (b) 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 attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Non-Guarantor Subsidiaries” means the Restricted Subsidiaries that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Notes.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the tender agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the 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 Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided that* each Note purchased and each Note issued shall be in a principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Company shall (a) one Business Day prior to the Offer to Purchase Payment Date accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) one Business Day prior to the Offer to Purchase Payment Date deposit with the tender agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) on the Offer to Purchase Payment Date, deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The tender agent shall promptly mail to the Holders 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 Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided that* each Note purchased and each Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the directors or 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 under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is

only one Officer in such 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. The counsel may be a counsel to the Company.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“*Pari Passu* Guarantee” means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; *provided that* (i) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant under the caption “Limitation on Indebtedness and Preferred Stock” and (ii) such Guarantee ranks *pari passu* 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.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under the caption “– Repurchase of Notes upon a Change of Control Triggering Event”, or an Offer to Purchase in the manner described under the caption “– Limitation on Asset Sales”, or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

“Permitted Business” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, which business, for avoidance of doubt, shall include (1) logistics and storage business, (2) online and traditional platforms for sales, trading and exchange of goods and services, (3) business of providing trade financing and small commercial loans to customers, online payment platform and any other internet related business, (5) financial services, (6) real estate development in residential, cultural, leisure and retirement related property projects, and (7) property management and business operation management of real estate projects.

“Permitted Holders” means any or all of the following:

- (1) China Guangdong – Hong Kong Greater Bay Area Holdings Limited;
- (2) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) of the definition of Affiliate) of any Person specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means any of the following:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more 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 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 Restricted Subsidiaries, in a Permitted Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business 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 not for speculation and designed solely to protect the Company or any Restricted Subsidiary against 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 “– 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 “– 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, welfare and social benefits, property maintenance 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, or prepayments made in connection with, the acquisition of real property or land use rights, personal property (including but not limited to 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;
- (16) advances or prepayments to government authorities or bodies or government-affiliated entities in connection with the financing of primary land development, land clearance or land resettlement in the PRC in the ordinary course of business that are recorded as assets in the Company's balance sheet;
- (17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (18) repurchases of the Notes;
- (19) any Investment (including without limitation any deemed Investment upon the sale of Capital Stock of a Restricted Subsidiary or the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; *provided* that:
 - (i) such Investment, together with the aggregate of all other Investments made under this clause (19) since the Measurement Date, shall not exceed in aggregate an amount equal to 30% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Measurement Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (19), 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 (19) of an obligation of any such Person,
 - (C) to the extent that an Investment made after the Measurement Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person under this clause (19), or
 - (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this “Permitted Investment” definition);
- (ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;
 - (iii) if any of the other shareholders or partners in such Person in which such Investment was made is a Person described in clause (x) or (y) of the first paragraph of the covenant under the caption “– Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary, Unrestricted Subsidiary or Minority Joint Venture), such Investment shall comply with the requirements of the covenant set forth under “– Limitation on Transactions with Shareholders and Affiliates”; and
 - (iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made;

- (20) Guarantees permitted by the covenant described under the caption entitled “– Limitation on Indebtedness and Preferred Stock”; and
- (21) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group in connection with the proposed Restructuring upon designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries, *provided* that (A) (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring; and (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company; and (B) the

aggregate of all Investments made under this clause (21) since the Original Issue Date shall not exceed an amount equal to 5.0% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 5.0% of Total Assets shall not constitute a Permitted Investment pursuant to this item but may be made, characterized and accounted for in accordance with the other provisions of the Indenture).

“Permitted Liens” means any of the following:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) any interest or title of a lessor in the property subject to any operating lease;
- (7) 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;
- (8) Liens in favor of the Company or any Restricted Subsidiary;
- (9) Liens arising from the attachment or rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

- (10) 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;
- (11) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(6) of the covenant described under the caption “Limitation on Indebtedness and Preferred Stock”;
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(5) of the covenant described under the caption entitled “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;
- (14) Deposits made or liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (b)(7) of the covenant under the caption “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 or assets; *provided that* (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (b)(8) of the covenant under the caption entitled “Limitation on Indebtedness and Preferred Stock” and, with respect to the Indebtedness of the type described under clause (b)(8)(ii) under the caption entitled “Limitation on Indebtedness and Preferred Stock”, such Lien is created prior to, at the time of or within 180 days after the acquisition or the completion of development, construction or improvement of such property or assets, or the due date of the relevant cost or payment for land clearance or resettlement, as the case may be, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of property or assets, subject to acquisition, development, construction or improvement, or the cost or payment for land clearance or resettlement of such property or assets, as the case may be, and (c) such Lien shall not extend to or cover any property or assets other than such item of property or assets 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 or payment if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights or personal property (including but not limited to Capital Stock) by the Company or any of its Restricted Subsidiaries 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 comply with statutory obligations to maintain deposits for workers' compensation claims, welfare and social benefits and other purposes specified by statute or regulations in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens on assets securing Indebtedness permitted to be Incurred under clause (b)(14) of the covenant described under the caption entitled "Limitation on Indebtedness and Preferred Stock";
- (21) Liens securing Indebtedness permitted to be Incurred by the Company or any Restricted Subsidiary under clause (b)(15) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";
- (22) Liens Incurred on cash deposits, bank accounts or other assets made to secure Bank Deposit Secured Indebtedness of the type described under clause (b)(16) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";
- (23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (b)(17) of the covenant described under "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";

- (24) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (b)(18) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (25) 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 (b)(19) or (b)(22) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (26) Liens Incurred on deposits made to secure Entrusted Loans;
- (27) Liens on the Capital Stock of a Minority Joint Venture or other assets owned by the Company or a Restricted Subsidiary securing its obligation to Invest in such Minority Joint Venture that is proportionate to its ownership interest in the Minority Joint Venture, *provided that*, (i) the other shareholders or partners in such Minority Joint Venture have Invested the proportionate share in such Minority Joint Venture of the Company or such Restricted Subsidiary, as the case may be, (ii) Liens incurred pursuant to this clause (27) are made in favor of the other shareholders or partners in such Minority Joint Venture, and (iii) the aggregate Fair Market Value of such Capital Stock or other assets subject to Liens incurred pursuant to this clause (27) does not exceed 6.0% of Total Assets;
- (28) Liens securing Indebtedness Incurred under clause (b)(20), (b)(21) or (b)(23) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; and
- (29) 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 (other than Public 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 or issuance of such Preferred Stock, as the case may be, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock (excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses (b)(1), (b)(2), (b)(4), (b)(6) and (b)(7) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 30% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for purposes of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020 and the Detailed Rules for the Regulation of Implementing the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020, as such laws and rules may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“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.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Qualified IPO” means an initial public offering, and a listing, of common shares of a company on a Qualified Exchange; provided that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of not less than the percentage required by the applicable listing rules.

“Rating Agency” means Fitch or provided that if Fitch shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency selected by the Company, which shall be substituted for Fitch.

“Rating Category” means (i) with respect to Fitch, any of the following categories: “BB”, “B”, “CCC”, “CC”, “C”, or “D” (or equivalent successor categories); and (ii) the equivalent of any such category of Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Fitch, a decline in a rating from “BB+” to “BB”, as well as from “BB-” to “B+”, will constitute a decrease of one gradation).

“Rating Date” means (i) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control, or (ii) in connection with actions contemplated under the caption “– Consolidation, Merger and Sale of Assets”, that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (i) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency) of any of the events listed below, or in connection with actions contemplated under the caption “– Consolidation, Merger and Sale of Assets”, the notification by the Rating Agency that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by the Rating Agency on the Rating Date as Investment Grade, the rating of the Notes by the Rating Agency shall be below Investment Grade; or
- (b) in the event the Notes are rated by the Rating Agency and are rated below Investment Grade by the Rating Agency on the Rating Date, the rating of the Notes by the Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement which permits another Person to pay for goods or services on credit.

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may, directly or indirectly, sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of Receivables or interests therein (including without limitation, all security interests in goods financed thereby

(including equipment and property), the proceeds of such Receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, property or assets of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or asset, which is primarily engaged in a Permitted Business and is or will become, upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Restructuring” means the restructuring and Qualified IPO of the common shares of a Subsidiary of the Company in the Restructuring Group.

“Restructuring Group” means the group of Subsidiaries of the Company which the Company may spin off and separately list on a Qualified Exchange as part of the Restructuring.

“S&P” means Standard & Poor’s Ratings Services and its successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein

issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (i) any obligation to the Company or any Restricted Subsidiary, (ii) trade payables or (iii) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means a Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) that would be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (1) 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 (2) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each of the case of (1) and (2) which is “controlled” and consolidated by such Person in

accordance with GAAP; *provided* however, that with respect to clause (2) the occurrence of any event as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity, which shall be made in compliance with the covenant under the caption “– Limitation on Restricted Payments”.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided that* Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China 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 and any state of the European Economic Area, shall be rated at least “A” by S&P or Moody’s;
- (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 Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof, or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;

- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any other bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that any assets arising from any operating lease shall be excluded, *and provided further* that, only with respect to clause (b)(8) of the “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, in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; and *provided further* that, with respect to the calculation of the percentage of Total Assets represented by the Consolidated Assets of the Offshore Non-Guarantor Subsidiaries, the amount of Total Assets shall be calculated after giving *pro forma* effect to any sale or issuance of Capital Stock to relevant Independent Third Parties.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a financial institution, including but not limited to a bank, a trust company, a securities management company, an asset management company or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided that* Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of New Notes is based upon applicable laws, regulations, rulings and decisions as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the 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 New Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of New Notes, including such possible consequence under the laws of their country of citizenship, residence or domicile.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income 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 circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest and principal on the New Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the New Notes, nor will gains derived from the disposal of the New Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the New Notes. An instrument of transfer in respect of a New Note is stampable if executed in or brought into the Cayman Islands.

British Virgin Islands Taxation

There is no income or other tax in the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Subsidiary Guarantors pursuant to the Subsidiary Guarantees.

Hong Kong Taxation

The following summary is only based on current Hong Kong legislation, and is therefore subject to change by any future amendments of the law which could affect the New Notes.

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal, interest or additional amounts, if any, in respect of the New Notes.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a New Note (for so long as the register of holders of the New Notes is maintained outside Hong Kong, or the New Note continues to be denominated in U.S. dollars and cannot in any extent be redeemed in Hong Kong dollars).

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, exchange or redemption of the New Notes where such sale, disposal, exchange or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on or in respect of the New Notes also will be subject to Hong Kong profits tax where such interest is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and the income arises through or from the carrying on by the financial institution of its business in Hong Kong;
- 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 payments are in respect of the funds of the trade, profession or business.

PRC Taxation

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of New Notes to non-resident enterprises is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the 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 New Notes should consult their own tax advisors concerning the tax consequences

of the purchase, ownership and disposition of New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest

The PRC EIT Law and its implementation regulations impose a tax at the rate of 10% on interests paid to holders of the New Notes that are “non-resident enterprises” so long as such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interests are sourced within China. Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, if we are considered a PRC resident enterprise, the interest payable to the non-resident enterprise holders on the New Notes may be treated as income derived from sources within China and be subject to the PRC withholding tax. Such interest payable to non-resident individual investors may be subject to PRC income tax at the rate of 20%. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate will apply to qualified investors in the New Notes.

Taxation on Capital Gains

The PRC EIT Law and its implementation regulations impose a tax at the rate of 10% on capital gains realized by holders of the New Notes that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the PRC EIT law, despite many uncertainties with respect to their application, if we are considered a PRC resident enterprise, the capital gains realized by holders of the New Notes may be treated as income derived from sources within China and be subject to the PRC tax. Such capital gains to non-resident individual investors may be subject to PRC income tax at the rate of 20%. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate will apply to qualified investors in the New Notes.

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, as is expected to be the case) of a New Note.

PLAN OF DISTRIBUTION

Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited and Potomac Capital Limited are acting as the Joint Global Coordinators of the offering, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Potomac Capital Limited and Zhongtai International Securities Limited are acting as the Joint Bookrunners and Joint Lead Managers of the offering and they are also acting as the Initial Purchasers. Subject to the terms and conditions stated in the purchase agreement dated October 8, 2021, the Initial Purchasers have, severally and not jointly, agreed to purchase, and we have agreed to sell to the Initial Purchasers, the New Notes in an aggregate principal amount of US\$41,500,000.

Initial Purchasers	Principal Amount of the New Notes
Haitong International Securities Company Limited	US\$12,840,000
Guotai Junan Securities (Hong Kong) Limited	US\$12,830,000
Potomac Capital Limited	US\$12,830,000
Zhongtai International Securities Limited	<u>US\$ 3,000,000</u>
Total	<u>US\$41,500,000</u>

The purchase agreement provides that the Company will pay the Initial Purchasers a customary commission. The purchase agreement provides that the obligations of each Initial Purchaser to purchase the New Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the New Notes if they purchase any of the New Notes.

The Initial Purchasers propose to resell the New Notes directly to investors at the offering price set forth on the cover page of this offering memorandum only outside the United States in reliance on Regulation S under the Securities Act. See “Transfer Restrictions”. The price at which the New Notes are offered may be changed at any time without notice. In addition, the Company may consider, at its sole discretion, to pay certain incentive or discretionary fees to certain potential investors to encourage their participation in the offering of the New Notes.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantee (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions”.

We have agreed that, from the date hereof until 15 days after the New Notes are issued, we, the Subsidiary Guarantors and the JV Subsidiary Guarantors will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, pledge, otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition, directly or indirectly, or announce the offering, of any debt securities (having a tenor of more than one year) issued or guaranteed by us or any Subsidiary Guarantor. The Initial

Purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The New Notes will constitute a new class of securities with no established trading market. Approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. However, the prices at which the New Notes will sell in the market after this offering may be lower than the initial offering price and an active trading market for the New Notes may not develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the New Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the New Notes at any time without notice. Accordingly, there may not be liquidity, or a trading market, for the New Notes. In addition, certain initial investors, including our affiliates, are expected to purchase and own a significant portion of the New Notes. See “Risk Factors – Certain initial investors, including our affiliates, may own a significant portion of the New Notes to be issued and may therefore be able to exercise certain rights and powers on behalf of all holders of the New Notes. Additionally, this may reduce the liquidity of the Notes in the secondary trading market.”

The Initial Purchasers (or their respective affiliates) may engage in stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the New Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit any of the Initial Purchasers acting in the capacity as stabilizing manager to reclaim a selling concession from a dealer when the New Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither the Company nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the New Notes. In addition, neither the Company nor the Initial Purchasers make any representation that any of the Initial Purchasers acting in the capacity as stabilizing manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the New Notes against payment for the New Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the second business day following the date of the pricing of the New Notes.

The Initial Purchasers or their respective affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the New Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the New Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up New Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the New Notes. Accordingly, references herein to the New Notes being offered should be read as including any offering of the New Notes to the Initial Purchasers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. We, the Subsidiary Guarantors and the JV Subsidiary Guarantors have, jointly and severally, agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of Notes. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

The Initial Purchasers have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

This offering memorandum has been prepared on the basis that any offer of securities in the United Kingdom will be made pursuant to an exemption under the FSMA from the requirement to publish a prospectus for offers of securities. The expression FSMA means the Financial Services and Markets Act 2000 (as amended). Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

The Initial Purchasers have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

This offering memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an 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 any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the Initial Purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Initial Purchasers represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of,

any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead 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 offering 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, 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.

Notification under Section 309B of the SFA – Solely in connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of 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).

PRC

Each Initial Purchaser has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, and the Notes may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC, except as permitted by the applicable laws and regulations of the PRC.

Taiwan

Each Initial Purchaser has represented and warranted that the offer of the Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the Notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. Each Initial Purchaser has represented and warranted that no person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

Cayman Islands

Each Initial Purchaser has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes, the 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 Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. As used herein, the term “United States” has the meaning given to it in Regulation S.

By its purchase of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

1. represented that it is purchasing the Notes in an offshore transaction in accordance with Regulation S;
2. represented that it is purchasing the Notes, including the 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 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 Notes may not be offered or sold within the United States except pursuant to registration under the U.S. Securities Act, or in transactions exempted from, or not subject to, the registration requirements of the U.S. Securities Act.;
4. agreed that it will inform each person to whom it transfers the Notes of any restrictions on the transfer of such Notes;
5. acknowledged that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represented that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agreed that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us;
6. represented that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act;

7. acknowledged that the Notes will be represented by the Global Note; and
8. acknowledged that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE 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. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT 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 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 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.

RATING

Fitch has assigned a corporate rating of “B-” to the Company with a stable outlook. The New Notes are expected to be rated “B-” by Fitch. The rating reflects the rating agency’s assessment of the likelihood of timely payment of the principal of and interest on the New Notes. The rating does not address the payment of any Additional Amounts and does not constitute recommendations to purchase, hold or sell the New Notes in as much as such rating does not comment as to market price or suitability for a particular investor. The rating should be evaluated independently of any other rating on the New Notes, on other securities of ours, or on us. The rating may not remain in effect for any given period and the rating may be revised by Fitch in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the New Notes will be passed upon for us by Sidley Austin as to matters of United States federal law, New York law and Hong Kong law, Global Law Office as to matters of PRC law and Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and British Virgin Islands law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling as to matters of United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law.

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2019 and 2020 reproduced in this offering memorandum have been audited by KPMG, Certified Public Accountants, Hong Kong, as stated in their reports included herein.

With respect to the unaudited financial information as of and for the six months ended June 30, 2021, reproduced in this offering memorandum, KPMG has reviewed the financial information in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants as stated in its review report appearing herein. The review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable them to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion. The degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied.

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, the Subsidiary Guarantees and the JV Guarantees. The entering into of the Indenture and the issue of the New Notes have been authorized by our board of directors.

Documents Available

For so long as any of the New Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

For so long as any of the New Notes are outstanding, copies of our audited financial statements for the past two fiscal years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the registered office of the Issuer.

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>
Regulation S New Notes	XS2386427525	238642752

Only New Notes evidenced by a Global New Note have been accepted for clearance through Euroclear and Clearstream.

Listing of the New Notes

Approval in-principle has been received from 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 listing and quotation of any New Notes on the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies (if any), the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

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, are required to 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 on the SGX-ST in a minimum board lot size of US\$200,000. For so long as the New Notes are listed on the SGX-ST and the rules of the

SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the definitive notes representing the New Notes may be presented or surrendered for payment or redemption, in the event that a Global New Note is exchanged for definitive New Notes. In addition, in the event that a Global New Note is exchanged for definitive New Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive New Notes, including details of the paying agent in Singapore.

INDEX TO FINANCIAL INFORMATION

Page references included in the consolidated financial statements of the Group as of and for each of the years ended December 31, 2018, 2019 and 2020, set forth below refer to pages in such consolidated financial statements as set forth in the Group's annual reports for the years ended December 31, 2019 and 2020, as the case may be. Page references included in the unaudited condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2021 set forth below refer to pages in such unaudited condensed consolidated financial statements as set forth in the Group's interim report issued on August 27, 2021. The relevant annual reports and interim report do not form part of this offering memorandum.

Unaudited Condensed Consolidated Financial Statements as of and for the Six Months Ended June 30, 2020

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Consolidated Financial Statements as of and for the Year Ended December 31, 2020

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Consolidated Financial Statements as of and for the Year Ended December 31, 2019

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Review report to the board of directors of Guangdong – Hong Kong Greater Bay Area Holdings Limited

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 37 to 80 which comprises the consolidated statement of financial position of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“the **Company**”) as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

致粵港灣控股有限公司董事會的審閱報告

(於開曼群島註冊成立的有限公司)

緒言

吾等已審閱第37頁至第80頁所載中期財務報告，其中包括粵港灣控股有限公司（「貴公司」）於2021年6月30日的合併財務狀況表以及截至該日止六個月期間的相關合併損益表、合併損益及其他全面收入表、合併權益變動表及簡明合併現金流量表以及說明附註。香港聯合交易所有限公司證券上市規則規定中期財務報告應根據其相關條文及國際會計準則理事會頒佈的國際會計準則第34號*中期財務報告*而編製。董事須負責根據國際會計準則第34號編製及呈列中期財務報告。

吾等的責任為根據吾等的審閱對中期財務報告作出結論，並根據吾等協定的委聘條款僅向董事會整體呈報，除此之外本報告不作其他用途。吾等不會就本報告內容向任何其他人士負上或承擔任何責任。

審閱範圍

吾等已根據香港會計師公會頒佈的香港審閱工作準則第2410號*「實體的獨立核數師對中期財務資料的審閱」*進行審閱。中期財務報告的審閱工作包括主要向負責財務會計事宜的人士詢問，並實施分析及其他審閱程式。審閱的範圍遠小於根據香港審計準則所進行的審核，故不能保證吾等會注意到審核中可能會被發現的所有重大事宜。因此吾等不會發表審核意見。

REVIEW REPORT 審閱報告

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 August 2021

結論

根據吾等的審閱，吾等並無注意到任何事項，致使吾等相信截至2021年6月30日的中期財務報告在各重大方面未有根據國際會計準則第34號中期財務報告編製。

畢馬威會計師事務所

執業會計師

太子大廈8樓
遮打道10號
香港中環

2021年8月27日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
	Note 附註		
Revenue	收入	3	2,604,255
Cost of sales	銷售成本		(2,030,915)
Gross profit	毛利		573,340
Other income	其他收入	4	70,249
Selling and distribution expenses	銷售和分銷成本		(71,984)
Administrative and other operating expenses	行政及其他經營開支		(152,407)
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	5(b)	(10,203)
Profit from operations before fair value gain on investment properties	投資物業公允價值收益前經營利潤		408,995
Fair value gain on investment properties	投資物業公允價值收益	9(b)	10,497
Profit from operation after fair value gain on investment properties	投資物業公允價值收益後經營利潤		419,492
Share of profits less losses of joint ventures	分佔合營公司收益減虧損		319
Finance income	財務收入	5(a)	19,382
Finance costs	融資成本	5(a)	(173,289)
Profit before taxation	除稅前利潤	5	265,904
Income tax	所得稅	6	(104,820)
Profit for the period	期內利潤		161,084
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司權益股東		75,900
Non-controlling interests	非控股權益		85,184
Profit for the period	期內利潤		161,084
Earnings per share	每股盈利		
Basic and diluted (RMB cents)	基本和攤薄(人民幣分)	7	1.7
			2.5

The notes on pages 45 to 80 form part of this interim financial report.

第45至第80頁所載附註屬於該等中期財務報告的一部分。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合併損益及其他全面收入表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June	
		截至6月30日止六個月	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit for the period	期內利潤	161,084	95,791
Other comprehensive income for the period (after tax and reclassification adjustments):	期內其他全面收入(扣除稅項及重新分類調整):		
Item that may be reclassified subsequently to profit or loss:	期後可能重新分類至損益的項目:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	換算中國境外附屬公司的財務報表的匯兌差額	31,110	(14,666)
Other comprehensive income for the period	期內其他全面收入	31,110	(14,666)
Total comprehensive income for the period	期內全面收入總額	192,194	81,125
Attributable to:	以下各方應佔:		
Equity shareholders of the Company	本公司權益股東	99,959	86,009
Non-controlling interests	非控股權益	92,235	(4,884)
Total comprehensive income for the period	期內全面收入總額	192,194	81,125

The notes on pages 45 to 80 form part of this interim financial report.

第45至第80頁所載附註屬於該等中期財務報告的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 30 June 2021 – unaudited
於2021年6月30日 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		30 June 2021 2021年 6月30日	31 December 2020 2020年 12月31日
		RMB'000 人民幣千元	RMB'000 人民幣千元
		Note 附註	
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	8	389,357
Investment properties	投資物業	9	3,154,470
Intangible assets	無形資產		15,353
Goodwill	商譽		2,252
Interest in an associate	於聯營公司權益		–
Interests in joint ventures	於合營公司權益	10	132,784
Deferred tax assets	遞延稅項資產		217,897
Finance lease receivable	融資租賃應收款項		6,133
Other non-current assets	其他非流動資產	11	358,081
			4,276,327
Current assets	流動資產		
Inventories and other contract costs	存貨及其他合約成本	12	14,125,032
Other financial assets	其他金融資產	13	1,248
Trade and other receivables	貿易及其他應收款項	14	3,080,500
Prepaid tax	預付稅項		264,187
Pledged and restricted cash	已抵押及受限制現金	15	546,166
Cash and cash equivalents	現金及現金等值物	16	2,661,155
			20,678,288
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	17	5,705,217
Contract liabilities	合約負債		4,303,403
Bank loans and other borrowings	銀行貸款及其他借貸	18	453,138
Senior notes	優先票據	19	2,367,847
Amounts due to controlling shareholders	應付控股股東款項	20	1,349,586
Lease liabilities	租賃負債		14,573
Current tax liabilities	即期稅項負債		793,077
Deferred income	遞延收入	21	286,918
Other current liabilities	其他流動負債	22	318,334
			15,592,093
Net current assets	流動資產淨值		5,086,195
Total assets less current liabilities	總資產減流動負債		9,362,522

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 30 June 2021 – unaudited
於2021年6月30日 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

			30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
		Note 附註		
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	18	1,900,946	829,230
Lease liabilities	租賃負債		23,511	29,546
Deferred tax liabilities	遞延稅項負債		297,485	194,636
Other financial liabilities	其他金融負債	23	869,038	78,333
			3,090,980	1,131,745
NET ASSETS	資產淨值		6,271,542	5,858,364
Capital and reserves	股本及儲備	24		
Share capital	股本		36,598	36,598
Reserves	儲備		5,664,196	5,555,799
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		5,700,794	5,592,397
Non-controlling interests	非控股權益		570,748	265,967
TOTAL EQUITY	權益總額		6,271,542	5,858,364

Approved and authorised for issue by the board of directors on 27 August 2021.

於2021年8月27日獲董事會批准及授權刊發。

Wong Choi Hing
王再興
Chairman and Executive Director
主席兼執行董事

Zeng Yunshu
曾雲樞
Co-chairman and Executive Director
聯席主席兼執行董事

Cai Hongwen
蔡鴻文
Co-chairman and Executive Director
聯席主席兼執行董事

The notes on pages 45 to 80 form part of this interim financial report.

第45至第80頁所載附註屬於該等中期財務報告的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
		Note 24(b) 附註24(b)											
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2020	於2020年1月1日的結餘	31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007
Changes in equity for six months ended 30 June 2020:	截至2020年6月30日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	100,675	100,675	(4,884)	95,791
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(14,666)	-	(14,666)	-	(14,666)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(14,666)	100,675	86,009	(4,884)	81,125
Shares issued	股份發行	4,773	210,010	-	-	-	-	-	-	-	214,783	-	214,783
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	800	-	-	-	800	-	800
Dividends declared to non-controlling interests	宣派予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	(6,684)	(6,684)
Balance at 30 June 2020	於2020年6月30日的結餘	36,598	1,188,276	571,606	1,435,617	(62,466)	800	120	(62,894)	2,126,687	5,234,344	4,687	5,239,031
Changes in equity for six months ended 31 December 2020:	截至2020年12月31日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	260,021	260,021	461	260,482
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	96,687	-	96,687	-	96,687
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	96,687	260,021	356,708	461	357,169
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	7,866	-	-	-	7,866	-	7,866
Acquisitions of subsidiaries	收購子公司	-	-	-	-	-	-	-	-	-	-	240,614	240,614
Capital injection by a non-controlling interest	非控股權益注資	-	-	-	-	-	-	-	-	-	-	24,500	24,500
Acquisition of additional interest in a subsidiary from a non-controlling interest	自非控股權益購入現有附屬公司的額外權益	-	-	-	-	(6,521)	-	-	-	-	(6,521)	1,521	(5,000)
Dividends declared to non-controlling interests	宣派予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	(5,816)	(5,816)
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	-	-	48,356	-	-	-	-	-	(48,356)	-	-	-
Balance at 31 December 2020	於2020年12月31日的結餘	36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
		Note 24(b) 附註24(b)											
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2021	於2021年1月1日的結餘	36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364
Changes in equity for six months ended 30 June 2021:	截至2021年6月30日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	75,900	75,900	85,184	161,084
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	24,059	-	24,059	7,051	31,110
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	24,059	75,900	99,959	92,235	192,194
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	7,289	-	-	-	7,289	-	7,289
Acquisitions of subsidiaries	收購子公司	-	-	-	-	-	-	-	-	-	-	176,745	176,745
Disposal of partial interests of subsidiaries to non-controlling interests	出售附屬公司部分權益至非控股權益	-	-	-	-	1,149	-	-	-	-	1,149	8,851	10,000
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	26,950	26,950
Balance at 30 June 2021	於2021年6月30日的結餘	36,598	1,188,276	619,962	1,435,617	(67,838)	15,955	120	57,852	2,414,252	5,700,794	570,748	6,271,542

The notes on pages 45 to 80 form part of this interim financial report.

第45至第80頁所載附註屬於該等中期財務報告的一部分。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明合併現金流量表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

Six months ended 30 June
截至6月30日止六個月
2021 2020
2021年 2020年
RMB'000 RMB'000
人民幣千元 人民幣千元

Operating activities	經營活動		
Cash used in operations	經營業務所用現金	(2,787,624)	(339,225)
PRC tax paid	已付中國稅項	(83,133)	(150,233)
Net cash used in operating activities	經營活動使用現金淨值	(2,870,757)	(489,458)
Investing activities	投資活動		
Net cash inflow for acquisitions of subsidiaries	收購子公司淨現金流入	49,683	–
Payment for loans to third parties	支付第三方借款	(62,168)	(550,570)
Proceeds from repayment of loans to third parties	收到第三方貸款還款	142,918	150,462
Payment for purchase of other non-current financial assets	購買其他非流動金融資產的付款	(18,876)	(12,513)
Other cash flows arising from investing activities	其他投資活動現金流入	29,912	49,601
Net cash generated from/(used in) investing activities	投資活動產生/(使用)淨額	141,469	(363,020)
Financing activities	融資活動		
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	1,344,030	610,000
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(300,205)	(430,398)
Net proceeds from the issue of senior notes	發行優先票據所得款項淨值	564,188	349,585
Proceeds from discounted bills	已貼現票據所得	318,334	–
Repayment of discounted bills	償還已貼現票據	(300,000)	–
Proceeds from advances from controlling shareholders	控股股東墊款	1,589,615	–
Repayment of advances from controlling shareholders	償還控股股東款項	(1,164,259)	–
Proceeds from advances from non-controlling interests	非控股股東墊款	1,863,592	–
Repayment of advances from non-controlling interests	償還非控股股東墊款	(116,297)	–
Payment for advances to non-controlling interests	支付非控股股東預付款項	(116,609)	–
Proceeds from advances from third parties	第三方墊款	203,510	–
Repayment of advances from third parties	償還第三方墊款	(79,858)	–
Proceeds from advances from a related party	關聯方墊款	50,000	–
Disposal of partial interests of a subsidiary to a non-controlling interest	出售附屬公司部分權益至非控股權益	10,000	–
Interest paid	已付利息	(276,728)	(224,140)
Repayment of corporate bonds	償還公司債券	–	(260,000)
Repayment of senior notes	償還優先票據	–	(323,254)
Proceeds from the issue of shares	發行股份所得	–	214,783
Payment for pledged deposits and restricted cash	支付抵押存款及受限制現金	(1,537)	(87,390)
Capital injection by non-controlling interests	非控股權益注資	26,950	–
Capital element of lease rentals paid	已付租賃租金的資本部分	(3,153)	(3,267)
Interest element of lease rentals paid	已付租賃租金的利息部分	(2,158)	(1,976)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明合併現金流量表

for the six months ended 30 June 2021 – unaudited
截至2021年6月30日止六個月－未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
	Note 附註		
Net cash generated from/(used in) financing activities	融資活動產生/(使用)現金淨額	3,609,415	(156,057)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物增加/(減少)淨額	880,127	(1,008,535)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值物	1,783,235	1,571,204
Effect of foreign exchange rate changes	外匯匯率變動的影響	(2,207)	4,964
Cash and cash equivalents at 30 June	於6月30日的現金及現金等值物	2,661,155	567,633

The notes on pages 45 to 80 form part of this interim financial report.

第45至第80頁所載附註屬於該等中期財務報告的一部分。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as “the Group”) since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 35 to 36.

1 編製基準

本中期財務報告已根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)中適用的披露規定進行編製，包括遵守國際會計準則理事會(「國際會計準則理事會」)頒佈的國際會計準則(「國際會計準則」)第34號「中期財務報告」的規定。本中期財務業績公告獲授權於2021年8月27日刊發。

本中期財務報告乃根據與2020年年度財務報表所採納之相同的會計政策編製，惟預期於2021年年度財務報表反映的會計政策變動除外。有關會計政策的變動詳情載於附註2。

管理層在編製符合國際會計準則第34號的中期財務報告時，須作出年度截至報告日期為止對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。實際結果可能有別於該等估計。

本中期財務報告載有簡明合併財務報表及篩選詮釋附註。有關附註包括對了粵港灣控股有限公司(「本公司」)及其附屬公司(合稱為「本集團」)自2020年年度財務報表以來的財務狀況的變動及表現屬重大的事件及交易的解釋。簡明合併中期財務報表及其附註不包括根據國際財務報告準則(「國際財務報告準則」)編製的整套財務報表所需全部資料。

本中期財務報告未經審核，但已由畢馬威會計師事務所根據香港會計師公會頒佈的香港審閱工作準則第2410號「實體的獨立核數師對中期財務資料的審閱」審閱。畢馬威會計師事務所致董事會的獨立審閱報告載於第35至36頁。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
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1 BASIS OF PREPARATION (Cont'd)

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2020 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 March 2021.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistic centers, and residential properties, and trading business in the PRC.

Revenue represents income from sales of properties, trading business, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

1 編製基準(續)

中期報告所載有關截至2020年12月31日止財政年度的財務資料，並不構成本公司於該財政年度的法定年度合併財務報表，惟有關資料乃摘錄自該等財務報表。截至2020年12月31日止年度的法定財務報表可從公司註冊處索取。審計人員於2021年3月29日報告中就此等財務報表無保留意見。

2 會計政策變動

國際會計準則理事會已經發佈了以下首次適用於本集團本期會計期間的國際財務報告準則修訂本：

- 國際財務報告準則第16號的修訂，於2021年6月30日之後的Covid-19疫情相關租金優惠
- 國際財務報告準則第9號，國際會計準則第39號，國際財務報告準則第7號，國際財務報告準則第4號及國際財務報告準則第16號的修訂，利率基準變革—第二階段

以上國際財務報告準則新修訂本均未對財務報告編製及列報本集團本期或以前期間的業績和財務狀況產生重大影響。本集團未採用任何在本期會計期間尚未生效的新準則或解釋。

3 收入及分部報告

本集團的主要業務為在中國進行商貿物流中心以及住宅物業的開發、銷售及經營，以及貿易業務。

收入指物業銷售收入、貿易業務收入、物業管理服務收入及租金收入，其中已扣除銷售相關稅項及任何交易折扣。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍下的客戶合約收入		
- Sales of properties	- 物業銷售	1,792,809	659,382
- Property management services	- 物業管理服務	45,842	31,455
- Trading business	- 貿易業務	701,986	-
- Others	- 其他	39,796	18,515
		2,580,433	709,352
Revenue from other sources	其他收入來源		
- Rental income	- 租金收入	23,822	23,802
		2,604,255	733,154

Disaggregation of revenue from contracts with customers and revenue from other sources by divisions is disclosed in note 3(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

- Property development and related services: this segment mainly provides revenue arising from the sale of properties developed for sale in the ordinary course of business, also provides value-added business such as property management services and rental services.

3 收入及分部報告(續)

(a) 收入分拆

來自與客戶訂立之合約的收入按主要產品或服務線之分拆如下：

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍下的客戶合約收入		
- Sales of properties	- 物業銷售	1,792,809	659,382
- Property management services	- 物業管理服務	45,842	31,455
- Trading business	- 貿易業務	701,986	-
- Others	- 其他	39,796	18,515
		2,580,433	709,352
Revenue from other sources	其他收入來源		
- Rental income	- 租金收入	23,822	23,802
		2,604,255	733,154

來自與客戶訂立之合約的收入以及來自其他來源的收入按主要產品或服務類型之分拆見附註3(b)。

(b) 分部報告

本集團按部門劃分管理其業務，而部門按業務線(產品及服務)設立。以與就資源分配及表現評估向本集團最高級行政管理人員內部呈報資料方式一致之方式，本集團列示以下兩個可呈報分部。

- 物業開發及相關服務：該分部主要開發及銷售物業，及提供有關增值服務，如物業管理服務和租賃服務。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting (Cont'd)

- Trading business: this segment mainly operates supply chain business.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in joint ventures, deferred tax assets, other non-current assets, other financial assets and prepaid tax. Segment liabilities include trade and other payables, amounts due to controlling shareholders, deferred income, contract liabilities and lease liabilities attributable to the sales activities of the individual segments and senior notes, other current liabilities and other financial liabilities measured at amortised cost and bank loans and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as other income, impairment loss on financial assets measured at amortisation cost, fair value gain on investment properties and share of profits less losses of joint ventures.

3 收入及分部報告(續)

(b) 分部報告(續)

- 貿易業務：該分部運營供應鏈貿易。

為評估分部表現及分配分部之間的資源，本集團高級行政管理人員乃按以下基準監察各可呈報分部應佔業績、資產及負債：

分部資產包括所有有形、無形資產及流動資產，惟合營公司權益、遞延稅項資產、其他非流動資產、其他金融資產和預付稅項除外。分部負債包括個別分部之銷售活動應佔之貿易及其他應付款項、應付控股股東款項、遞延收入、合約負債和租賃負債、優先票據、其他流動負債和以攤餘成本計量的金融負債以及銀行借貸及其他借貸，由各分部直接管理。

收入及開支乃經參考該等分部產生之銷售額及該等分部產生的支出(該等分部應佔資產之折舊或攤銷所產生者除外)分配予可呈報分部。

用於可呈報分部溢利之方法為經調整的除融資成本、所得稅和應佔資產之折舊和攤銷前之溢利，應佔資產之折舊和攤銷前之溢利包括按攤銷成本計量的金融資產減值虧損。經調整的除融資成本、所得稅和應佔資產之折舊和攤銷前之溢利，並對未指定屬於個別分部之項目作出進一步調整，例如其他收入、按攤銷成本計量的金融資產減值虧損、投資物業公允值收益以及分佔合營公司收益減虧損。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting (Cont'd)

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

3 收入及分部報告(續)

(b) 分部報告(續)

來自與客戶訂立之合約的收入，來自其他來源的收入以及就資源分配及分部表現評估向本集團最高級行政管理人員提供有關本集團可呈報分部之資料載於下文。

For the six months ended 30 June 截至6月30日止六個月		Property development and related services 物業開發及相關服務		Trading business 貿易業務		Total 總計	
		2021	2020	2021	2020	2021	2020
		2021年	2020年	2021年	2020年	2021年	2020年
		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
Reportable segment revenue	報告分部收入	1,902,269	733,154	701,986	-	2,604,255	733,154
Reportable segment profit (adjusted EBITDA)	報告分部盈利(經調整 息稅前利潤)	363,779	174,540	868	-	364,647	174,540
Finance income	財務收入	17,702	26,850	1,680	-	19,382	26,850
Finance costs	融資成本	167,553	182,866	5,736	-	173,289	182,866
Depreciation and amortisation for the period	期內折舊及攤銷	15,698	17,586	-	-	15,698	17,586
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融 資產減值虧損	10,203	16,235	-	-	10,203	16,235
Fair value gain on investment properties	投資物業公允值收益	10,497	204,014	-	-	10,497	204,014
As at 30 June/31 December	於6月30日或12月31日						
Reportable segment assets	可呈報分部資產	23,534,516	18,138,256	586,302	-	24,120,818	18,138,256
Reportable segment liabilities	可呈報分部負債	17,028,506	12,109,255	488,494	-	17,517,000	12,109,255

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (Cont'd)

(c) Reconciliations of reportable segment revenue and profit

3 收入及分部報告(續)

(c) 可呈報分部收入及損益對賬

		Six months ended 30 June	
		截至6月30日止六個月	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入		
Reportable segment revenue and consolidated revenue	可呈報分部收入和綜合收入	2,604,255	733,154
Profit	利潤		
Reportable segment profit derived from Group's external customers	源自本集團外部客戶之可呈報分部利潤	364,647	174,540
Other income	其他收入	70,249	22,600
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	(10,203)	(16,235)
Depreciation and amortisation	折舊和攤銷	(15,698)	(17,586)
Fair value gain on investment properties	投資物業公允價值收益	10,497	204,014
Share of profits less losses of joint ventures	分佔合營公司收益減虧損	319	(244)
Finance costs	融資成本	(173,289)	(182,866)
Finance income	財務收入	19,382	26,850
Consolidated profit before taxation	除稅前綜合利潤	265,904	211,073

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

4 OTHER INCOME

4 其他收入

		Six months ended 30 June	
		截至6月30日止六個月	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net realised and unrealised fair value (loss)/gain from financial assets and liabilities measured at fair value through profit and loss ("FVTPL")	按公允值計量且其變動計入當期損益的金融資產和金融負債的已實現與未變現公允值(虧損)/收益	(1,918)	22,023
Net loss on disposal of investment properties (note 9)	出售投資物業的淨虧損(附註9)	(22)	(6,355)
Net gain on disposal of subsidiaries	出售附屬公司的收益淨值	4,098	-
Gain on bargain purchase of subsidiaries (note)	收購附屬公司議價收益(附註)	66,148	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨值	377	37
Government grants	政府補助	952	5,231
Others	其他	614	1,664
		70,249	22,600

Note: During the period, based on a co-operation agreement signed and revised articles of association of certain entities, the Group exercised control over these entities, which became non-wholly owned subsidiaries of the Group. As a result, RMB66,148,000 of gain on bargain purchase of subsidiaries was recognised.

附註：於本期間，根據一致行動協議及修訂公司章程，本集團對特定實體行使控制權，這些實體成為本集團的非全資附屬公司，因此獲得收購附屬公司議價收益人民幣66,148,000元。

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5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

5 除稅前利潤

除稅前利潤經(計入)/扣除下列各項後得出：

(a) 財務收入及融資成本

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Finance income	財務收入		
Interest income	利息收入	(19,382)	(26,850)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸利息	83,905	63,687
Interest on senior notes	優先票據利息	148,557	137,770
Interest on amounts due to a non-controlling interest	應付非控股權益款項利息	19,821	-
Interest on lease liabilities	租賃負債利息	2,158	1,976
Interest on corporate bonds	公司債券利息	-	5,717
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部分應計利息	31,513	25,486
Other borrowing costs	其他借貸成本	13,154	-
		299,108	234,636
Less: interest expense capitalised into properties under development *	減：資本化撥入在建物業的利息開支*	(125,627)	(59,031)
		173,481	175,605
Net foreign exchange (gain)/loss	匯兌(收益)/虧損淨值	(192)	7,261
		173,289	182,866

* The borrowing costs have been capitalised at a weighted average rate of 9.43% per annum (six months ended 30 June 2020: 8.61%).

* 借貸成本已按加權平均年利率9.43%資本化(截至2020年6月30日的六個月：8.61%)。

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5 PROFIT BEFORE TAXATION (Cont'd)

(b) Other items

5 除稅前利潤(續)

(b) 其他項目

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment (note 8)	– 廠房及設備(附註8)	7,137	9,407
– right-of-use assets (note 8)	– 使用權資產(附註8)	7,253	7,049
– intangible assets	– 無形資產	1,308	1,130
		15,698	17,586
Impairment losses	減值虧損		
– trade and other receivables	– 貿易及其他應收款項	10,013	14,377
– finance lease receivables	– 融資租賃應收款項	190	660
– loans to third parties	– 應收第三方貸款	–	1,198
		10,203	16,235
Cost of inventories sold	已售存貨成本		
– properties (i)	– 物業(i)	1,311,200	341,905
– commodities	– 商品	701,201	–
		2,012,401	341,905

Note:

- (i) Cost of properties sold is after netting off the utilisation of deferred income in respect of government grants of RMB93,984,000 during the six months ended 30 June 2021 (six months ended 31 June 2020: RMB155,049,000) (note 21).

附註：

- (i) 截至2021年6月30日止六個月，已售物業成本為經扣除使用政府補助的遞延收入人民幣93,984,000元後得出(截至2020年6月30日止六個月：人民幣155,049,000元)(附註21)。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6 合併損益表內的所得稅

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT")	中國企業所得稅(「中國企業所得稅」)	65,484	44,216
PRC Land Appreciation Tax ("PRC LAT")	中國土地增值稅(「中國土地增值稅」)	36,668	34,786
		102,152	79,002
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差額的產生及撥回	2,668	36,280
		104,820	115,282

(a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.

(b) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the period (six months ended 30 June 2020: Nil).

(c) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

(d) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

(a) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。

(b) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(截至2020年6月30日止六個月：無)。

(c) 中國企業所得稅

本集團的中國附屬公司須就其應課稅利潤按25%的法定稅率繳稅。

(d) 中國土地增值稅

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(d) PRC LAT (Cont'd)

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB75,900,000 (six months ended 30 June 2020: RMB100,675,000) and the weighted average of 4,537,354,000 ordinary shares (six months ended 30 June 2020: 4,058,260,000 ordinary shares) during the period, calculated as follows:

6 合併損益表內的所得稅(續)

(d) 中國土地增值稅(續)

此外，本集團的若干附屬公司根據相關的地方稅務局批准的核定計稅方法基於收入的6%至8%計算中國土地增值稅。

本公司董事認為，其獲准採用的核准計稅方法是中國大陸認可的計稅方法之一，而本集團中國附屬公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

7 每股盈利

每股基本盈利按本公司權益股東應佔利潤人民幣75,900,000元(截至2020年6月30日止六個月：人民幣100,675,000元)及普通股加權平均數4,537,354,000股(截至2020年6月30日止六個月：4,058,260,000股)計算，計算如下所示：

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Profit attributable to equity shareholders of the Company	本公司權益股東應佔利潤	75,900	100,675
		'000 千股	'000 千股
Weighted average number of shares (thousand shares)	加權平均股數(千股)		
Issued ordinary shares	已發行普通股	4,537,354	4,058,260

For the period ended 30 June 2021 and 2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive.

截至2021年和2020年6月30日期間，根據本公司的員工購股權計劃以零對價視作發行股份的影響已被反攤薄。

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8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of RMB2,053,000 (six months ended 30 June 2020: RMB5,332,000).

9 INVESTMENT PROPERTIES

(a) Disposals

During the six months ended 30 June 2021, items of investment properties with a net book value of RMB297,000 (six months ended 30 June 2020: RMB17,151,000) were disposed, resulting in a loss of RMB22,000 (six months ended 30 June 2020: RMB6,355,000).

(b) Valuations

The Group's investment properties carried at fair value were revalued as at 30 June 2021 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent firm of surveyors. In valuing the property interest in the PRC, JLL has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property.

During the six months ended 30 June 2021, a fair value gain of RMB10,497,000 (six months ended 30 June 2020: loss of RMB5,455,000) in respect of existing investment properties, with the total corresponding deferred tax of RMB2,624,000 (six months ended 30 June 2020: RMB39,000), had been recognised in the consolidated statement of profit or loss for the period.

In addition, during the six months ended 30 June 2020, a fair value gain of RMB209,469,000 upon the transfer with the total corresponding deferred tax of RMB35,851,000, had been recognised in the consolidated statement of profit or loss. There is no such transfer for the period ended 30 June 2021.

8 物業、廠房及設備

截至2021年6月30日止六個月期間，本集團購買物業、廠房及設備項目的成本為人民幣2,053,000元(截至2020年6月30日止六個月：人民幣5,332,000元)。

9 投資物業

(a) 出售

截至2021年6月30日止六個月期間，出售投資物業的帳面淨值為人民幣297,000元(截至2020年6月30日止六個月：人民幣17,151,000元)，產生虧損人民幣22,000元(截至2020年6月30日止六個月：人民幣6,355,000元)。

(b) 估值

本集團的投資物業按公允值入帳，並於2021年6月30日由獨立測量師公司仲量聯行企業評估與諮詢有限公司(「仲量聯行」)進行重新估值。於估算中國的物業權益時，仲量聯行已採納投資法(收入法)並計及物業權益的現時租金收入及租約的續約可能性，亦會採納直接比較法，參考附近同類物業的近期成交記錄，並就可比較物業與有關物業於交易日期、樓齡、樓面面積等方面的差異作出調整。

截至2021年6月30日止六個月，期內合併損益表已確認現有投資物業的公允價值收益為人民幣10,497,000元(截至2020年6月30日止六個月：公允價值虧損為人民幣5,455,000元)，並相應確認遞延稅項人民幣2,624,000元(截至2020年6月30日止六個月：人民幣39,000元)。

此外，在截至2020年6月30日止六個月內，期內合併損益表已確認轉撥的公允價值收益為人民幣209,469,000元，並相應確認遞延稅項人民幣35,851,000元。截至2021年6月30日的期間沒有此類轉撥。

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9 INVESTMENT PROPERTIES (Cont'd)

(b) Valuations (Cont'd)

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,161,000,000 (31 December 2020: RMB1,147,500,000) (note 18).

The Group's investment properties are held on leases of between 1 to 12 years in the PRC.

10 INTEREST IN JOINT VENTURES

As at 30 June 2021, the Group's interest in Hydo Best Group Co. Ltd. ("Hydo Best") amounted to RMB126,240,000 (31 December 2020: RMB125,359,000).

In 2018, Hydo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydo Best was obligated to repurchase certain shares in Hydo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydo Best by applying public auction of the land pieces still held by Hydo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydo Best and a specific loss allowance of RMB19,613,000 on the amount due from that joint venture in 2018. Based on the fair value of the land pieces assessed as at 30 June 2021, the directors considered that no further provision for impairment loss was necessary during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9 投資物業(續)

(b) 估值(續)

本集團獲授的若干銀行貸款由帳面額人民幣1,161,000,000元(2020年12月31日：人民幣1,147,500,000元)的投資物業抵押(附註18)。

本集團於中國持有的投資物業租賃期介乎1至12年。

10 於合營公司權益

於2021年6月30日，本集團於Hydo Best Group Co. Ltd. (「Hydo Best」)的權益為人民幣126,240,000元(於2020年12月31日：人民幣125,359,000元)

在2018年，Hydo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydo Best的合營夥伴有義務從本集團購回持有的Hydo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydo Best的投資損失。

本公司董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過申請公開拍賣獲得Hydo Best仍持有的土地以收回其在Hydo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就對Hydo Best的權益作出減值虧損撥備人民幣19,752,000元及就應收該合營公司的款項作出特定虧損撥備人民幣19,613,000元。根據截至2021年6月30日評估的土地的公允價值，董事認為在截至2021年6月30日的六個月內，無需進一步計提減值損失(截至2020年6月30日的六個月期間：零)。

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11 OTHER NON-CURRENT ASSETS

11 其他非流動資產

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Financial assets measured at FVTPL	按公允值計量且其變動計入 當期損益的金融資產		
– Unlisted equity investments not held for trading	– 並非持作買賣的非上市權益 投資	253,062	253,062
– Amount due from an associate (a)	– 應收一間聯營公司款項(a)	88,759	84,826
		341,821	337,888
Deposit and prepayment (b)	定金及預付款項(b)	16,260	–
		358,081	337,888

(a) As at 30 June 2021, the amount due from an associate measured at FVTPL included consideration receivables of disposed entities amounted RMB56,579,000 (31 December 2020: RMB52,646,000) and the amounts due from disposed entities of RMB32,180,000 (31 December 2020: RMB32,180,000). The amount due from an associate measured at FVTPL will be recovered according to the development progress of the underlying projects in the disposed project companies.

(b) As at 30 June 2021, deposit and prepayment mainly included an earnest payment for purchase of properties for own use.

(a) 於2021年6月30日，按公允值計量且其變動計入當期損益的應收一間聯營公司款項包括出售附屬公司的應收代價人民幣56,579,000元(2020年12月31日：人民幣52,646,000元)，及應收出售實體的款項人民幣32,180,000元(2020年12月31日：人民幣32,180,000元)。按公允值計量且其變動計入當期損益的應收一間聯營公司款項將根據該等出售附屬公司的相關項目的發展進度結付。

(b) 於2021年6月30日，定金和預付款主要包括購買自用物業的定金。

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12 INVENTORIES AND OTHER CONTRACT COSTS

12 存貨及其他合約成本

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Inventories	存貨		
Property development	物業開發		
– Leasehold land held for and under development for sale	– 待售未來待開發租賃土地及待售在建物業	9,184,615	5,758,835
– Completed properties held for sale	– 待售已完工物業	4,905,386	3,597,357
		14,090,001	9,356,192
Others	其他	11,524	2,319
		14,101,525	9,358,511
Other contract costs	其他合約成本	23,507	10,836
		14,125,032	9,369,347

As at 30 June 2021, leasehold land held for and under development for sale and completed properties held for sale were pledged for certain bank loans granted to the Group and parking lots financing arrangement.

於2021年6月30日，待售未來待開發租賃土地及待售在建物業和待售已完工物業用作本集團獲授若干銀行貸款的抵押及車位融資安排。

13 OTHER FINANCIAL ASSETS

13 其他金融資產

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Financial assets measured at FVTPL	按公允值計量且其變動計入當期損益的金融資產		
– Wealth management products	– 理財產品	1,248	9,000

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14 TRADE AND OTHER RECEIVABLES

14 貿易及其他應收款項

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Within 1 month	1個月內	52,655	19,236
1 to 3 months	1至3個月內	18,734	12,749
3 to 6 months	3至6個月內	12,546	4,095
Over 6 months	6個月以上	217,064	199,837
Trade and bill receivables, net of loss allowance	貿易應收款項及應收票據 (扣除虧損撥備)	300,999	235,917
Finance lease receivables	融資租賃應收款項	31,567	34,144
Less: loss allowance	減：虧損撥備	(11,817)	(11,989)
		19,750	22,155
Amounts due from joint ventures (b)	應收合營公司款項(b)	63,683	62,837
Less: loss allowance (note 10)	減：虧損撥備(附註10)	(19,613)	(19,613)
		44,070	43,224
Other debtors, net of loss allowance (a)	其他應收款項 (扣除虧損撥備)(a)	627,440	574,605
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	992,259	875,901
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	212,446	295,603
Deposits and prepayments (c)	定金及預付款項(c)	1,875,795	1,677,899
		3,080,500	2,849,403

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14 TRADE AND OTHER RECEIVABLES (Cont'd)

- (a) The details on the other debtors, net of loss allowance are set out in below:

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Loans to the third parties (i)	向第三方提供貸款(i)	182,725	256,101
Amounts due from non-controlling interests (ii)	應收非控股權益款項(ii)	332,484	230,086
Others	其他	112,231	88,418
		627,440	574,605

- (i) As at 30 June 2021, loans to the third parties are interest-bearing at weighted average rate of 15.40% per annum (31 December 2020: 14.76% per annum), unsecured and to be recovered within one year.
- (ii) The balances at 30 June 2021 represented amounts due from non-controlling interests recorded by subsidiaries acquired by the Group during 2020 and 2021, which had occurred before such acquisitions were finished.
- (b) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from a joint venture partner amounted to RMB19,613,000 in prior year (note 10).

14 貿易及其他應收款項(續)

- (a) 其他應收款項的(扣除虧損撥備)詳情載列如下：

- (i) 於2021年6月30日，向第三方提供的貸款以加權平均年利率15.40% (2020年12月31日：年利率14.76%)計息，無抵押担保且並可於一年內收回。
- (ii) 應收非控股股東於2021年6月30日的餘額是本集團於2020和2021年度收購的附屬公司在收購完成前已發生的金額。
- (b) 應收合營公司款項的結餘為無抵押、免息及無固定還款期，本集團對應收合營公司的餘額已經於以前年度全額計提減值虧損撥備人民幣19,613,000元(附註10)。

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14 TRADE AND OTHER RECEIVABLES (Cont'd)

(c) The details on the deposits and prepayments are set out in below:

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Deposits and prepayments for purchase of land use right	購買土地使用權定金及預付款	739,436	640,529
Deposits and prepayments for acquisition of development projects	收購開發項目定金及預付款	427,210	526,289
Others (note)	其他(附註)	709,149	511,081
		1,875,795	1,677,899

Note: As at 30 June 2021, other deposits and prepayments mainly included prepaid construction costs and deposits for properties sales on behalf of property developers.

附註：於2021年6月30日，其他定金及預付款主要包括預付建設成本及代房地產開發商出售物業的押金。

15 PLEDGED AND RESTRICTED CASH

Pledged to banks for certain mortgage facilities
Pledged for bills payables and discounted bills
Restricted cash (note)

就若干按揭融資而抵押予銀行
就應付票據和貼現票據抵押
受限制現金(附註)

30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
155,269	175,447
361,537	360,000
29,360	32,714
546,166	568,161

Note: As at 30 June 2021, restricted cash mainly represents bank deposits to secure the interest payments for certain bank loans requested by certain commercial banks in Mainland China and cash of RMB27,388,000 (31 December 2020: RMB27,388,000) frozen by banks due to pending litigation.

附註：於2021年6月30日，受限制現金主要指用於擔保中國內地商業銀行的銀行貸款利息支付的銀行存款，以及因未決訴訟被銀行凍結的資金人民幣27,388,000元(2020年12月31日：人民幣27,388,000元)。

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16 CASH AND CASH EQUIVALENTS

16 現金及現金等值物

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Cash at bank and on hand	銀行存款及現金	2,661,155	1,783,235

17 TRADE AND OTHER PAYABLES

17 貿易及其他應付款項

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Due within 1 month or on demand	於1個月內到期或按要求償還	235,630	251,012
Due after 1 month but within 3 months	於1個月後但於3個月內到期	362,445	347,108
Due after 3 months but within 6 months	於3個月後但於6個月內到期	571,808	537,094
Due after 6 months	於6個月後到期	1,190,008	1,273,995
Trade and bills payables	貿易應付款項及應付票據	2,359,891	2,409,209
Other payables and accruals (a)	其他應付款項及應計費用(a)	2,587,654	1,505,525
Financial liabilities measured at amortised cost	以攤銷成本計量的金融負債	4,947,545	3,914,734
Deposits (b)	定金(b)	750,688	1,520,261
Receipts in advance	預收款項	6,984	15,955
		5,705,217	5,450,950

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17 TRADE AND OTHER PAYABLES (Cont'd)

(a) The details of other payables and accruals are set out below:

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Amounts due to the non-controlling interests (i)	應付非控股權益款項(i)	1,275,673	323,808
Amount due to a related party (ii)	應付關聯方款項(ii)	50,000	57,230
Amounts due to the third parties (ii)	應付第三方款項(ii)	606,506	281,435
Other tax payables	其他應付稅款	155,137	300,497
Others (iii)	其他(iii)	500,338	542,555
		2,587,654	1,505,525

(i) As at 30 June 2021, apart from the amount due to a non-controlling interest of RMB900,000,000 (31 December 2020: Nil) which is interest-free and repayable within one year, the amounts due to non-controlling interests are unsecured, interest-free and repayable on demand.

(ii) As at 30 June 2021, apart from the amount due to a third party of RMB40,000,000 which are interest-bearing at 7% per annum (31 December 2020: Nil), the amount due to a related party and the amounts due to the third parties are unsecured, interest-free and repayable within one year.

(iii) The balance mainly included earnest payments of RMB182,616,000 (31 December 2020: RMB185,456,000) from potential clients and advances from parking lots financing arrangement of RMB75,528,000 (31 December 2020: RMB77,075,000) which are pledged by parking lots held by subsidiaries of the Group.

17 貿易及其他應付款項(續)

(a) 其他應付款項及應計費用詳情載列如下：

(i) 於2021年6月30日，除無息應付非控股權益款項人民幣900,000,000元(2020年12月31日：無)將在一年內償還外，應付非控股權益款項為無抵押、無息及按需償還。

(ii) 於2021年6月30日，除應付第三方款項人民幣40,000,000元按年利率7%(2020年12月31日：無)外，應付關聯方款項及應付第三方款項為無抵押、無息且將在一年內償還。

(iii) 餘額主要包括潛在客戶支付的定金人民幣182,616,000元(2020年12月31日：人民幣185,456,000元)和由本集團附屬公司的車位抵押的車位融資款項人民幣75,528,000元(2020年12月31日：人民幣77,075,000元)。

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17 TRADE AND OTHER PAYABLES (Cont'd)

(b) The details of deposits are set out below:

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Deposits for cooperative development of properties	項目發展合作保證金	660,115	1,401,032
Others	其他	90,573	119,229
		750,688	1,520,261

17 貿易及其他應付款項(續)

(b) 定金詳情載列如下：

18 BANK LOANS AND OTHER BORROWINGS

At 30 June 2021, the Group's bank loans and other borrowings are repayable as follows:

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Bank loans	銀行貸款		
Current	流動		
Secured	有抵押		
– short-term bank loans and other borrowings	– 短期銀行貸款及其他借貸	30,000	11,000
– current portion of non-current bank loans and other borrowings	– 非流動銀行貸款及其他借貸的流動部分	423,138	470,029
		453,138	481,029
Non-current	非流動		
Secured	有抵押		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	519,368	327,002
– repayable after 2 years but within 5 years	– 兩年後但五年內還款	1,106,284	331,178
– repayable after 5 years	– 五年後還款	275,294	171,050
		1,900,946	829,230
		2,354,084	1,310,259

18 銀行貸款及其他借貸

於2021年6月30日，本集團的銀行貸款及其他借貸的償還情況如下：

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18 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 30 June 2021 and 31 December 2020, none of bank loans of the Group were not in compliance with the imposed covenants.

- (b) Bank loans and other borrowings bear interest at a weighted average rate of 6.53% per annum as at 30 June 2021 (31 December 2020: 8.10% per annum), and are secured by the following assets:

18 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1) 本集團若干營運附屬公司的財務狀況比率指標；(2) 按其若干營運附屬公司分配股利限制；或(3) 當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2021年6月30日和2020年12月31日，概無本集團的銀行貸款未遵守所施加的限制被要求提前還款。

- (b) 於2021年6月30日，銀行貸款及其他借貸的加權平均年利率為6.53%(2020年12月31日：8.10%)計息，並以下列資產作抵押：

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Completed properties held for sale	待售已完工物業	71,668	-
Properties held for future development for sale	待售未來待開發物業	1,978,076	861,851
Properties under development for sale	待售在建物業	1,124,455	661,497
Investment properties (note 9)	投資物業(附註9)	1,161,000	1,147,500
Property, plant and equipment (note 8)	物業、廠房及設備(附註8)	325,508	337,035
		4,660,707	3,007,883

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19 SENIOR NOTES

19 優先票據

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
US\$293.5 million senior notes due in 2021	2021年到期的293.5百萬美元 優先票據		
– Tranche 1 (i)	– 第一期(i)	1,247,322	1,257,105
– Tranche 2 (ii)	– 第二期(ii)	322,757	325,693
– Tranche 3 (iii)	– 第三期(iii)	83,841	84,555
– Tranche 4 (iv)	– 第四期(iv)	151,727	153,171
– Tranche 5 (v)	– 第五期(v)	86,854	–
		1,892,501	1,820,524
US\$75 million senior notes due in 2022	2022年到期的75百萬美元 優先票據	475,346	–
		2,367,847	1,820,524

(i) On 12 December 2019, the Company offered its 14% senior notes due December 2021 in an exchange offer to existing holders of 12% Senior Notes due May 2020 (the “2020 Senior Notes”). US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes (defined below), which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14% due 2021 senior notes (the “2021 Senior Notes”). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.

(i) 於2019年12月12日，本公司向時任於2020年5月到期、12%的優先票據（「2020年優先票據」）持有者發起於2021年12月到期、14.00%優先票據之交換要約。2020年優先票據中的111,673,000美元（約71.1%）已成功交換。與交換要約同時，本公司同時新發行81,827,000美元額外2021年優先票據（定義見下文），並與根據交換要約發行的111,673,000美元2021年優先票據構成總本金額193,500,000美元2021年到期的14.00%優先票據（「2021年優先票據」）。交換要約及同時進行的新發行已於2019年12月19日完成，而於包括應計利息及扣除交易成本後的新發行所得款項80,214,000美元（相等於人民幣561,661,000元）由本公司於2019年12月20日收取。2021年優先票據的利息開支乃使用實際年利率14.49%計算。

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19 SENIOR NOTES (Cont'd)

- (ii) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the US\$193,500,000 aggregate principal amount of 14% 2020 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.
- (iii) On 28 October 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,000,000 (equivalent to RMB85,517,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019 and 6 January 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,562,000 (equivalent to RMB89,214,000) was received by the Company on 30 October 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.38% per annum.
- (iv) On 23 November 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$23,500,000 (equivalent to RMB154,586,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January 2020 and 30 October 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$24,691,000 (equivalent to RMB162,420,000) was received by the Company on 25 November 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.13% per annum.

19 優先票據(續)

- (ii) 於2019年12月27日，本公司發行本金總額為50,000,000美元(相當於人民幣348,450,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年1月7日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)50,163,000美元(相當於人民幣349,585,000元)。額外2021年優先票據的利息費用採用每年14.20%的實際利率計算。
- (iii) 於2020年10月28日，本公司發行本金總額為13,000,000美元(相當於人民幣85,517,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日和2020年1月6日發行的2021年到期14.00%的2021年優先票據合併成單一類別。公司於2020年10月30日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)13,562,000美元(相當於人民幣89,214,000元)。額外2021年優先票據的利息費用採用14.38%的實際年利率計算。
- (iv) 於2020年11月23日，本公司發行本金總額為23,500,000美元(相當於人民幣154,586,000元)的額外2021年優先票據，該等優先票據與本公司於2019年12月19日、2020年1月6日及2020年10月30日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年11月25日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)24,691,000美元(相當於人民幣162,420,000元)。額外2021年優先票據的利息費用採用14.13%的實際年利率計算。

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19 SENIOR NOTES (Cont'd)

- (v) On 27 January 2021, the Company entered into a placement agent agreement to issue additional 2021 Senior Notes with an aggregate principal amount of US\$13,500,000 (equivalent to RMB87,394,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January 2020, 30 October 2020 and 25 November 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,966,000 (equivalent to RMB90,378,000) was received by the Company on 1 February 2021. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.88% per annum.
- (vi) On 20 May 2021, the Company entered into a purchase agreement to issue a senior note of US\$75,000,000 (equivalent to RMB483,480,000) at par with a coupon rate of 12% per annum. The senior note was issued on 25 May 2021 and will be due in 2022. The net proceeds from the senior note, after deducting the transaction costs, of US\$73,500,000 (equivalent to RMB473,810,000) was received by the Company on 26 May 2021. Interest expense on the senior note is calculated using the effective interest rate of 13.2% per annum.

20 AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

As at 30 June 2021, amounts due to controlling shareholders are unsecured and interest-free with no fixed repayment terms.

19 優先票據(續)

- (v) 於2021年1月27日，本公司訂立配售代理協議發行本金總額13,500,000美元(相等於人民幣87,394,000元)的額外2021年優先票據，並與本公司於2019年12月19日、2020年1月6日、2020年10月30日和2020年11月25日發行的14%的2021年優先票據構成及組成單一系列。本公司於2021年2月1日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)13,966,000美元(相當於人民幣90,378,000元)。額外2021年優先票據的利息費用採用14.88%的實際年利率計算。
- (vi) 於2021年5月20日，本公司訂立配售代理協議發行本金總額75,000,000美元(相等於人民幣483,480,000元)的票面利率為12%的額外2021年優先票據。優先票據於2021年5月25日發行，2022年到期。本公司於2021年5月26日收到額外2021年優先票據的所得款項淨額(扣除交易成本後)73,500,000美元(相當於人民幣473,810,000元)。額外2021年優先票據的利息費用採用13.2%的實際年利率計算。

20 應付控股股東款項

於2021年6月30日，應付給控股股東款項為無抵押、無息，無固定還款期限。

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21 DEFERRED INCOME

21 遞延收入

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
At 1 January	於1月1日	349,119	479,160
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助(i)	31,783	168,715
– Utilisation	– 已使用	(93,984)	(294,485)
– Recognised in other income related to investment properties	– 於投資物業相關部分確認至其他收入	–	(4,271)
As at 30 June/31 December	於6月30日或12月31日	286,918	349,119

(i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group.

(i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設。

22 OTHER CURRENT LIABILITIES

Other current liabilities represent discounted bills which are pledged by cash deposit of the Group (see note 15) and will be expired within one year.

22 其他流動負債

其他流動負債指以現金存款進行質押(請參閱附註15)並於一年內到期的貼現票據。

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23 OTHER FINANCIAL LIABILITIES

23 其他金融負債

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Financial liabilities measured at amortised cost (i) – amount due to a non-controlling interest	以攤餘成本計量的金融負債(i) – 應付非控股權益款項	784,854	–
Financial liabilities measured at FVTPL (ii) – contingent consideration payable – estimated compensation payable	按公允值計量且其變動計入 當期損益的金融負債(ii) – 或有應付對價 – 預計應付補償款	18,101 66,083	16,843 61,490
		84,184	78,333
		869,038	78,333

(i) As at 30 June 2021, the amount due to a non-controlling interest with an aggregate principal amount of SGD173,498,000 (equivalent to RMB847,390,000) is unsecured, interest-bearing from 12% to 15% and repayable after one year.

(ii) In 2019, the Group disposed its entire interest in Beijing Hydoo Yingchuang Corporate Management Company Limited, which has a direct wholly owned subsidiary of Lanzhou Hydoo Yingchuang Estate Company Limited (collectively “Yingchuang”) with consideration of Nil to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (“Sunac Hydoo”), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd. (“Sunac”) and Mr. Yi Jiming (collectively “Partners”).

(i) 於2021年6月30日，應付非控股股東本金總額為173,498,000新元(相當於人民幣847,390,000元)，為無抵押、利率為12%–15%，一年以上償還。

(ii) 2019年，本集團將其持有的北京毅德盈創企業管理有限公司(其擁有一家全資子公司蘭州毅德盈創置業有限公司，統稱「盈創」)的全部權益以零對價出售給其聯營公司北京融創毅德企業管理有限公司(「融創毅德」)(由本集團、北京融創建投房地產集團有限公司(「融創」)及伊繼明先生(統稱「合作方」)設立)。

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23 OTHER FINANCIAL LIABILITIES (Cont'd)

Pursuant to the agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVTPL. The fair value of this contingent consideration payable at 30 June 2021 was RMB18,101,000 (31 December 2020: RMB16,843,000).

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 30 June 2021 was RMB66,083,000 (31 December 2020: RMB61,490,000) and the Group recorded this amount as financial liabilities measured at FVTPL.

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). No dividend was paid to equity shareholders attributable to the previous financial year, approved and paid during the interim period (six months ended 30 June 2020: Nil).

23 其他金融負債(續)

根據協議，倘本集團未能將有關初始土地成本的若干票據的所有權變更予盈創，本集團將需補償融創毅德將產生的相關未來稅費成本。鑒於潛在付款責任將基於未來事宜計量，故將或有應付對價確認為按公允值計量且變動計入當期損益的金融負債。於2021年6月30日，應付或有對價的公允價值為人民幣18,101,000元(2020年12月31日：人民幣16,843,000元)。

在項目交割完成後，盈創應當地政府要求額外土地成本，本集團同意就由於土地成本增加而導致的利潤減少對融創毅德進行補償。截至2021年6月30日，估計補償金額為人民幣66,083,000元(2020年12月31日：人民幣61,490,000元)，本集團將該金額按照公允價值變動且其變動計入當期損益的方式進行計量。

24 股本、儲備及股息

(a) 股息

董事會決議不就截至2021年6月30日止六個月宣派任何中期股息(截至2020年6月30日止六個月：無)。並無上個財政年度應佔、於本中期期間批准及派付的權益股東獲派之股息(截至2020年6月30日止六個月：無)。

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24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Share capital

Authorised and issued share capital

		At 30 June 2021 於2021年6月30日		At 31 December 2020 於2020年12月31日	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千股	HK\$'000 千港元	'000 千股	HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的 普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid

		已發行及繳足普通股			
		Par value 面值	Number of shares 股份數目	Nominal value of ordinary shares 普通股面值	
		HK\$ 港元	'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
At 30 June 2021 and 31 December 2020	於2021年6月30日和 2020年12月31日	0.01	4,537,354	45,374	36,598

(c) Equity settled share-based transactions

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 7 December 2020, the Group offered to grant share options to subscribe for a total of 54,000,000 shares of HK\$0.01 each in the capital of the Company to 43 certain eligible employees. Based on the acceptance confirmation signed by grantees, 54,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

24 股本、儲備及股息(續)

(b) 股本

法定及已發行股本

		At 30 June 2021 於2021年6月30日		At 31 December 2020 於2020年12月31日	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千股	HK\$'000 千港元	'000 千股	HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的 普通股	8,000,000	80,000	8,000,000	80,000

已發行及繳足普通股

		Par value 面值	Number of shares 股份數目	Nominal value of ordinary shares 普通股面值	
		HK\$ 港元	'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
At 30 June 2021 and 31 December 2020	於2021年6月30日和 2020年12月31日	0.01	4,537,354	45,374	36,598

(c) 股權結算以股份為基礎的交易

於2020年6月12日，本集團根據購股權計劃向五名董事及若干符合資格的員工要約授出購股權，購股權可認購本公司股本中合共175,400,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，164,200,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2020年12月7日，本集團根據購股權計劃向四十三名符合資格的員工要約授出購股權，購股權可認購本公司股本中合共54,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，54,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

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24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions (Cont'd)

- (1) The terms and conditions of the options granted are as follows:

		Number of instruments 工具數量
Options granted on 12 June 2020		
	於2020年6月12日授予購股權數量	
– directors	– 董事	42,700,000
– employees	– 僱員	132,700,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限
1 April 2021 2021年4月1日	30%	12 months 12個月
1 April 2022 2022年4月1日	30%	24 months 24個月
1 April 2023 2023年4月1日	40%	36 months 36個月
		Number of instruments 工具數量

Options granted on 7 December 2020		
	於2020年12月7日授予購股權數量	
– employees	– 僱員	54,000,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限
1 April 2021 2021年4月1日	30%	6 months 6個月
1 April 2022 2022年4月1日	30%	18 months 18個月
1 April 2023 2023年4月1日	40%	30 months 30個月

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24 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions (Cont'd)

- (2) The number and the exercise price of share option are as follows:

		Exercise price 行使價	Number of share options 購股權數目
Outstanding at 1 January	於1月1日未行使	HK\$0.5港元	202,400,000
Lapsed	失效	HK\$0.5港元	(14,900,000)
Outstanding at 30 June	於6月30日未行使	HK\$0.5港元	187,500,000
Exercisable at 30 June	於6月30日可行使	HK\$0.5港元	56,250,000

No options were exercised during the six months ended 30 June 2021.

24 股本、儲備及股息(續)

(c) 股權結算以股份為基礎的交易(續)

- (2) 購股權的數目和行使價如下：

截至2021年6月30日止六個月裡，沒有任何購股權被行使。

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級輸入的公允值即在活躍市場中於計量日期的相同資產或負債的未調整報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級輸入測量的公允值，即不能滿足第一級的可觀察輸入值，而不使用顯著的不可觀察輸入值。不可觀察的輸入值是市場數據不可用的輸入值
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 公允值使用顯著的不可觀察輸入值進行測量

25 金融工具公允值計量

(a) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號公允值計量所界定分類為三個公允值級別。公允值計量是參考以下所列估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Financial instruments measured at fair value (Cont'd)

	Note 附註	Fair value at 30 June 2021 於2021年 6月30日的 公允值 RMB'000 人民幣千元	Fair value measurements as at 30 June 2021 2021年6月30日分類為以下級別的 公允值計量		Fair value at 31 December 2020 於2020年 12月31日 的公允值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2020 2020年12月31日分類為以下級別的 公允值計量	
			Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements							
Financial assets:							
- Wealth management products	13	1,248	1,248	-	9,000	9,000	-
- Unlisted equity investments not held for trading	11	253,062	-	253,062	253,062	-	253,062
- Amount due from an associate	11	88,759	-	88,759	84,826	-	84,826
Financial liability:							
- Other financial liabilities		(84,184)	-	(84,184)	(78,333)	-	(78,333)

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2020: Nil). The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

(c) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

25 金融工具公允值計量(續)

(a) 按公允值計量的金融工具(續)

於截至2021年6月30日止六個月期間，第一級、第二級及第三級無轉讓(截至2020年6月30日止六個月：無)。本集團的政策為於轉讓產生即期報告期末確認公允值階級當中級別間的轉讓。

本集團按攤銷成本列賬的金融工具賬面值與其於2021年6月30日及2020年12月31日的公允值並無重大差異。

(b) 第二級公允值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允值為本集團於報告期末為終止權利將收到或結付的估值，考慮當前利率和期權交易對手的當前信貸評級。

(c) 有關第三級別的公允值計量之資料

非上市股權工具的公允值以可比上市公司的價格/盈利比率判斷，為欠缺市場流通性而作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Information about Level 3 fair value measurements (Cont'd)

The fair value of amount due from an associate measured at FVTPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of the disposal entity, development progress and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

25 金融工具公允值計量(續)

(c) 有關第三級別的公允值計量之資料(續)

按公允值計量且其變動計入當期損益的應收聯營公司款項的公允值及其他金融負債乃使用將予收回／支付的未來估計現金流、出售實體的未來利潤預測及適用折現率釐定。

期內第三級別公允值計量結餘變動情況如下：

		Six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Financial assets measured at Level 3 fair value:	按第三級別公允價值衡量的金融資產：		
At 1 January	於1月1日	337,888	269,334
Additions	添置	-	12,513
Net unrealised gains recognised in profit or loss during the period	期內於損益確認的未變現收益淨額	3,933	15,066
At 30 June	於6月30日	341,821	296,913
Financial liabilities measured at Level 3 fair value:	按第三級別公允價值衡量的金融負債：		
At 1 January	於1月1日	78,333	70,838
Net unrealised loss recognised in profit or loss during the period	期內於損益確認的未變現虧損淨額	5,851	6,454
At 30 June	於6月30日	84,184	77,292
Total net (loss)/gain for the period included in profit or loss for assets and liabilities held at the end of the reporting period	就於報告期末持有的資產和負債計入損益的期內(虧損)／收益總額	(1,918)	8,612

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020.

26 COMMITMENTS

Capital commitments outstanding at 30 June 2021 contracted but not provided for in the financial statements were as follows:

25 金融工具公允值計量(續)

(d) 並非按公允值列賬的金融資產及負債的公允值

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2021年6月30日及2020年12月31日的公允值並無重大差異。

26 承擔

於2021年6月30日，本集團就物業發展開支的已訂約但未撥備的資本承擔如下：

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	4,849,505	2,130,295
Land agreements	土地合同	544,695	1,578,273
		5,394,200	3,708,568

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

27 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

27 或然負債

擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款(以較早者為準)時止。

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

		30 June 2021 2021年 6月30日 RMB'000 人民幣千元	31 December 2020 2020年 12月31日 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	就本集團物業買方獲授的按揭融資而向銀行作出的擔保	6,090,800	2,648,311

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT 未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

28 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due to a related party as set out in note 17, the other material related party transactions are disclosed as follows:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors are as follows:

28 重大關聯方交易

除載於附註17應付關聯方公司款項外，其他重大關聯方交易披露如下：

主要管理人員薪酬

本集團主要管理人員薪酬包括向本公司董事支付的金額，載列如下：

		Six months ended 30 June	
		截至6月30日止六個月	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	11,358	15,635
Contribution to defined contribution retirement plans	定額供款退休計劃	138	153
		11,496	15,788

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



Independent auditor's report to the shareholders of Guangdong – Hong Kong Greater Bay Area Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 90 to 238, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“the Code”) together with any ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致粵港灣控股有限公司列位股東的獨立核數師報告

(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第90至238頁的粵港灣控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的合併財務報表，此財務報表包括於2020年12月31日的合併財務狀況表與截至該日止年度的合併損益表、合併損益及其他全面收益表、合併權益變動表和合併現金流量表，以及合併財務報表附註，包括主要會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會頒佈的《國際財務報告準則》真實而中肯地反映了 貴集團於2020年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審核準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表的審核相關的道德要求，我們獨立於 貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期合併財務報表的審核最為重要的事項。這些事項是在我們審核整體合併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。

Transfer of inventories to investment properties and valuation of investment properties 轉撥存貨到投資物業及投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the Group held a portfolio of investment properties located in Jiangxi, Guangxi, Shandong, Guangdong and Hunan provinces in Mainland China with an aggregate fair value of RMB3,144,270,000 which accounted for 17% of the Group's total assets at that date. The investment properties principally comprise commercial trade logistics centers.</p> <p>於2020年12月31日，貴集團持有位於中國內地江西、廣西、山東、廣東及湖南省的投資物業組合，總值為人民幣3,144,270,000元，佔貴集團資產總值的17%。投資物業主要包括商貿物流中心。</p> <p>During the year ended 31 December 2020, the Group transferred inventories, which principally comprised commercial trade logistics centres and shops, with an aggregate carrying value of RMB296,207,000 to investment properties. Management is required to exercise judgement in determining if the relevant criteria as set out in the prevailing accounting standards have been met in order to transfer inventories to investment properties. Such judgements are principally qualitative in nature.</p> <p>截至2020年12月31日，貴集團自存貨轉撥到投資物業的總值為人民幣296,207,000元。轉撥到投資物業的存貨主要包括商貿物流城及商舖。在評估是否符合將存貨轉撥到投資物業的標準時，管理層需要行使判斷。而上述判斷主要涉及定性判斷。</p> <p>The net fair value gain of investment properties recorded in the consolidated statement of profit or loss represented 24% of the Group's profit before taxation for the year ended 31 December 2020.</p> <p>於合併損益表中所錄得的投資物業的公允值收益相當於貴集團截至2020年12月31日止年度之除稅前利潤之24%。</p>	<p>Our audit procedures to assess the transfer of inventories to investment properties and valuation of investment properties included the following: 我們對評估投資物業的估值採取的審核程序包括：</p> <ul style="list-style-type: none"> challenging management's criteria for determining the change in use of the properties transferred from inventories to investment properties by inspecting the lease agreements for the properties, property management contracts and other relevant documentation and inspecting management's business plans for these properties; 通過檢查物業的租賃協議、物業管理合同和其他相關文件以及檢查管理層對這些物業的業務計劃，對管理層在決定物業轉變用途時所依據的標準提出質疑； conducting site visits to investment properties transferred from inventories, on a sample basis, to observe the leasing activities of the respective properties and assess the change in use of the properties as asserted by management; 對從存貨轉撥到投資物業的項目進行實地視察，以抽樣方式觀察各項物業的租賃活動，並評估管理層聲稱的物業用途變化； obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management and on which the directors' assessment of the fair values of investment properties was based; 取得並檢查由管理層委聘的外部物業估值師所編製且作為董事對投資物業的公允值作出評估的基準的估值報告； assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; 評估外部物業估值師對所估值物業的資歷、經驗和專業知識，並考慮其客觀性和獨立性；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Transfer of inventories to investment properties and valuation of investment properties 轉撥存貨到投資物業及投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>The fair values of the investment properties as at 31 December 2020 were assessed by the directors based on independent valuations prepared by a firm of qualified external property valuers. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, market rents and average market price of the comparable properties.</p> <p>投資物業於2020年12月31日的公允值乃由董事基於一間合資格外部物業估值師編製的獨立估值而評估。對該等公允值的確定涉及重大判斷及估計，特別與選用適當的估值方法、資本化比率、可資比較物業的市場租金及平均市價有關。</p> <p>We identified the transfer of inventories to investment properties and valuation of investment properties as a key audit matter because of the exercise of management judgement in assessing if the criteria for the transfer of inventories to investment properties were met and because of the inherent risks involved in estimating the valuations of investment properties, particularly in light of the current economic circumstances.</p> <p>我們識別出存貨轉撥到投資物業及投資物業的估值作為關鍵審核事項，因為在評估是否符合將存貨轉撥到投資物業的標準時，以及由於估計投資物業的估值涉及的固有風險，特別是鑑於當前的經濟環境，管理層需要行使判斷。</p>	<ul style="list-style-type: none"> • with the assistance of our internal property valuation specialists, discussing with the external property valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在我們的內部物業估值專家協助下，與外部物業估值師討論他們的估值方法以及估值採用的主要估計和假設； • challenging the key estimates and assumptions (including capitalisation rates, prevailing market rents and comparable market transactions) adopted in the valuations, on a sample basis, by comparison with available market data; and • 通過與現有市場數據進行比較，質疑估值中採用的主要估計和假設(包括資本化比率、現行市場租金和可比較市場交易)；及 • comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external property valuers with underlying contracts and related documentation, on a sample basis. • 通過抽樣的方式，將租賃信息，包括承諾的租金和入住率，與貴集團提供給外部物業估值師的基本合同和相關文件進行對比。

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 20 to the consolidated financial statements and the accounting policies note 1(n). 請參閱合併財務報表附註20及附註1(n)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the aggregate carrying value of the Group's properties held for development ("PHD"), properties under development ("PUD") and completed properties held for sale (together "inventories") totalled RMB9,356,192,000. These principally comprise wholesale trading market units and other commercial and residential units in Dongguan, Renhuai, Ganzhou, Lanzhou, Wuzhou, Jining and Yantai.</p> <p>於2020年12月31日，貴集團的持作發展物業（「持作發展物業」）、在建物業（「在建物業」）及待售已完工物業（統稱「存貨」）的總賬面值合共為人民幣9,356,192,000元。該等存貨主要包括於東莞、仁懷、贛州、蘭州、梧州、濟寧和煙台的獨立交易展示區單元及其他商業或住宅單元。</p> <p>Inventories are stated at the lower of cost and net realisable value. The calculation of the net realisable value for each property development project at the financial reporting date is performed by management.</p> <p>存貨以成本與可變現淨值的較低者列值。各個物業開發項目於財政報告日的可變現淨值由管理層計算。</p> <p>The calculation of the net realisable value of inventories involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project for PHD and PUD as well as in assessing the expected future selling prices for each property development project (with reference to recent sales transactions in nearby locations and the rates of new property sales) and the estimated future selling costs (including price discounts which may be required to stimulate sales).</p> <p>編製持作發展物業及在建物業各個物業開發項目竣工成本的最新估計，以及評估各個物業開發項目的預期未來售價（參考毗鄰地段近期的銷售交易及新物業銷售率）及估計未來銷售成本（包括促進銷售可能需要的價格折扣）時，計算存貨的可變現淨值涉及重大管理層判斷與估計。</p>	<p>Our audit procedures to assess the net realisable value of inventories included the following: 我們評估存貨的可變現淨值採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; 評估就編製及監察各個物業開發項目的預算管理、建築及其他成本的預測進行的主要內部控制，在設計、實施和運作上的有效性； conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project; 以抽樣方式對物業開發用地進行實地視察，並與管理層討論各個物業開發項目的進度及反映於各個物業開發項目最新預測的發展預算； evaluating the valuation methodologies and challenging the key estimates and assumptions adopted in the valuations, including expected future selling prices, by comparing expected future selling prices to, where available, recently transacted prices for similar properties and the prices of comparable properties located in the nearby vicinity of each development; 透過將預期未來銷售價格與在適用情況下所獲近期類似物業的交易價格及位於各個發展項目類近地區的可比較物業價格作比較，評估估值方法，並對估值中採用的主要估計及假設（包括預期未來銷售價格）提出質疑；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 20 to the consolidated financial statements and the accounting policies note 1(n). 請參閱合併財務報表附註20及附註1(n)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
We identified assessing the net realisable value of inventories of the Group as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances and various property market cooling measures implemented by local governments in various cities across Mainland China. 由於估計可變現淨值涉及的固有風險，特別是現時中國內地各個城市的經濟狀況及當地政府推行的各項樓市降溫措施，故我們確定評估 貴集團存貨的可變現淨值屬關鍵審核事項。	<ul style="list-style-type: none"> • for those properties held for future development and properties under development for sale, discussing with management, on a sample basis, the development progress and challenging management's development budgets with reference to signed construction contracts and/or unit construction costs of recently completed projects developed by the Group; and • 對於未來發展以及正在開發銷售的物業，與管理層討論最新的發展進度，以及在抽樣的基礎上，參考本集團最近完成項目簽訂的建築合約及／或單位建造成本，與管理層的發展預算相比較；及 • assessing the sensitivity analyses prepared by management to determine the extent of changes in key estimates and assumptions that, either individually or collectively, adopted in assessing net realisable value, may result in material misstatements in inventories and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection. • 評估管理層進行敏感性分析，以確定主要估計將導致存貨發生重大錯報的變動程度，並考慮該等重要估計及假設出現變動的可能性和選擇上出現管理偏差的潛在性。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
Refer to note 15 to the consolidated financial statements and the accounting policies note 1(e). 請參閱合併財務報表附註15及附註1(e)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the Group's interest in joint ventures included an interest in a joint venture engaged in property development in Thailand ("Thailand Joint Venture") with carrying amount of RMB125,359,000.</p> <p>截至2020年12月31日，本集團於合營企業的權益投資包括在泰國從事物業發展的合營企業（「泰國合營企業」）的權益，其賬面值為人民幣125,359,000元。</p> <p>As in previous years, Thailand Joint Venture was unable to get reimbursement from the third party joint venture partner of the cost of certain pieces of land which were returned to the original vendor by the order of the court. In addition, the joint venture partner was obligated to repurchase certain shares in Thailand Joint Venture held by the Group but failed to do so within the specified time frame which remained the case at 31 December 2020. As agreed, if the joint venture partner fails to fulfil its share repurchase obligation within a specified time frame, the Group has the right to obtain the land pieces still held by Thailand Joint Venture. In 2019, the Group brought a lawsuit against the joint venture partner in this regard.</p> <p>與以往年度一樣，泰國合營企業無法從第三方合營夥伴獲得由於法院命令已返還給原賣方的土地的相應成本賠償。此外，該合營夥伴有義務從本集團購回持有的泰國合營企業的若干股份，但未能按時履行其回購責任。這種情況在2020年12月31日依然存在。按照所商定的，若合資夥伴未能在規定的時間內履行其股份回購義務，則本集團有權獲得泰國合營企業仍持有的土地。2019年，本集團就此起訴該合資夥伴。</p>	<p>Our audit procedures to assess the impairment loss on interest in Thailand Joint Venture included the following:</p> <p>我們審計泰國合營企業減值損失的審計程序包括以下內容：</p> <ul style="list-style-type: none"> • obtaining and inspecting the legal opinion issued by the Group's external legal counsel in respect of: (a) the Group's right to collect consideration from the share repurchase or to apply public auction of the land pieces still held by Thailand Joint Venture as the joint venture partner has failed to fulfil its share repurchase obligation within the specified time frame, and (b) the progress of the litigation and probable outcomes of the lawsuit brought against the joint venture partner in 2020; • 獲取及檢查本集團外部法律顧問發出的法律意見，該意見關於：(a)因為合營夥伴未能在規定的時間內履行其股份回購義務，本集團有權收取股份購回的代價或者申請公開拍賣泰國合營企業尚持有的土地；及(b)2020年起訴合營夥伴的訴訟進展及該訴訟最可能的結果； • obtaining and inspecting the valuation report prepared by the external valuers engaged by management and on which the directors' assessment of the fair values of the land pieces still held by Thailand Joint Venture was based; • 獲取及檢查由管理層聘請的外部估值師編製的估值報告，並由董事對泰國合營企業仍持有的土地的公允價值作出評估； • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; • 評估外部房產估價師對被評估房產的資格，經驗和專業知識，並考慮其客觀性和獨立性； • with the assistance of our internal property valuation specialists, discussing with the external valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在內部資產評估專家的協助下，與外部評估師討論估價方法和其在估值時所採用的關鍵估計和假設；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
<i>Refer to note 15 to the consolidated financial statements and the accounting policies note 1(e).</i> 請參閱合併財務報表附註15及附註1(e)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>The directors expect that the Group will be able to recover part of its interest in Thailand Joint Venture by applying public auction of the land pieces still held by Thailand Joint Venture based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers the Group did not make further provision for impairment loss on the interest in Thailand Joint Venture and the amount due from the joint venture during 2020 and the accumulated provision amounted to RMB39 million at 31 December 2020.</p> <p>根據從外部法律顧問處獲得的法律意見，董事預期本集團將能夠申請公開拍賣泰國合營企業仍持有的土地，以收回其在泰國合營企業的部分投資。本集團董事根據外部估值師編製的估值報告評估該等土地的公允價值，本集團於2020年就泰國合營企業的權益投資及應收泰國合營企業款項沒有進一步作出減值虧損撥備，於2020年12月31日，累計撥備共計人民幣39百萬元。</p> <p>We identified assessing the impairment loss on the interest in Thailand Joint Venture as a key audit matter because of the exercise of management judgement in estimating the amount to be recovered from the Group's interest in Thailand Joint Venture.</p> <p>我們確定評估於泰國合營企業的權益的減值損失是一項關鍵審計事項，因為在估計本集團於泰國合營企業的權益的可收回金額時行使了管理層判斷。</p>	<ul style="list-style-type: none"> • challenging the key estimates and assumptions (including comparable information and adjustments) adopted in the valuations by comparison with available market data and/or government produced market statistics; and • 通過與現有市場數據和／或政府生產的市場統計數據進行比較，對估值中採用的關鍵估計和假設(包括可比信息和調整)提出質疑；及 • assessing the adequacy of the Group's disclosures of impairment loss on interest in Thailand Joint Venture in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. • 根據現行會計準則的要求，評估本集團在合併財務報表中針對泰國合營企業的權益減值虧損的披露是否充分。

Provision for land appreciation tax ("LAT") in Mainland China 中國內地土地增值稅(「土地增值稅」)撥備	
Refer to note 6 to the consolidated financial statements and the accounting policies note 1(u). 請參閱合併財務報表附註6及附註1(u)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>LAT in Mainland China is one of the main components of the Group's taxation charge. 中國內地的土地增值稅是 貴集團稅務支出的主要組成部分之一。</p> <p>LAT is levied on sale of properties, at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each financial reporting period, management estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates.</p> <p>貴集團銷售開發的房地產需要就土地增值額按照超率累進稅率30%-60%繳納土地增值稅。在每個財務期末，管理層需要對土地增值稅的計提金額進行估算，在作出估算的判斷時，主要考慮的要素包括相關稅務法律法規的規定和解釋，預計的銷售房地產取得的收入減去預計可扣除的土地成本、房地產開發成本、利息費用、開發費用等。貴集團在土地增值稅匯算清繳時，實際應付稅金可能與 貴集團預估的金額存在差異。</p> <p>We identified provision for LAT in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the estimated provisions for LAT are based on management's judgement and interpretation of complicated tax laws and regulations.</p> <p>由於土地增值稅的計提對合併財務報表的重要性，且管理層作出估計時的判斷包括對相關稅務法律法規和實務做法的理解等要素，因此我們將土地增值稅的計提識別為 貴集團關鍵審計事項。</p>	<p>Our audit procedures to assess the provision for LAT in Mainland China included the following: 我們評估中國內地土地增值稅撥備採取的審核程序包括：</p> <ul style="list-style-type: none"> • assessing the design, implementation and operating effectiveness of management's key internal controls over the calculation of the estimated LAT provisions; • 評估管理層關於計算估計土地增值稅撥備的關鍵內部控制的設計、實施和運營有效性； • engaging our internal taxation specialists to evaluate the Group's LAT provisions, on a sample basis, as at 31 December 2020 which involved challenging management's assumptions and judgements based on our experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax bureaus; • 聘請內部稅務專家評估 貴集團於2020年12月31日的土地增值稅撥備，包括根據我們的經驗、知識和對各地方稅務局應用相關稅法常規的理解，對管理層的假設和判斷提出質疑； • evaluating management's assumptions and judgements based on our assessment of the value of the estimated sales of properties and the deductible expenditure; and • 根據我們對物業估計銷售價值和可扣除開支的評估，質疑管理層的假設及判斷；及 • re-calculating the provision for LAT of the Group and comparing our calculations with the amounts recorded by the Group. • 重新計算 貴集團的土地增值稅撥備，並將我們的計算與 貴集團記錄的金額進行比較。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

合併財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審核，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審核過程中所瞭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。在這方面，我們沒有任何報告。

董事就合併財務報表須承擔的責任

董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港《公司條例》的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併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。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核合併財務報表承擔的責任

我們的目標，是對合併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。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審核準則》進行的審核，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合併財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審核準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，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。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。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合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對合併財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

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 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核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，為消除威脅所採取的措施以及相關的防範措施。

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 Wong Chun Pong.

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審核最為重要，因而構成關鍵審核事項。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核項目合夥人是黃振邦。

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 March 2021

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓
2021年3月29日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue	收入	3	3,737,158	1,583,308
Cost of sales	銷售成本		(2,450,425)	(1,010,428)
Gross profit	毛利		1,286,733	572,880
Other income	其他收入	4	47,187	203,689
Selling and distribution costs	銷售和分銷成本		(115,423)	(116,374)
Administrative expenses	行政開支		(398,640)	(520,524)
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	5(c)	(28,109)	(21,258)
Profit from operations before fair value change on investment properties	投資物業公允值變動前經營利潤		791,748	118,413
Fair value gain/(loss) on investment properties	投資物業公允值收益/(虧損)	11	172,315	(77,454)
Profit from operation after fair value change on investment properties	投資物業公允值變動後經營利潤		964,063	40,959
Share of loss of an associate	分佔聯營企業虧損	14	-	(1,253)
Share of losses of joint ventures	分佔合營企業虧損	15	(241)	(3,507)
Finance income	財務收入	5(a)	38,849	47,781
Finance costs	融資成本	5(a)	(276,788)	(228,341)
Profit/(loss) before taxation	除稅前利潤/(虧損)	5	725,883	(144,361)
Income tax	所得稅	6(a)	(369,610)	(132,924)
Profit/(loss) for the year	年內利潤/(虧損)		356,273	(277,285)
Attributable to:	以下各方應佔：			
Equity shareholders of the Company	本公司權益股東		360,696	(271,221)
Non-controlling interests	非控股權益		(4,423)	(6,064)
Profit/(loss) for the year	年內利潤/(虧損)		356,273	(277,285)
Earnings/(loss) per share	每股盈利/(虧損)			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	9	8.4	(6.8)

The notes on pages 98 to 238 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 37(b).

第98至238頁所載附註屬於該等財務報表的一部分。本年度應付本公司權益股東股息的詳情載於附註37(b)。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合併損益及其他全面收入表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Profit/(loss) for the year	年內利潤／(虧損)	356,273	(277,285)
Other comprehensive income for the year (after tax and reclassification adjustments)	年內其他全面收入 (經稅項及重新分類調整後)		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的 項目：		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	換算中國境外子公司的 財務報表的匯兌差額	82,021	(33,955)
Other comprehensive income for the year	年內其他全面收入	82,021	(33,955)
Total comprehensive income for the year	年內全面收入總額	438,294	(311,240)
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司權益股東	442,717	(305,176)
Non-controlling interests	非控股權益	(4,423)	(6,064)
Total comprehensive income for the year	年內全面收入總額	438,294	(311,240)

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2020
於2020年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2020	2019
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	397,280	422,442
Investment properties	投資物業	11	3,144,270	2,584,100
Intangible assets	無形資產	12	16,098	16,497
Goodwill	商譽	13	2,252	2,252
Interest in an associate	於聯營企業權益	14	-	-
Interest in joint ventures	於合營企業權益	15	131,583	134,783
Deferred tax assets	遞延稅項資產	16(b)	215,325	169,345
Finance lease receivable	融資租賃應收款項	18	8,210	15,692
Other non-current assets	其他非流動資產	19	337,888	404,818
			4,252,906	3,749,929
Current assets	流動資產			
Inventories and other contract costs	存貨及其他合約成本	20	9,369,347	7,383,731
Other financial assets	其他金融資產	21	9,000	11,140
Trade and other receivables	貿易及其他應收款項	22	2,849,403	1,361,689
Prepaid tax	預付稅項	16(a)	144,949	165,086
Pledged and restricted cash	已抵押及受限制現金	23	568,161	606,043
Cash and cash equivalents	現金及現金等值物	24	1,783,235	1,571,204
			14,724,095	11,098,893
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	25	5,450,950	2,367,860
Contract liabilities	合約負債	26	1,971,295	2,989,327
Bank loans and other borrowings	銀行貸款及其他借貸	27	481,029	505,462
Senior notes	優先票據	28	1,820,524	314,220
Corporate bonds	公司債券	29	-	259,700
Amounts due to controlling shareholders	應付控股股東款項	30	867,000	-
Lease liabilities	租賃負債	31	10,562	8,972
Current tax liabilities	即期稅項負債	16(a)	736,413	695,220
Deferred income	遞延收入	32	349,119	479,160
Other current liabilities	其他流動負債	33	300,000	-
			11,986,892	7,619,921
Net current assets	流動資產淨值		2,737,203	3,478,972
Total assets less current liabilities	總資產減流動負債		6,990,109	7,228,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2020
於2020年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2020	2019
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	27	829,230	728,221
Senior notes	優先票據	28	–	1,338,799
Lease liabilities	租賃負債	31	29,546	33,112
Deferred tax liabilities	遞延稅項負債	16(b)	194,636	108,924
Other financial liabilities	其他金融負債	34	78,333	70,838
			1,131,745	2,279,894
NET ASSETS	資產淨值		5,858,364	4,949,007
Capital and reserves	股本及儲備	37		
Share capital	股本		36,598	31,825
Reserves	儲備		5,555,799	4,900,927
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		5,592,397	4,932,752
Non-controlling interests	非控股權益		265,967	16,255
TOTAL EQUITY	權益總額		5,858,364	4,949,007

Approved and authorised for issue by the board of directors on 29 March 2021.

於2021年3月29日獲董事會批准及授權刊發。

Zeng Yunshu
曾雲樞
Executive Director
and Co-chairman
執行董事兼聯席主席

Yang Sanming
楊三明
Executive Director
and Chief Executive Officer
執行董事兼首席執行官

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve- transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	權益的交易儲備-與非控股權益	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2019	於2019年1月1日的結餘	31,825	978,266	542,036	1,435,617	(62,466)	-	120	(14,273)	2,326,803	5,237,928	40,063	5,277,991
Changes in equity for 2019	2019年權益變動												
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(271,221)	(271,221)	(6,064)	(277,285)
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(33,955)	-	(33,955)	-	(33,955)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(33,955)	(271,221)	(305,176)	(6,064)	(311,240)
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	3,800	3,800
Dividends declared to non-controlling interests	宣派予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	37(d)(ii)	-	29,570	-	-	-	-	-	(29,570)	-	-	-
Disposal of subsidiaries	出售子公司	-	-	-	-	-	-	-	-	-	-	(18,544)	(18,544)
Balance at 31 December 2019	於2019年12月31日的結餘	31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔												
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve-transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity	
		股本	股份溢價	中國法定儲備	資本儲備	儲備-與非控股權益的交易	以權益結算儲備-以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額	
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Balance at 1 January 2020	於2020年1月1日的結餘	31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007	
Changes in equity for 2020	2020年權益變動													
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	360,696	360,696	(4,423)	356,273	
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	82,021	-	82,021	-	82,021	
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	82,021	360,696	442,717	(4,423)	438,294	
Shares issued	股份發行	37(a)	4,773	210,010	-	-	-	-	-	-	214,783	-	214,783	
Equity settled share-based transactions	以權益結算的股份交易	36	-	-	-	-	8,666	-	-	-	8,666	-	8,666	
Acquisitions of subsidiaries	收購子公司	24(e)	-	-	-	-	-	-	-	-	-	240,614	240,614	
Capital injection by a non-controlling interest	非控股權益注資		-	-	-	-	-	-	-	-	-	24,500	24,500	
Acquisition of additional interest in a subsidiary from a non-controlling interest	自非控股權益購入現有附屬公司的額外權益		-	-	-	(6,521)	-	-	-	-	(6,521)	1,521	(5,000)	
Dividends declared to non-controlling interests	宣派予非控股權益的股息		-	-	-	-	-	-	-	-	-	(12,500)	(12,500)	
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	37(d)(ii)	-	-	48,356	-	-	-	-	(48,356)	-	-	-	
Balance at 31 December 2020	於2020年12月31日的結餘		36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note	2020	2019
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Operating activities	經營活動			
Cash generated from operations	經營業務所得現金	24(b)	832,389	898,157
PRC tax paid	已付中國稅項		(245,880)	(365,398)
Net cash generated from operating activities	經營活動所得現金淨額		586,509	532,759
Investing activities	投資活動			
Net cash outflow for acquisitions of subsidiaries	收購子公司的淨現金流出	24(e)	(494,112)	–
Repayment of advances from third parties owed by the acquired subsidiaries	償還被收購公司第三方墊款		(625,220)	–
Payment for loans to third parties	支付第三方借款		(871,914)	–
Proceeds from repayment of loans to third parties	收到第三方貸款還款		555,197	–
Proceeds from disposal of other financial assets	出售其他金融資產所得款項		40,009	361,828
Payment for purchase of other financial assets	購買其他金融資產付款		(36,876)	(437,446)
Proceed from disposal of investment properties	出售投資物業所得款項		25,552	43,731
Interest received	已收利息		29,276	34,970
Payment for purchase of property, plant and equipment	購買物業、廠房及設備付款		(7,131)	(15,748)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		4,366	4,282
Payment for purchase of intangible assets	購買無形資產付款		(1,562)	(1,081)
Net proceeds from repayment of prepayment for investments	償還預付投資成本所得款項淨額		–	149,048
Net cash inflow from disposal of subsidiaries	出售子公司所得淨現金流入		–	259,477
Capital injection in joint ventures	向合營企業注資		–	(6,000)
Net cash (used in)/generated from investing activities	投資活動(使用)/產生的現金淨額		(1,382,415)	393,061

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

			2020	2019
	Note		RMB'000	RMB'000
	附註		人民幣千元	人民幣千元
Financing activities		融資活動		
Proceeds from new bank loans and other borrowings		新增銀行貸款及其他借貸所得款項		
	24(c)		641,000	609,940
Repayment of bank loans and other borrowings		償還銀行貸款及其他借貸		
	24(c)		(564,424)	(643,168)
Advances from controlling shareholders		控股股東墊款		
	24(c)		867,000	-
Proceed from discounted bills		已貼現票據所得		
	24(c)		300,000	-
Advances from non-controlling interests		非控股股東墊款		
	24(c)		86,866	-
Repayment of advances from non-controlling interests		償還非控股股東墊款		
	24(c)		(92,064)	-
Advances from third parties		第三方墊款		
	24(c)		98,528	-
Repayment of advances from third parties		償還第三方墊款		
	24(c)		(113,830)	-
Proceeds from parking lots financing arrangements		車位融資安排所得		
	24(c)		77,075	-
Repayment of corporate bonds		償還公司債券		
	24(c)		(260,000)	(3,022)
Repayment of senior notes		償還優先票據		
	24(c)		(323,254)	(425,274)
Proceeds from the issuance of shares		發行股份所得		
			214,783	-
Net proceeds from the issuance of senior notes		發行優先票據所得款項淨額		
	24(c)		601,219	566,084
Interest and other borrowing costs paid		已付利息及其他借貸成本		
	24(c)		(412,661)	(326,817)
Payment for pledged deposits and restricted cash		支付抵押存款及受限制現金		
			(300,000)	(225,423)
Proceeds from repayment of pledged deposits and restricted cash		償還抵押存款及受限制現金所得		
			207,340	5,820
Deposits for financial liabilities		金融負債存款		
			-	(29,021)
Payment for acquisition of additional interest held by a non-controlling interest		支付自非控制股權收購的權益		
			(5,000)	-
Distribution to a non-controlling interest		已付非控股股東股息		
			(12,500)	(3,000)
Capital injection by a non-controlling interest to a subsidiary		非控股權益對子公司注資		
			24,500	3,800
Capital element of lease rentals paid		已付租賃租金的資本部分		
	24(c)		(5,554)	(6,522)
Interest element of lease rentals paid		已付租賃租金的利息部分		
	24(c)		(4,158)	(3,934)
Net cash generated from/(used in) financing activities		融資活動產生/(使用)的現金淨額		
			1,024,866	(480,537)
Net increase in cash and cash equivalents		現金及現金等值物增加淨額		
			228,960	445,283
Cash and cash equivalents at 1 January		於1月1日的現金及現金等值物		
	24		1,571,204	1,123,145
Effect of foreign exchange rate changes		外匯匯率變動的影響		
			(16,929)	2,776
Cash and cash equivalents at 31 December		於12月31日的現金及現金等值物		
	24		1,783,235	1,571,204

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate and joint ventures.

These financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures (see note 1(g));

1 重大會計政策

(a) 合規聲明

此等財務報表已根據國際會計準則理事會(「國際會計準則理事會」)所頒佈之所有適用國際財務報告準則(「國際財務報告準則」)(此統稱包括所有適用的個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)及香港公司條例披露規定編製。此等財務報表亦符合香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)之適用披露規定。本集團所採納的重大會計政策載於下文。

國際會計準則理事會已頒佈若干新訂及經修訂的國際財務報告準則，該等準則於本集團及本公司當前會計期間首次生效或可提早採納。附註1(c)載列在與該等財務報表所呈列與本集團當前及過往會計期間有關的範圍內，因首次採用該等變更而導致會計政策任何變更的資料。

(b) 財務報表的編製基準

截至2020年12月31日止年度的合併財務報表涵蓋本公司及其各子公司(統稱「本集團」)及本集團於聯營企業和合營企業之權益。

該等財務報表以人民幣呈列，約整至最接近千元計算。按下文會計政策所述，編製財務報表時以歷史成本作為計量基準，惟以下資產及負債按公允值列賬：

- 除投資於附屬公司、聯營公司及合營公司外的權益投資(附註1(g))；

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

- other investments in debt and equity securities and amounts due from an associate (non-current) (see note 1(g));
- derivative financial instruments (see note 1(h));
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(i)); and
- other financial liabilities (see note 1(v)(ii)).

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(z)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

- 其他債務和權益證券投資以及應收聯營公司款項(非流動)(附註1(g))；
- 衍生金融工具(附註1(h))；
- 投資物業，包括本集團作為物業權益的註冊擁有人租賃的持作投資物業的土地和建築物的權益(附註1(i))；及
- 其他金融負債(附註1(v)(ii))。

持作待售的非流動資產按賬面值與公允減值減出售成本之較低者列賬(見附註1(z))。

管理層在編製符合國際財務報告準則的財務報表時，須作出對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。估計及相關假設根據過往經驗及於所有情況下視為合理的多種其他因素作出，其結果成為管理層在無法依循其他途徑即時得知資產及負債的賬面值時作出判斷的依據。實際結果可能有別於該等估計。

管理層持續審核該等估計及相關假設。倘會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂會在該期間內予以確認；倘該項修訂對當前及未來期間均有影響，則在作出修訂的期間及未來期間均予以確認。

管理層在採用國際財務報告準則時所作出對財務報表有重大影響之判斷及估計不確定因素之主要來源於附註2討論。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, *COVID-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1 重大會計政策(續)

(c) 會計政策的變動

國際會計準則理事會已頒佈國際財務報告準則若干修訂。這些修訂在本集團的本會計期間首次生效：

- 國際財務報告準則第3號修正「對商業的定義」
- 國際財務報告準則第9號、第39號及第7號「利率基準改革」
- 對國際財務報告準則第1號及第8號的修正「對重要性的定義」

以上國際財務報告準則新修訂本均未對財務報告編製及列報本集團本期或以前期間的業績和財務狀況產生重大影響。本集團未採用任何在本期會計期間尚未生效的新準則或解釋，但國際財務報告準則第16號(修訂本)，*新冠肺炎相關租金減免*除外，該修訂本提供了簡化的實務處理方法，允許承租人選擇不對某些由於新冠肺炎疫情直接影響產生的符合條件的租金減免是否屬於租賃變更進行評估，取而代之的是，允許其採用與非租賃變更的租金變化相同的會計處理方法。

(d) 子公司及非控股權益

子公司是由本集團控制的實體。倘本集團因參與一家公司的業務而可或有權獲得可變回報，且能藉對該公司行使權力而影響該等回報時，則視為本集團對該公司擁有控制權。評估本集團是否有權力時，僅考慮本集團及其他各方持有的實質權利。

於子公司的投資自控制權開始日期起至控制權終止日期止計入合併財務報表。集團內公司間的結餘、交易及現金流量以及集團內公司間交易所產生的任何未變現利潤，在編製合併財務報表時均全數抵銷。集團內公司間交易所產生的未變現虧損則僅在並無出現減值跡象的情況下以與抵銷未變現收益相同的方法予以抵銷。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (see note 1(e)).

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

非控股權益指本公司並非直接或間接應佔的子公司權益，且本集團並未同意與該等權益持有人增訂條款而導致本集團整體須就該等權益符合金融負債定義承擔合約責任。對各業務合併而言，本集團可選擇以公允值或按非控股權益所佔子公司可識別資產淨值的比例計量任何非控股權益。

非控股權益於合併財務狀況表的權益內與本公司權益股東應佔權益分開呈列。本集團業績的非控股權益在合併損益表及合併損益及其他全面收入表賬面呈列為年內損益總額及全面收入總額在非控股權益與本公司權益股東之間的分配。非控股權益持有人的貸款及對該等持有人所負的其他合約責任視乎負債性質，根據附註1(q)或(r)於合併財務狀況表中呈列為金融負債。

倘本集團於子公司的權益變動並未導致失去控制權，則入賬列作股權交易，而合併權益內控股及非控股權益的金額會就此作出調整，以反映相關權益的變動，但商譽不會作出調整且不會確認損益。

當本集團失去對一間子公司的控制權，則入賬列作出售該子公司的全部權益，因此產生的收益或虧損會於損益確認。於失去控制權之日在該前子公司保留的任何權益按公允值確認，且有關金額視為初步確認金融資產時的公允值(見附註1(g))，或(如適用)初步確認於聯營企業及合營企業投資時的成本(見附註1(e))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

在本公司的財務狀況表內，於子公司的投資按成本減減值虧損列賬(見附註1(m))。

(e) 聯營企業及合營企業

聯營企業是指集團或公司對其管理層(包括參與財務和經營政策決策)有重大影響力，但不包括控制權或共同控制權的實體。

合營企業是一項安排，據此，本集團或本公司與其他方在合約上協定分享此項安排的控制權，並有權擁有其淨資產。

於聯營企業或合營企業的投資以權益法於合併財務報表入賬。根據權益法，投資初步按成本列賬，其後就本集團應佔該被投資公司的可識別資產淨值的收購日期公允值超出投資成本的任何部分(如有)作出調整。投資成本包括購買價、收購投資直接應佔的其他成本及構成本集團股權投資一部份的於聯營企業或合營企業的任何直接投資。其後，就本集團應佔該被投資公司的資產淨值的收購後變動及與投資相關的任何減值虧損(見附註1(f)及(m)(iii))作出調整。收購日期超出成本的任何部分、本集團年內應佔被投資公司的收購後稅後業績及任何減值虧損於合併損益表內確認，而本集團應佔被投資公司的其他全面收入的收購後稅後項目則於合併損益及其他全面收入表內確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

1 重大會計政策(續)

(e) 聯營企業及合營企業(續)

當本集團應佔一間聯營企業或合營企業的虧損超出其於該企業的權益時，本集團的權益扣減至零並會終止確認進一步虧損，但本集團產生法定或推定責任或代表被投資公司付款則除外。就此而言，本集團的權益為以權益法入賬的投資賬面值，連同實質上屬本集團於聯營企業或合營企業投資淨額一部分的長期權益(於將預期信用損失模型應用於此等其他長期權益後(如有)，見附註1(m)(i))。

本集團與聯營企業及合營企業進行交易產生的未變現利潤及虧損將以本集團於被投資公司的權益為限予以對銷，除非該未變現虧損證明已轉讓資產出現減值，在此情況下，則即時於損益內確認相關虧損。

倘於一家聯營企業的投資成為於一家合營企業的投資(反之亦然)，則保留權益不會重新計量。而是該投資繼續按權益法進行入賬。

在所有其他情況下，當本集團不再對聯營企業有重大影響或對合營企業擁有共同控制權時，則按出售於被投資公司的全部權益入賬，所產生之收益或虧損於損益中確認。任何於喪失重大影響或共同控制權當日在前被投資公司保留的權益按公允值確認及該金額被視為於初步確認金融資產的公允值(見附註1(g))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(m)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 38(f). These investments are subsequently accounted for as follows, depending on their classification.

1 重大會計政策(續)

(f) 商譽

商譽指(i)超過(ii)的差額：

- (i) 所轉讓對價的公允值、於被收購公司的任何非控股權益金額及本集團先前於被收購公司持有的股本權益公允值的總和；
- (ii) 被收購公司的可識別資產及負債於收購當日計量的公允淨值。

當(ii)較(i)為大，則該超出數額即時在損益表內確認為議價收購的收益。

商譽按成本減累計減值虧損列賬。來自業務合併的商譽將分配至預期可受惠於合併協同效益的現金產生單位或現金產生單位組合，並會每年進行減值測試(見附註1(m)(iii))。

年內出售現金產生單位時，已將所購入商譽的任何應佔金額計入出售損益內。

(g) 其他債務和權益證券投資

本集團對債務和權益證券投資(除對子公司、聯營企業及合營企業的投資外)政策載列如下。

債務和權益證券投資於本公司承諾購買/出售該投資之日予以確認/終止確認。該等投資初始按公允值加直接應佔交易成本列賬，惟按公允值計量且其變動計入當期損益的有關投資除外，有關本集團如何釐定金融工具公允值的解釋，請參閱附註38(f)。該等投資(視乎分類)隨後按下列方式列賬。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(w)(vi)).
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(i) 權益投資以外的投資

本集團持有的非權益投資分類為下列計量類別之一：

- 攤銷成本，倘持有投資的目的為收取合約現金流量，即純粹為獲得本金及利息付款。投資所得利息收入乃使用實際利率法計算(見附註1(w)(vi))。
- 通過按公允值計量且其變動計入其他全面收益(可劃轉)，倘該投資的合約現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合約現金流量及出售來實現。公允值變動計入其他全面收益，但預計信用損失的損益、利息收入(採用實際利率法計算)和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他全面收入中累計的金額將從權益轉回至損益。
- 倘投資不符合按攤銷成本計量或按公允值計入其他全面收入(可劃轉)的標準則按公允值計量且其變動計入當期損益。投資的公允值變動(包括利息)於損益確認。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(v).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(ii) 權益投資

權益證券投資分類為按公允值計量且其變動計入當期損益的金融資產，除非權益投資並非持作買賣用途，且於初次確認投資時，本集團不可撤銷地選擇指定投資為按公允值計入其他全面收入(不可劃轉)，以致公允值的後續變動於其他全面收入確認。有關選擇以個別工具為基準作出，惟僅會在發行人認為投資符合股本的定義的情況下作出。作出有關選擇後，於其他全面收入內累計的金額仍將保留在公允值儲備(不可劃轉)內直至投資出售為止。出售時，於公允值儲備(不可劃轉)內累計的金額轉撥至保留盈利，且不會劃轉至損益。股本證券投資的股息(不論分類為按公允值計量且其變動計入當期損益或按公允值計入其他全面收入)根據附註1(w)(v)所載政策於損益內確認為其他收入。

(h) 衍生金融工具

衍生金融工具按公允值確認，於各報告期末重新計量公允值。重新計量公允值的收益或虧損即時於損益確認。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(l)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(l).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)(iii)).

- interest in leasehold land and buildings where the Group is the registered owner of the property interest (see note 1(l)).
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

1 重大會計政策(續)

(i) 投資物業

投資物業是指為賺取租金收入及／或為資本增值而以租賃權益(見附註1(l))擁有或持有的土地及／或建築物，當中包括就當前尚未確定未來用途持有的土地及正在建造或開發以供日後用作投資物業的物業。

投資物業按公允值列賬，除非於報告期末仍在建造或開發且不能可靠確定公允值。投資物業公允值的變動，或報廢或處置投資物業所產生的任何收益或虧損均於損益中確認。投資物業的租金收入按照附註1(w)(ii)所述方式入賬。

於比較期間，當本集團以經營租賃持有物業權益並利用該物業賺取租金收入及／或為資本增值，本集團可選擇按每項物業的基準將該等權益分類並入賬為投資物業。任何此等已分類為投資物業的物業權益的入賬方式猶如根據融資租賃所持有的權益(見附註1(l))，而其適用的會計政策亦與根據融資租賃所租賃的其他投資物業相同。租賃付款按附註1(l)所述入賬。

(j) 物業、廠房及設備

以下物業、廠房及設備項目按成本減累計折舊及減值虧損(見附註1(m)(iii))列賬。

- 於本集團作為物業權益的註冊擁有人租賃的土地和建築物中的權益(見附註1(l))。
- 本集團並非作為物業權益的註冊擁有人租賃物業相關的租賃所產生的使用權資產。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment (Cont'd)

The cost of self-constructed items of property, plant and equipment includes the cost materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

		Years	Estimated residual value as a percentage of costs
		年期	估計剩餘價值佔成本百分比
Ownership interests in land and buildings	土地和建築物的所有權權益	20-40	0%
Motor vehicles	汽車	4	5%
Office equipment	辦公設備	3-5	5%
Other properties leased	其他租賃物業	2-8	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 重大會計政策(續)

(j) 物業、廠房及設備(續)

自建物業、廠房及設備項目的成本包括材料成本、直接勞工成本以及拆卸及搬遷項目與恢復項目所在地原貌的初步估計成本(如有關)及適當比例的間接生產成本及借貸成本(見附註1(y))。

當在建工程可作擬定用途時，轉為物業、廠房及設備。在建工程不計提折舊。

報廢或出售物業、廠房及設備項目所產生的收益或虧損按出售所得款項淨額與該項目賬面值的差額釐定，並於報廢或出售當日的合併損益表確認。

折舊是採用直線法按估計可使用年期撇銷物業、廠房及設備項目的成本並扣除其估計剩餘價值(如有)計算，詳情如下：

倘物業、廠房及設備項目各部分的可使用年期不同，該項目的成本按合理基準於各部分之間分配，且各部分單獨折舊。資產的可使用年期及其剩餘價值(如有)均每年進行審閱。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

Software	5–10 years
Franchises granted	15 years

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

1 重大會計政策(續)

(k) 無形資產(商譽除外)

本集團所收購的無形資產以成本減累計攤銷(當估計可使用年期有限時)及減值虧損(見附註1(m)(iii))列賬。

具有有限可使用年期的無形資產攤銷按資產估計可使用年期於損益內以直線法攤銷。以下具有有限可使用年期的無形資產於其可供使用當日起攤銷，其估計/合約可使用年期如下：

軟件	5–10年
特許經營權	15年

攤銷期間及方法均每年進行審核。

(l) 租賃資產

在合同開始時，本集團評估合同是否為或包含租賃。如果合同轉讓了在一項時間內對已確認資產的使用進行控制的權利以換取對價，則合同即為或包含租賃。當客戶既有權指導使用已確認資產，又有權從該使用中獲得實質上所有的經濟利益時，控制權即被轉移。

(i) 作為承租人

若合約同時包含租賃組成部分和非租賃組成部分，本集團選擇不拆分非租賃組成部分，而將各個租賃組成部分和與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

本集團於租賃開始日確認使用權資產和租賃負債，惟租賃期為12個月或以下的短期租賃及低價值資產租賃(就本集團而言，主要為筆記本電腦及辦公家具)除外。當本集團就一項低價值資產訂立了一項租賃安排，本集團以每一項租賃為基礎決定是否將該租賃予以資本化。與未進行資本化的租賃相關的租賃付款額於整個租賃期內系統地確認為費用。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m)(iii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(i); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(n).

1 重大會計政策(續)

(l) 租賃資產(續)

(i) 作為承租人(續)

若租賃被資本化，租賃負債按照租賃期內的應付租賃付款額按租賃內含利率(若租賃內含利率無法直接確定，則使用相關的增量借款利率)折現後的現值進行初始確認。初始確認後，租賃負債按攤餘成本計量，並採用實際利率法計算利息費用。不取決於指數或比率的可變租賃付款額不納入租賃負債的計量，因此在其發生的會計期間內在損益中列支。

在租賃被予以資本化時確認的使用權資產按成本初始計量。使用權資產的成本包括租賃負債的初始金額，加上在租賃期開始日或之前支付的租賃付款額以及已發生的初始直接費用。在適用情況下，使用權資產的成本還包括拆卸及移除標的資產、復原標的資產或其所在場所估計將發生的成本折現後的現值，減去收到的租賃激勵。使用權資產後續按成本減去累計折舊和減值損失後的金額列賬(見附註1(j)和1(m)(iii))，惟以下類別的使用權資產除外：

- 符合投資物業定義的使用權資產按照附註1(i)以公允價值計量；以及
- 與作為存貨持有的租賃土地權益相關的使用權資產根據附註1(n)以成本與可變現淨值兩者中的較低額列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

倘指數或比率變化導致未來租賃付款額發生變動，或者本集團根據餘值擔保估計的應付金額發生變動，或者對於本集團是否合理確定將行使購買、續租或終止租賃選擇權的重估結果發生變化，則應重新計量租賃負債。倘在這種情況下重新計量租賃負債，應對使用權資產的賬面值作出相應調整；倘使用權資產的賬面值已減至零，則將相關調整計入損益。

當租賃範圍或租賃對價發生變化(「租賃變更」)，且未作為單獨租賃入帳，則租賃負債也應重新計量。在這種情況下，根據修改後的租賃付款和租賃期限，使用修改生效日的修改後貼現率重新計量租賃負債。唯一例外情況為由於新冠肺炎疫情的直接後果而產生的、符合國際財務報告準則第16號第46B段規定的條件的任何租金優惠，該情況為本集團利用了國際財務報告準則第16號第46A段中規定的簡化的實務處理辦法，將對價變動視為非租賃變更。

在合併財務狀況表中，長期租賃負債的流動部分被確定為應在報告期後十二個月內結算的合同付款的現值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(w)(iv).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

1 重大會計政策(續)

(I) 租賃資產(續)

(ii) 作為出租人

本集團作為出租人時，本集團會於租賃開始日確定各項租賃是融資租賃還是經營租賃。倘租賃使標的資產所有權相關的絕大部分風險及回報實質上轉移至承租人，則此項租賃分類為融資租賃。否則，該租賃被劃歸為經營租賃。

如果合約包含租賃部分和非租賃部分時，本集團根據相對獨立銷售價格基準，將合約的對價分攤至各租賃組成部分。經營租賃的租金收入根據附註1(w)(iv)確認。

當本集團乃中間出租人時，本集團將根據主租賃產生的使用權資產，將轉租賃分類為融資租賃或經營租賃。如果主租賃屬本集團應用附註1(l)(i)所述確認豁免的短期租賃，則本集團將該轉租賃分類為經營租賃。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including restricted and pledged cash, cash and cash equivalents, trade and other receivables, including loans to the third parties, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Other financial assets measured at fair value, including equity investments measured at FVTPL, amounts due from an associate, wealth management products and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

1 重大會計政策(續)

(m) 信用虧損及資產減值

(i) 金融工具及租賃應收款項的信用虧損

本集團對下列項目確認預期信用虧損的虧損撥備：

- 按攤銷成本計量的金融資產(包括受限制及已抵押現金、現金及現金等值物、貿易及其他應收款項，包括給予第三方的貸款，該貸款旨在收取僅為支付本金和利息所產生的合約現金流量而持有)；及
- 租賃應收款項。

按公允值計量的其他金融資產(包括按公允值計量且其變動計入當期損益計量的權益投資、應收一間聯營企業款項理財產品及衍生金融資產)毋須進行預期信用虧損評估。

預期信用虧損計量

預期信用虧損為信用虧損的概率加權估計。信用虧損是以所有已預計現金短缺的現值計量(例：根據合約，尚欠本集團的現金流量及其集團預計得到的現金流量之間的差異)。

倘貼現影響重大，則預期現金差額將採用以下貼現率貼現：

- 定息金融資產、貿易及其他應收款項：於初步確認時釐定的實際利率或其近似值；
- 浮息金融資產：即期實際利率；及
- 租賃應收款項：計算租賃應收款項所用貼現率。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs (Cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to lifetime ECLs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量(續)

估計預期信用虧損時所考慮的最長期間為本集團面對信用風險的最長合約期間。

於計量預期信用虧損時，本集團會考慮在毋需付出過多成本及努力下即可獲得的合理可靠資料。此項包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

預期信用虧損將採用以下基準計量：

- 12個月預期信用虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個有效期的預期信用虧損：指預期信用虧損模型適用項目的預計年期內所有可能違約事件而導致的預期虧損。

貿易應收款項及租賃應收款項的虧損撥備一般按等同於整個有效期的預期信用虧損的金額計量。於報告日期，該等金融資產的預期信用虧損乃根據本集團的歷史信用虧損經驗使用提列矩陣進行評估，根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相當於整個有效期的預期信用虧損的金額計量。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising investments (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升

評估金融工具(包括貸款承擔)的信用風險自初始確認以來有否大幅上升時，本集團會比較於報告日期及於初始確認日期評估的金融工具發生違約的風險。於重新評估時，本集團認為，倘(i)借戶不大可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸債務；或(ii)金融資產已逾期90日，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及在毋需付出過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信用風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信用測評的實際或預期顯著惡化(如適用)；
- 債務人經營業績的實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt investments that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升(續)

取決於金融工具的性质，信用風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信用風險特徵(如逾期狀況及信用風險評級)進行分組。

預期信用虧損於各報告日期進行重新計量以反映金融工具自初步確認以來的信用風險變動。預期信用虧損的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對彼等之賬面值作出相應調整，惟按公平價值計入其他全面收入計量的債務投資(可劃轉)除外，該等投資的虧損撥備乃於其他全面收入確認並於公平價值撥回(可劃轉)中累計。

利息收入的計算基準

根據附註1(w)(vi)利息收入按金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響的事件時，金融資產出現信貸減值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Basis of calculation of interest income (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

利息收入的計算基準(續)

金融資產信用減值的證據包括以下可觀察事件：

- 債務人出現嚴重財務困難；
- 違反合約，如欠繳或拖欠利息或本金付款；
- 借款人很有可能將告破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，對債務人有不利影響；或
- 由於發行人出現財務困難，證券的活躍市場消失。

撇銷政策

若日後實際上不可收回款項，本集團則會撇銷(部分或全部)金融資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益表中確認為減值撥回。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損

財務擔保指要求發行人(即擔保人)支付指定款項以向擔保受益人(「持有人」)賠償因指定債務人未能根據債務工具之條款支付到期款項而導致持有人蒙受損失的合約。

已發出的財務擔保初步於「貿易及其他應付款項」中按公允值確認，而該等公允值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後，參考類似服務的公平交易所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價，該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取，即時開支於損益中確認。

於初始確認後，初始確認為遞延收入的金額於擔保期內按實際利率法於損益中攤銷為已發出財務擔保的收入。

本集團監察特定債務人違約的風險，並當財務擔保的預期信用虧損確定為高於擔保的「貿易及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損(續)

為釐定預期信用虧損，本集團會考慮指定債務人自發出擔保以來的違約風險變動，並會計量12個月的預期信用虧損，惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外，在此情況下，則會計量整個存續期的預期信用虧損。附註1(m)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款，故預期信用虧損乃按預期就補償持有人產生的信用虧損而作出的付款，減本集團預期從擔保持有人（指定債務人或任何其他人士）收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現，並就現金流量的特定風險作出調整。

(iii) 其他非流動資產減值

本集團會在各報告期末審核內部及外界資料，以識別是否有跡象顯示下列資產（除商譽外）可能出現減值或過往確認的減值虧損已不再存在或可能已減少：

- 物業、廠房及設備，包括使用權資產（按重估數額列賬的物業除外）；
- 無形資產；
- 商譽；及
- 在本公司的財務狀況表內對子公司投資。

若存在上述任何跡象，則會估計有關資產的可收回金額。此外，就商譽而言，每年估計可收回金額，不論是否有減值跡象。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

– 計算可收回金額

資產可收回金額為其公允價值減處置成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會使用可反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產所產生現金流入並非基本上獨立於其他資產所產生者，則以能獨立產生現金流入的最小資產組別(即現金產生單位)釐定可收回金額。

– 確認減值虧損

當資產或其所屬現金產生單位的賬面值超過其可收回金額時，減值虧損於損益確認。就現金產生單位確認的減值虧損，會首先分配以減少分配予該現金產生單位(或該組單位)的任何商譽的賬面值，然後按比例減少該單位(或該組單位)內其他資產的賬面值，但資產賬面值不會減至低於其個別的公允價值減處置成本(如可計量)或使用價值(如能釐定)。

– 撥回減值虧損

有關非商譽資產，倘用作釐定可收回金額的估計出現有利變化，則會撥回減值虧損。商譽的減值虧損不會撥回。

減值虧損的撥回僅限於過往年度並未確認減值虧損而應釐定的資產賬面值。所撥回減值虧損在確認撥回的年度計入損益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(n) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– Property development

Cost and net realisable values are determined as follows:

- Leasehold land held for future development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須按國際會計準則第34號中期財務報告編製財政年度首六個月的中期財務報告。本集團於中期期末採用與財政年度年末相同的減值測試、確認及撥回標準(見附註1(m)(i)及(ii))。

於中期期間就商譽確認的減值虧損不會於其後期間撥回(即使在與該中期期間相關的財政年度年末時並無或只有少數減值虧損需要確認的情況下)。

(n) 存貨及其他合約成本

(i) 存貨

存貨是指日常業務過程中持有以作銷售、處在為該等銷售的生產過程中，或在生產過程中或提供服務時耗用的材料或物料形式持有的資產。

存貨以成本值及可變現淨值兩者中的較低者入賬。

– 物業開發

成本及可變現淨額釐定如下：

- 為將來發展而持有以供出售的批租土地

持有待售的批租土地的成本，是指取得土地的成本，以及向有關政府當局支付的溢價(如有的話)。可變現淨值是根據當時的市場狀況，參照管理層的估計確定的。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

- Property development (Cont'd)

- Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

- 物業開發(續)

- 待售在建物業

待售在建物業的成本包括已明確識別的成本，包括於自由保有及租賃土地中的權益的收購成本、發展、物料及供應品總成本、工資及其他直接開支、適當比例之間接費用及資本化借款成本(見附註1(y))。可變現淨值為估計售價減估計完工成本及出售物業所產生的成本後的金額。

- 持作待售已完工物業

持作出售已完工物業的成本包括所有購買成本、轉換成本以及將存貨運往現時位置及達至現狀所產生的其他成本。

倘已完工物業由本集團發展及包括多個單獨出售的單位，則每個單位的成本按該發展項目的發展總成本根據每平方呎基準分配至每個單位而釐定，除非另有基準較能反映指定單位的成本。可變現淨值為估計售價減為售出物業而產生的成本後的金額。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Other inventories

Other inventories mainly include low-value consumption goods and goods for sale. They are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 其他存貨

其他存貨主要包括低值易耗品及待售品。其他存貨按成本及可變現淨值兩者中的較低者入賬。

成本利用加權平均成本公式計算，並包括所有購買成本、轉換成本以及將存貨運至目前地點及使其達到現狀所產生的其他成本。

可變現淨值為一般業務過程中的估計售價減竣工的估計成本及銷售所需的估計成本。

存貨一經出售，其賬面值在相應收入的確認期間內確認為開支。

將任何存貨撇減至可變現淨值的金額及所有存貨虧損於撇減或虧損發生期內確認為開支。存貨的任何撇減撥回金額在出現撥回期間確認為已確認開支的存貨扣減。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(n)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g. an incremental sales commission). Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(ii) 其他合約成本

其他合約成本是取得客戶合約的增量成本或履行客戶合約的成本，其並無撥充資本為存貨(見附註1(n)(i))。

取得合約的增量成本為本集團就取得客戶合約而產生，倘未能取得合約則不會產生的成本(例如增量銷售佣金)。倘有關收益的成本將在未來報告期內確認，而成本預期可收回，取得合約的增量成本於產生時會撥充資本。取得合約的其他成本在產生時支出。

倘履行合約的成本與現有合約或可識別的預期合約直接有關；產生或提升將於未來用於提供產品或服務的資源；並預期可收回，則會撥充資本。與現有合約或可識別的預期合約直接有關的成本可能包括直接勞工、直接材料、成本分配、明確向客人收取的成本及僅由於本集團訂立合約而產生的其他成本(例如向分包商支付款項)。其他履行客戶合約的成本(其並無撥充資本為存貨或物業、廠房及設備或無形資產)在產生時支銷。

撥充資本的合約成本按成本減累計攤銷及減值虧損列賬。倘合約成本資產賬面值超過(i)本集團預期收取以交換有關該資產的產品或服務的餘下代價金額，減(ii)任何直接有關提供該等產品或服務，而未確認為開支的成本的淨額，則會確認減值虧損。

當與資產有關的收益獲確認時，撥充資本的合約成本攤銷將自損益扣除。收益確認的會計政策載於附註1(w)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Contracts liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 重大會計政策(續)

(o) 合約負債

合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利，則合約負債亦將予以確認。於此情況下，相應的應收款項亦將予以確認(見附註1(p))。

合約計及重大融資成分時，合約結餘計入按實際利率法累計的利息(見附註1(w))。

(p) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收益於本集團擁有無條件權利收取代價前已予確認，則該金額呈列為合約資產。

應收款項以實際利率法減信用虧損撥備按攤銷成本列賬(見附註1(m)(i))。

(q) 計息借貸

計息借貸初步按公允值減應佔交易成本計量。出售確認後，計息借款採用實際利率法按攤銷成本列賬。利息開支根據本集團借款成本的會計政策予以確認(見附註1(y))。

(r) 貿易及其他應付款項

貿易及其他應付款項初步按公允值確認。貿易及其他應付款項其後按攤銷成本列賬，除非貼現影響並不重大，在此情況下，則按成本入賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(m)(i).

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligation for contributions to defined contribution retirement plans pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in properties for sale not yet recognised as an expense.

(ii) Equity settled share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity settled share-based payment reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

1 重大會計政策(續)

(s) 現金及現金等值物

現金及現金等值物包括銀行存款及現金、存放於銀行及其他金融機構的活期存款，以及短期且流動性極高的投資，該等投資可隨時變現為已知現金數額及無重大價值轉變的風險，於購入後三個月內到期。現金及現金等值物的預計信用虧損乃根據附註1(m)(i)所載的政策進行評估。

(t) 僱員福利

(i) 短期僱員福利及定額供款退休計劃供款

薪金、年度獎金、帶薪年假、定額供款退休計劃及非貨幣福利的成本已於僱員提供合營企業服務的年度內計提。若延遲付款或結算及其影響屬重大，該等款項將按現值入賬。

除已計入待售物業而尚未確認為支出者外，根據中華人民共和國(「中國」)相關勞動法規及規例向定額供款退休計劃作出供款的責任在產生時於損益確認為支出。

(ii) 以權益結算以股份為基礎的付款

向僱員所授購股權的公允值確認為僱員成本，並於權益的以權益結算以股份為基礎的付款儲備作出相應增加。公允值是於授出日期使用二項式期權定價模式並計及所授出購股權的條款及條件計量。倘僱員須在無條件享有購股權前符合歸屬條件，則購股權的估計公允值總額經考慮購股權的歸屬可能性後於歸屬期內攤分。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Employee benefits (Cont'd)

(ii) Equity settled share-based payment (Cont'd)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity settled share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the equity settled share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the equity settled share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 重大會計政策(續)

(t) 僱員福利(續)

(ii) 以權益結算以股份為基礎的付款(續)

歸屬期內會審閱預期將歸屬的購股權數目。除非原僱員開支合資格確認為資產，否則對過往年內已確認累計公允值所作出的任何調整，均在審閱年度自損益扣除／計入損益，並對以權益結算以股份為基礎的付款儲備作出相應調整。於歸屬日期，會對確認為開支的數額作出調整，以反映所歸屬購股權的實際數目（並對以權益結算以股份為基礎的付款儲備作出相應調整），但僅因未能達成與本公司股份市價有關的歸屬條件而遭失效的購股權則除外。權益金額於以權益結算以股份為基礎的付款儲備確認，直至購股權獲行使（屆時會轉撥至股本溢價）或購股權屆滿（屆時會直接撥入保留利潤）為止。

(u) 所得稅

年度所得稅包括即期稅項及遞延稅項資產與負債變動。即期稅項及遞延稅項資產與負債變動均在損益確認，但倘該等項目與於其他全面收入表或直接於權益確認的項目有關，則有關稅項分別於其他全面收入表或直接於權益確認。

當期所得稅是本年度應納稅所得額的預期應納稅額，使用報告期末頒佈或實質頒佈的稅率，以及對以前年度應納稅額的任何調整。

遞延稅項資產及負債分別由可抵扣和應稅暫時差異產生，即財務報告所呈報資產及負債的賬面值與其稅基之間的差異。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 重大會計政策(續)

(u) 所得稅(續)

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅利潤用以抵銷可動用資產時確認。可支持確認源自可扣稅暫時性差額的遞延稅項資產的日後應課稅利潤，包括該等源自撥回現有應課稅暫時性差額者，但該等差額須與相同稅務機關及相同應課稅實體有關，並預期於撥回可扣減暫時性差額的同一期間或源自遞延稅項資產的稅項虧損可撥回或結轉的期間撥回。在評定現有應課稅暫時性差額是否支持確認因未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，並預期於可使用稅項虧損或抵免期間內撥回，則會考慮確認遞延稅項資產。

確認遞延稅項資產及負債的有限例外情況為不可就稅務目的扣減的商譽、不影響會計或應課稅利潤的資產或負債的初步確認(前提是他們不屬於業務合併的一部分)所產生的暫時性差額，以及有關投資子公司的暫時性差額(如屬應課稅差額可以由本集團控制轉回時間，而且在可預見的未來不大可能轉回的差額，或如屬可扣減差額，則僅限於很可能在未來轉回的差額)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

1 重大會計政策(續)

(u) 所得稅(續)

凡投資物業之公允值按附註1(i)所載的會計政策計量，其遞延稅項的確認以用於報告日期之資產出售的賬面值的稅率為準，除非該物業是可折舊的，並存在於某商業模式，其目的是隨著時間的推移消耗實質上附於該物業的所有經濟利益，而不是通過出售。在所有其他情況下，已確認的遞延稅項按預期變現或清償資產及負債賬面值的方式，以報告期末已頒佈或實質已頒佈的稅率計算。遞延稅項資產及負債並未貼現。

遞延稅項資產的賬面值會於各報告期末審閱，並扣減至不再可能取得足夠應課稅利潤以動用有關稅務利益為止。任何減幅會於可能取得足夠應課稅利潤時撥回。

分派股息所產生的額外所得稅於確認支付相關股息的責任時確認。

即期稅項結餘與遞延稅項結餘及其變動單獨呈列，且不予抵銷。即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有法定執行權以即期稅項資產抵銷即期稅項負債，並在符合下列附帶條件的情況下，方可相互抵銷：

- 如屬即期稅項資產及負債，本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent liabilities assumed in business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised and the amount that would be determined in accordance with note 1(v)(i).

1 重大會計政策(續)

(u) 所得稅(續)

- 如屬遞延稅項資產及負債，倘他們與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預定期有重大金額的遞延稅項負債或資產須予清償或可收回的各未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

(v) 撥備及或然負債

(i) 撥備及或然負債

當本集團或本公司須就過往事件承擔法定或推定責任，且履行責任可能須流出經濟利益並可作出可靠估計時，便會確認撥備。倘貨幣的時間價值重大，則按預計履行該責任所需支出的現值計提撥備。

倘不大可能需要流出經濟利益，或有關數額無法可靠估計，則該責任披露為或然負債，但倘流出經濟利益的可能性極低則除外。須視乎一宗或多宗未來事件是否發生才能確定存在與否的可能責任亦披露為或然負債，但倘流出經濟利益的可能性極低則除外。

(ii) 企業合併中承擔的或有負債

在企業合併中承擔的或有負債在收購日為現時義務，只要公允價值能夠可靠地計量，則按公允價值進行初始確認。以公允價值進行初始確認後，此類或有負債按初始確認金額與根據附註1(v)(i)確定的金額中較高者進行確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

1 重大會計政策(續)

(w) 收益確認

當於本集團業務的一般過程中提供服務或其他人士根據租約使用本集團的資產產生收益時，本集團將收入分類為收益。

當產品或服務的控制權轉移至客戶或承租人有權使用資產時，按本集團將有權授權的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，乃經扣除任何貿易折扣。

倘合約載有向客戶提供融資福利超過12個月的融資部分，收益按應收款項的現值計量，採用將於與客戶的單獨融資交易中反映的貼現率進行貼現，而利息收入則按實際利率法單獨應計。倘合約載有向本集團提供重大融資福利的融資部分，則根據合約確認的收益包括採用實際利率法就合約負債應計的利率開支。本集團利用國際財務報告準則第15號第63段的實際權益方法，並不調整在融資期間為12個月或以下情況下重大融資部分任何影響的代價。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(o)).

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the date of delivery of property. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, *Borrowing costs*, in accordance with the policies set out in note 1(y).

1 重大會計政策(續)

(w) 收益確認(續)

有關本集團收益及其他收入確認政策的進一步詳情如下：

(i) 銷售物業

於日常業務過程中出售待售已開發物業所產生的收益於物業交付予客戶時(即客戶有能力指示物業使用及取得物業絕大部分餘下利益的時間點)確認。在收益確認日期之前就物業所收取的現金及按分期付款列入財務狀況表內的合約負債項下(見附註1(o))。

對於客戶付款和轉讓承諾財產之間的期限超過一年的合同，交易價格和已完工財產的銷售收入金額根據融資部分的影響進行調整。如果客戶的預付款被視為為本集團提供了重大融資利益，則本集團將在付款日至財產交付日之間的期間內計提因調整貨幣時間價值而產生的利息費用。該應計項目增加了施工期間合同負債的餘額，因此增加了完工物業控制權移交給客戶時確認的收入金額。除非根據附註1(y)中規定的政策，有資格根據國際會計準則第23號「借款成本」進行資本化，否則利息應計費用。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Finance lease income

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

1 重大會計政策(續)

(w) 收益確認(續)

(ii) 經營租賃的租金收入

經營租賃的應收租金收入在租期所涵蓋的期間內，以等額分期款項於損益確認，但倘有其他基準更清楚地反映使用租賃資產所產生之收益模式則除外。獲授的租賃優惠於損益確認為應收租賃淨付款總額的組成部分。不取決於指數或比率的可變租賃付款額在產生的會計期間確認為收入。

(iii) 服務費收入

有關物業管理服務、廣告服務及其他配套服務的服務費收入於向客戶提供該等服務時確認。

(iv) 融資租賃收入

融資租賃收入，按應計基準以實際利率法按融資租賃的投資淨額在預計可使用年期或更短期間(如適用)估計在日後收取的現金貼現至融資租賃投資淨值的賬面淨值之實際利率確認。

(v) 股息

來自非上市投資的股息收入於股東收取付款的權利確立時確認。

(vi) 利息收入

利息收入使用實際利率法於產生時確認。就按攤銷成本計量且並無出現信貸減值的金融資產而言，資產的賬面總值適用實際利率。就出現信貸減值的金融資產而言，資產的攤銷成本(即扣除虧損撥備的賬面總值)適用實際利率(見附註1(m)(i))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognised as deferred income and subsequently deducted from the carrying amount of assets and consequently are effectively recognised in profit or loss when the inventories are sold or transferred to investment properties upon meeting the relevant conditions, if any, attaching to them.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

1 重大會計政策(續)

(w) 收益確認(續)

(vii) 政府補助

倘可合理保證本集團能收取政府補助且符合有關補貼所附條件，則政府補助初步於財務狀況表確認。補償本集團所涉開支的補助於開支產生期間有系統地於損益確認為收入。補償本集團資產成本的補助初步確認為遞延收入，其後自資產賬面值扣除，最終於符合所附條件(如有)而出售或轉移存貨至投資物業時於損益有效確認。

(x) 外幣換算

年內外幣交易按交易日期現行的匯率換算。以外幣計值的貨幣資產及負債按報告期末現行的匯率換算。匯兌收益及虧損於損益確認。

以外幣計值並按歷史成本計量的非貨幣資產及負債按交易日期現行的匯率換算。交易日期為公司初始確認有關非貨幣資產或負債之日。以外幣計值並按公允值計量的非貨幣資產及負債按計量公允值當日現行的匯率換算。

海外經營業績按交易日期現行匯率的近似匯率換算為人民幣。財務狀況表項目按各報告期末的收市匯率換算為人民幣。所產生的匯兌差額於其他全面收入確認，並於權益的外匯儲備內單獨累計。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Translation of foreign currencies (Cont'd)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group still retain a non-controlling interest in the subsidiary after the sale.

1 重大會計政策(續)

(x) 外幣換算(續)

出售境外業務時，有關境外業務匯兌差額的累計金額於確認出售損益時自權益重新分類至損益。

(y) 借貸成本

購置、興建或生產需要長時間籌備以作擬定用途或出售的資產直接相關的借貸成本資本化為該資產的部分成本。其他借貸成本於產生期間支銷。

當產生資產開支與借貸成本且正進行籌備資產以作擬定用途或出售的必要工作時，則開始將借貸成本資本化為合資格資產成本一部分。當籌備合資格資產以作擬定用途或出售的必要工作絕大部分中斷或完成時，會暫停或終止將借貸成本資本化。

(z) 持作待售的非流動資產

倘非流動資產(或出售組別)的賬面值很有可能將透過出售交易而非透過持續使用而收回，則會獲分類為持作待售，而該資產(或出售組別)於其現況下可供出售。出售組別指一組資產將於同一交易中被一併出售，而與該等資產有直接關連的負債將於該交易中轉移。

當本集團承諾的出售計劃涉及失去某附屬公司的控制權時，不論本集團是否將於出售後保留該附屬公司的非控股權益，該附屬公司的所有資產及負債於符合上述分類為持作待售的條件時會分類為持作待售。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Non-current assets held for sale (Cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for investment properties which are measured at fair value), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policy set out in note 1(i).

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

1 重大會計政策(續)

(z) 持作待售的非流動資產(續)

於緊接分類為持作待售前，非流動資產（及於出售組別內的所有個別資產及負債）的計量根據分類前的會計政策作出更新。其後於首次分類為持作待售及直至出售期間，非流動資產（不包括按公允價值計量的投資物業）或出售組別按其賬面值及公允價值減出售成本之較低者列賬。就本集團的財務報表而言，此計量政策的主要例外為投資物業。該等資產即使持作待售，仍將繼續根據附註1(i)所載政策計量。

於首次分類為持作待售及其後在持作待售期間重新計量的減值虧損於損益中確認。只要非流動資產仍獲分類為持作待售，或獲納入分類為持作待售的出售組別，則該非流動資產即不予折舊或攤銷。

(aa) 關聯方

- (a) 倘屬以下人士，則該人士或該人士的近親家庭成員與本集團有關聯：
 - (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(aa) Related parties (Cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (aa)(a).
- (vii) A person identified in (aa)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 重大會計政策(續)

(aa) 關聯方(續)

(b) 倘實體符合以下條件，則與本集團有關聯：

- (i) 該實體與本集團屬同一集團的成員公司(即各母公司、子公司及同系子公司彼此間有關連)。
- (ii) 一間實體為另一間實體的聯營企業或合營企業(或該其他實體所屬集團的公司的聯營企業或合營企業)。
- (iii) 兩間實體均為同一第三方的合營企業。
- (iv) 一間實體為第三方實體的合營企業，而另一實體亦為同一第三方實體的聯營企業。
- (v) 該實體為本集團或與本集團有關聯的實體就僱員福利而設的離職後福利計劃。
- (vi) 該實體受(aa)(a)所定義人士控制或受共同控制。
- (vii) 於(aa)(a)(i)所定義人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 該實體或該實體所屬集團的任何成員公司向該集團或集團母公司提供主要管理層成員服務。

一名人士的近親家庭成員指預期在與實體的交易中可影響該人士或受該人士影響的家庭成員。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Classification between inventories and investment properties

The Group develops property projects with an initial intention to be held for sale. Judgement is made by management in determining whether a property is designated as a property held for sale or investment properties. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of development, the related properties under development are accounted for as (1) properties under development included in current assets if the properties are intended for sale after their completion; and (2) investment properties under development if the properties are intended to be held to earn rentals and/or for capital appreciation.

1 重大會計政策(續)

(bb) 分部報告

本集團為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，會定期向本集團大多數高級行政管理層提供財務資料。從該等資料中可找出於合併財務報表呈列的經營分部及各分部項目金額。

個別重大經營分部不會於財務申報時匯總，除非該等分部擁有相若的經濟特性，且其產品及服務性質、生產流程性質、客戶類型或類別、用以分銷產品或提供服務的方法以及監管環境的性質均相若。倘個別不重大經營分部擁有大部分該等特徵，則可能會匯總。

2 會計判斷及估計

(a) 應用本集團會計政策時所作重大會計判斷

在應用本集團會計政策時，管理層曾作出以下會計判斷：

存貨及投資物業的分類

本集團開發物業項目的基本目的為持作出售並保留部分所持有物業作自用。管理層在決定某項物業指定作持作出售物業或投資物業時須作出判斷。本集團在有關物業開發初期即考慮持有物業的目的。在開發過程中，相關在建物業會按以下方式入賬：(1)如物業在完成後擬作出售，則計入流動資產中的在建物業；(2)如物業擬持有以賺取租金收入及／或資本增值，則計入在建投資物業。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Valuation of investment properties

As described in note 11, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on methods of valuation which involve, inter alia, certain estimates including current market rents and market price for similar properties in the same location, and condition, appropriate discount rates and expected future market rents.

In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

(ii) Impairment for interests in joint ventures

As explained in note 1(m)(iii), the Group determines that investment in joint ventures is impaired when there has been a significant or prolonged decline in the recoverable amount below its cost. Management assesses the differences between the carrying amount and recoverable amount and makes provision for impairment loss. Any change in the assumptions adopted in calculating the recoverable amount would increase or decrease the provision for impairment loss and affect the Group's financial position. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of discount rates and the expected long-term growth rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue, amount of operating costs.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源

估計不確定因素的其他主要來源如下：

(i) 投資物業估價

如附註11所述，投資物業根據獨立機構之專業評估師進行的估價以公允價值列報。

在確定投資物業的公允價值時，評估師所依據的評估方法涉及某些會計估計，包括目前市場租金、處於同一位置及同一狀態的相似物業的市場價格、合適的折現率和預期的未來市場租金。

管理層依靠評估報告作出判斷，並認同評估方法反映了當前的市場狀況。

(ii) 合營企業權益減值

如附註1(m)(iii)所述，當可收回金額顯著或長期低於成本時，本集團認為對合營企業的投資發生減值。管理層評估賬面價值與可收回金額之間的差額，並計提減值損失準備。在計算可收回金額時所採用的假設的任何變化都會增加或減少減值損失準備，並影響本集團的財務狀況。在確定使用價值時，將資產產生的預期現金流折現為其現值，這需要對折現率水平和預期長期增長率等項目作出重大判斷。本集團使用所有已有的信息來確定可收回金額的合理近似值，包括基於合理和可支持的對收入，運營成本的假設和預測。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty

(iii) Recognition of government grants

Government grants are initially recognised by the Group as a deferred income in the consolidated statement of financial position when an amount is received and are subsequently recognised or amortised in profit or loss on a systematic basis when there is reasonable assurance that the Group will comply with the specific conditions attached to the government grants. The Group is required to fulfil the requirements agreed with the local governments when conducting the related infrastructure construction and the Group assesses whether the conditions attached to the government grants are met based on management's best estimates, particularly in interpreting the fulfilment of conditions which are not clearly stated in the respective agreements.

(iv) Provision for PRC LAT

As explained in note 6(a), the Group has estimated, made and included in tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of PRC LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(iii) 政府補助確認

本集團於收到政府補助時在合併財務狀況表初步確認為遞延收入，其後合理確定本集團將滿足接受政府補助的條件時按系統基準在損益內確認或攤銷。本集團於進行相關基礎設施建設時須符合與地方政府協定之規定，本集團根據管理層的最佳估計，評估是否已滿足政府補助的附帶條件，尤其是在相關協定並無明確說明履行條件的情況。

(iv) 中國土地增值稅撥備

誠如附註6(a)所述，本集團已根據相關中國稅務法律法規所載規定，估計、作出及在稅項內計入中國土地增值稅撥備。實際的中國土地增值稅負債須待物業開發項目完工後，由稅務當局釐定，而稅務當局可能不同意本集團計算中國土地增值稅撥備的基準。由於中國土地增值稅撥備視乎最終稅額計算而定，故釐定撥備水平時須作出重大判斷。鑑於當地稅務局所詮釋的中國土地增值稅計算基準並不確定，實際結果可能會高於或低於報告期末所估計者。實際結果／估計的任何增減均會影響作出有關計算期間的所得稅撥備。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(v) Determining the provision for inventories

As explained in note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(vi) Impairment for trade and other receivables

The Group expected credit losses (ECL) for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer creditworthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(v) 釐定存貨減值

誠如附註1(n)所釋，本集團未來待開發土地、在建物業及待售已完工物業按成本與可變現淨值兩者中的較低數額列賬。根據本集團近期經驗及有關物業的性質，本集團就售價、在建物業的竣工成本及出售該物業的成本作出估計。

倘竣工成本增加或淨銷售額減少，則可能須就待售已完工物業、待售未來待開發物業及待售在建物業作出撥備。該等撥備需要運用判斷及估計。倘預期異於最初估計，則該等物業的賬面值及撥備於有關估計變動期間將相應予以調整。

鑑於中國物業市場波動及個別物業獨特性質使然，成本及收益的實際結果可能會高於或低於報告期末所估計者。撥備的任何增減均會影響未來年度的損益。

(vi) 貿易及其他應收款項減值

本集團會對因客戶未能作出所需付款所產生的貿易及其他應收款項的預期信用虧損作出估計。本集團根據貿易及其他應收款項結餘的賬齡、客戶信譽及過往撇銷經驗作出估計。倘客戶的財務狀況惡化，則實際撇銷金額將高於預期。

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(除另有指明外，均以人民幣列示)

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(vii) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(viii) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassifying them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in long-term for rental income and/or capital appreciation.

Under IAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(vii) 遞延稅項資產確認

遞延稅項資產按報告期末已頒佈或實質頒佈的稅率，根據預期變現或結算資產賬面值的方式確認及計量。釐定遞延稅項資產賬面值時，預期應課稅利潤的估計涉及多項有關本集團經營環境的假設，需要董事行使重大程度的判斷。該等假設及判斷的任何變動將影響將予確認的遞延稅項資產賬面值，從而影響未來年度淨利。

(viii) 釐定投資物業之遞延稅項

本集團已向第三方租出若干已完工物業，據此董事認為該等安排並非臨時性安排。在此情況下，本集團決定將該等物業視為投資物業(並將其自待售已完工物業重新歸類為投資物業)，乃因本集團擬將該等物業用作長期租金收入及/或資本升值。

根據國際會計準則第12號，遞延稅項須按企業預期收回有關資產賬面值之方式可能產生之稅務後果計量。就此而言，國際會計準則第12號引入一項可予駁回之假設：根據國際會計準則第40號「投資物業」，以公允值列賬之投資物業之賬面值將通過出售收回。此假設以單獨物業為基礎可被反駁，假如該投資物業是可以折舊及以一種業務模式持有，而該模式的目的是為旨在假以時日消耗該投資物業大部分經濟收益，而非經出售。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(ix) Determining the deferred taxation on investment properties

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2020, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centers and residential properties in the Mainland China.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(ix) 釐定投資物業之遞延稅項

就此而言，本集團已定期審核投資物業組合併得出結論，於2020年12月31日，本集團已確定持有各項物業所奉行之業務模式均為旨在假以時日消耗投資物業所包含之絕大部分經濟利益，故就該等物業駁回國際會計準則第12號中之假設。因此，本集團繼續採用將在透過使用而收回價值之情況下適用之稅率就該等其他物業計量遞延稅項。

3 收入及分部報告

本集團的主要業務為在中國內地進行商貿物流中心及住宅物業的開發、銷售及經營。

收入指扣除任何貿易折扣及銷售相關稅金後的銷售物業收入，物業管理服務收入及租金收入。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (Cont'd)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍內的客戶合約收入		
– Sales of properties	– 物業銷售	3,594,985	1,422,946
– Property management services	– 物業管理服務	70,595	63,588
– Others	– 其他	30,569	40,620
		3,696,149	1,527,154
Revenue from other sources	其他來源的收入		
– Gross rental income from investment properties	– 來自投資物業的租金總收入	16,477	13,964
– Other rental income	– 其他租金收入	24,532	42,190
		41,009	56,154
		3,737,158	1,583,308

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the Mainland China. The Group does not operate in any other geographical or business segment during the year.

3 收入及分部報告(續)

(a) 收入分解

客戶合約收益按主要產品或服務類型分解如下：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of properties	3,594,985	1,422,946
– Property management services	70,595	63,588
– Others	30,569	40,620
	3,696,149	1,527,154
Revenue from other sources		
– Gross rental income from investment properties	16,477	13,964
– Other rental income	24,532	42,190
	41,009	56,154
	3,737,158	1,583,308

本集團的客戶群呈多元化，沒有一名客戶的交易額佔本集團收入的10%以上。

為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，本集團會定期向最高行政管理層提供財務數據及資料，而從該等數據及資料中可識別經營分部及於合併財務報表報告的各分部項目金額。由於本集團於中國內地主要從事一個分部，故並無呈列本集團的經營分部資料。年內本集團並無於任何其他地區或業務分部經營。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at 31 December 2020:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:	餘下履約責任預計於以下期限履行：		
Within 1 year	1年內	2,330,108	2,645,940
1 year to 2 years	1至2年	347,567	426,450
2 years to 3 years	2至3年	-	327,440
		2,677,675	3,399,830

These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. These amounts include the significant financing components of the pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(w)(i)).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its property management service contracts such that the above information does not include information about revenue that the Group will be entitled to when it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

3 收入及分部報告(續)

(b) 因報告日期存續的客戶合約而導致預期於日後確認的收益

下表載列有關2020年12月31日尚未履行的履約責任預期於日後確認的收益：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:		
Within 1 year	2,330,108	2,645,940
1 year to 2 years	347,567	426,450
2 years to 3 years	-	327,440
	2,677,675	3,399,830

該等金額指來自客戶與本集團就存在物業訂立的預完成銷售合約預期於日後確認的收益。該等金額包括預完成物業銷售合約的重大融資部份，本集團據此從客戶取得重大融資利益(見附註1(w)(i))。

本集團已對其物業管理服務合約應用國際財務報告準則第15號第121段的實際權宜方法，故而上述資料不包括本集團有權開發票時有權取得的收益相關資料，而有關收益與本集團迄今完成的履約對客戶的價值直接相關。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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4 OTHER INCOME

4 其他收入

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Net realised and unrealised fair value gain from financial assets measured at FVTPL	按公允值計量且變動計入當期損益的金融資產的已實現與未實現公允價值收益淨額	69,024	18,924
Net unrealised fair value loss from financial liabilities measured at FVTPL	按公允值計量且變動計入當期損益的金融負債的未實現公允價值虧損淨值	(7,495)	-
Net loss on disposal of investment properties	出售投資物業的淨虧損	(25,017)	(12,752)
Net gain on disposal of subsidiaries (i)	出售子公司的淨收益(i)	-	187,099
Net gain on disposal of a joint venture	出售合營公司的淨收益	650	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨額	900	2,125
Government grants (ii)	政府補助(ii)	5,178	1,717
Others	其他	3,947	6,576
		47,187	203,689

(i) In 2019, the Group recorded net gain on disposal of subsidiaries of RMB187,099,000, while no such gain was recorded in 2020.

(ii) In 2020, the Group has transferred certain completed properties held for sale to investment properties (note 11). The related government grants of RMB4,271,000 (2019: Nil) previously recorded as deferred income (note 32) were recognised in profit or loss as other income.

(i) 於2019年，本集團確認了處置子公司的收益人民幣187,099,000元，2020年無相關收益確認。

(ii) 於2020年，本集團將某些待售完工物業轉為投資物業(附註11)。先前入帳列為遞延收入的相關政府補助人民幣4,271,000元(2019年：零)在當期損益中確認為其他收入(附註32)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

5 除稅前利潤／(虧損)

除稅前利潤／(虧損)經(計入)／扣除下列各項後得出：

(a) 財務收入及融資成本

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Finance income	財務收入		
Bank interest income	銀行利息收入	(8,495)	(12,785)
Other interest income	其他利息收入	(30,354)	(30,270)
		(38,849)	(43,055)
Net foreign exchange gain	匯兌收益淨額	-	(4,726)
		(38,849)	(47,781)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸的利息	108,181	121,515
Interest on corporate bonds	公司債券的利息	5,717	21,009
Interest on senior notes	優先票據利息	260,640	172,361
Interest on lease liabilities	租賃負債利息	4,158	3,934
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部份應計利息	98,442	48,822
Other borrowing costs	其他借貸成本	18,240	-
		495,378	367,641
Less: interest expense capitalised into properties under development *	減：資本化撥入在建物業的利息開支*	(218,859)	(139,300)
		276,519	228,341
Net foreign exchange loss	匯兌虧損淨額	269	-
		276,788	228,341

* The borrowing costs have been capitalised at rates ranging from 7.35%–9.60% per annum (2019: 4.99%–9.60%).

* 借貸成本已按年利率7.35%至9.60% (2019年：4.99%至9.60%)資本化。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

(b) Staff costs

5 除稅前利潤／(虧損)(續)

(b) 員工成本

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	244,352	251,323
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	8,666	—
Contributions to defined contribution retirement plans (i)	定額供款退休計劃(i)	3,062	9,688
		256,080	261,011

Note:

- (i) Due to the impact of the COVID-19 pandemic, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution retirement scheme during the year.

附註：

- (i) 由於受到新冠肺炎疫情的影響，從2020年2月開始政府頒佈了包括社保減免等一系列政策來加快恢復經濟活動，導致本年定額供款退休計劃的部分費用減少。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

(c) Other items

5 除稅前利潤/(虧損)(續)

(c) 其他項目

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment (note 10)	– 廠房及設備(附註10)	18,620	23,630
– right-of-use assets (note 10)	– 使用權資產(附註10)	14,725	14,031
– intangible assets (note 12)	– 無形資產(附註12)	2,376	2,218
		35,721	39,879
Impairment losses recognised/(reversed)	減值虧損/(轉回)		
– trade and other receivables	– 貿易及其他應收款項	28,657	17,683
– finance lease receivables	– 融資租賃應收款項	(548)	(183)
– non-current assets	– 非流動資產	–	3,758
		28,109	21,258
Reversal of provision for inventories	轉回存貨減值準備	5,005	17,020
Auditor's remuneration	核數師酬金		
– audit service	– 審計服務	3,150	3,150
– other services	– 其他服務	1,100	2,000
		4,250	5,150
Rentals income from investment properties less direct outgoings of RMB289,000 (2019: Nil)	投資物業租金減直接開支人民幣289,000元(2019: 人民幣零)	16,188	13,964
Cost of properties sold (i)	已售物業成本(i)	2,370,569	931,331

Note:

- (i) Cost of properties sold is after netting off of utilisation of deferred income in respect of government grants of RMB294,485,000 for the year ended 31 December 2020 (2019: RMB237,221,000) (note 32).

附註：

- (i) 截至2020年12月31日止年度，已售物業成本為經扣除使用政府補助的遞延收入人民幣294,485,000元後得出(2019年：人民幣237,221,000元)(附註32)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6 合併損益表內的所得稅

(a) Taxation in the consolidated statement of profit or loss represents

(a) 合併損益表內的稅項指

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT") (iii)	中國企業所得稅(「中國企業所得稅」)(iii)	133,610	86,100
PRC LAT (iv)	中國土地增值稅(iv)	198,823	53,026
		332,433	139,126
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 16(b))	暫時性差額的產生及撥回(附註16(b))	37,177	(6,202)
		369,610	132,924

Notes:

附註

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2019: Nil).

- (i) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。
- (ii) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(2019年：零)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(a) Taxation in the consolidated statement of profit or loss represents (Cont'd)

Notes: (Cont'd)

(iii) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") was approved to enjoy a preferential PRC CIT rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the Mainland China.

(iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指(續)

附註(續)

(iii) 中國企業所得稅

本集團的中國子公司須就其應課稅利潤按25%的法定稅率繳稅。

2013年7月，贛州毅德商貿物流園開發有限公司(「贛州商貿物流園」)根據地方稅務局頒佈的稅務通知獲批自2012年至2020年享受15%的優惠中國企業所得稅稅率。

2015年12月，梧州毅德商貿物流城開發有限公司(「梧州商貿物流城」)根據地方稅務局頒佈的稅務通知亦獲批自2015年至2020年享受15%的優惠中國企業所得稅稅率。

該稅務優惠是基於與中國政府鼓勵中國內地若干地區投資及發展商貿物流業的政策有關的多項稅務規則及法規。

(iv) 中國土地增值稅

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

此外，本集團的若干子公司根據相關的地方稅務局批准的核定計稅方法，基於收入的6%至8%計算中國土地增值稅。

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(除另有指明外，均以人民幣列示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents (Cont'd)

Notes: (Cont'd)

(iv) PRC LAT (Cont'd)

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaux are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rates

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指(續)

附註(續)

(iv) 中國土地增值稅(續)

本公司董事認為，其獲准採用的核定計稅方法是中國內地認可的計稅方法之一，而本集團中國子公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

(b) 所得稅與按適用稅率計算的會計利潤/(虧損)的對賬

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Profit/(loss) before taxation	除稅前利潤/(虧損)	725,883	(144,361)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	按有關國家適用於利潤的稅率計算的除稅前利潤的名義稅項	251,468	31,891
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	24,743	4,815
Tax effect of non-taxable income	毋須課稅收入的稅務影響	-	(4,026)
Tax effect of unused tax losses not recognised	未確認未動用稅項虧損的稅務影響	15,195	59,038
Tax effect of temporary differences not recognised	未確認暫時性差異的稅務影響	-	975
Utilisation of previously unrecognised tax losses	使用先前未經確認的稅項虧損	(28,436)	(1,655)
PRC LAT (note 6(a)(iv))	中國土地增值稅(附註6(a)(iv))	198,823	53,026
Tax effect on PRC LAT	中國土地增值稅稅務影響	(49,706)	(12,589)
Tax concessions (note 6(a)(iii))	稅務優惠(附註6(a)(iii))	(42,477)	1,449
Total income tax	所得稅總額	369,610	132,924

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7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

7 董事薪酬

董事薪酬根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露如下：

		2020					
		Directors' fee	Salaries allowances and benefits in kind	Retirement scheme contributions	Sub-total	Share-based payments	Total
		薪金、津貼及董事袍金	薪金、津貼及實物福利	退休計劃供款	小計	以權益結算以股份為基礎的付款	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
Executive directors:	執行董事：						
Wong Choi Hing	王再興	100	6,375	-	6,475	-	6,475
Cai Hongwen	蔡鴻文	-	-	-	-	-	-
Zeng Yunshu	曾雲樞	-	-	-	-	-	-
Wang Dewen	王德文	100	5,911	53	6,064	474	6,538
Yang Sanming (appointed on 9 June 2020)	楊三明 (2020年6月9日獲委任)	250	3,552	29	3,831	1,423	5,254
Independent non-executive directors:	獨立非執行董事：						
Lam Chi Yuen Nelson	林智遠	249	-	-	249	43	292
Yue Zheng	岳崢	249	-	-	249	43	292
Zhao Lihua (passed away on 23 December 2020)	趙立華 (於2020年12月23日辭世)	100	119	-	219	43	262
		1,048	15,957	82	17,087	2,026	19,113

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7 DIRECTORS' EMOLUMENTS (Cont'd)

7 董事薪酬(續)

		2019			
		Directors' fee	Salaries allowances and benefits in kind	Retirement scheme contributions	Total
		董事袍金	薪金、津貼及實物福利	退休計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Wong Choi Hing (appointed on 12 October 2019)	王再興 (2019年10月12日獲委任)	22	1,002	-	1,024
Cai Hongwen (appointed on 12 October 2019)	蔡鴻文 (2019年10月12日獲委任)	-	-	-	-
Zeng Yunshu (appointed on 12 October 2019)	曾雲樞 (2019年10月12日獲委任)	-	-	-	-
Wang Dewen	王德文	100	15,732	79	15,911
Wang Jianli (resigned on 12 October 2019)	王健利 (2019年10月12日辭任)	78	3,542	-	3,620
Huang Dehong (resigned on 12 October 2019)	黃德宏 (2019年10月12日辭任)	78	1,240	60	1,378
Non-executive director:	非執行董事：				
Yuan Bing (resigned on 12 October 2019)	袁兵 (2019年10月12日辭任)	206	-	-	206
Independent non-executive directors:	獨立非執行董事：				
Lam Chi Yuen Nelson	林智遠	264	-	-	264
Zhao Lihua (passed away on 23 December 2020)	趙立華 (於2020年12月23日辭世)	100	140	-	240
Yue Zheng (appointed on 20 March 2019)	岳崢 (2019年3月20日獲委任)	207	-	-	207
Wang Lianzhou (retired on 20 March 2019)	王連洲 (2019年3月20日退任)	21	31	-	52
		1,076	21,687	139	22,902

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2019: two) are directors. The emoluments of these directors are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2019: three) individuals are as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Salaries, allowances and other benefits in kind	薪金、津貼及其他實物福利	5,612	15,121
Equity settled share-based payment expenses	以權益結算以股份為基礎的開支	379	-
Retirement scheme contributions	退休計劃供款	61	58
		6,052	15,179

The emoluments of the two (2019: three) individuals with the highest emoluments are within the following bands:

8 最高薪人士

五名最高薪人士中有三名(2019年：兩名)為董事。該等董事的薪酬披露於附註7。其他兩名(2019年：三名)人士的薪酬總計如下：

兩名(2019年：三名)最高薪人士的薪酬介乎以下範圍：

		2020 Number of individuals 人數	2019 Number of individuals 人數
HK\$2,500,001–HK\$3,000,000	2,500,001港元至3,000,000港元	1	-
HK\$3,000,001–HK\$3,500,000	3,000,001港元至3,500,000港元	-	1
HK\$3,500,001–HK\$4,000,000	3,500,001港元至4,000,000港元	-	1
HK\$4,000,001–HK\$4,500,000	4,000,001港元至4,500,000港元	1	-
HK\$10,000,001–HK\$10,500,000	10,000,001港元至10,500,000港元	-	1

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9 EARNINGS/(LOSS) PER SHARE

Basic earnings and diluted earnings/(loss) per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB360,696,000 (2019: loss of RMB271,221,000) and the weighted average of 4,293,230,000 ordinary shares (2019: 4,014,844,000 ordinary shares) during the year, calculated as follows:

Weighted average number of ordinary shares

		2020 '000 千股	2019 '000 千股
Issued ordinary shares at 1 January	1月1日已發行普通股	4,014,844	4,014,844
Effect of issuance of shares (note 37(c))	股份發行的影響(附註37(c))	278,386	-
Weighted average number of shares	加權平均股數	4,293,230	4,014,844

For the year ended 31 December 2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive. For the year ended 31 December 2019, as all options granted under the Company's Pre-IPO Share Option Scheme had expired, there was no effect of deemed issue of the share option scheme.

9 每股盈利／(虧損)

每股基本盈利和每股攤薄盈利／(虧損)

每股基本盈利按本公司權益股東應佔利潤人民幣360,696,000元(2019年：虧損人民幣271,221,000元)及普通股加權平均數4,293,230,000股(2019年：4,014,844,000股)計算。計算如下：

普通股加權平均數

	2020 '000 千股	2019 '000 千股
Issued ordinary shares at 1 January	4,014,844	4,014,844
Effect of issuance of shares (note 37(c))	278,386	-
Weighted average number of shares	4,293,230	4,014,844

截至2020年12月31日期間，根據本公司的員工購股權計劃以零對價視作發行股份的影響已被反攤薄。截至2019年12月31日期間，由於根據本公司首次公開發行股份前購股權計劃授予的所有購股權均已失效，因此不存在該購股權計劃視作發行股份的影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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10 PROPERTY, PLANT AND EQUIPMENT

10 物業、廠房及設備

		Ownership interests in land and buildings held for own use carried at cost 按成本列賬 持作自用的 租賃土地 及樓宇的 擁有權權益	Other properties leased for own use carried at cost 按成本列賬 持作自用 租賃的 其他物業	Motor vehicles and other fixed assets 汽車及其他 固定資產	Office equipment 辦公設備	Total 總計
	Note 附註	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
Cost:	成本：					
At 1 January 2019	於2019年1月1日	422,271	5,257	133,751	47,281	608,560
Additions	添置	-	631	11,211	4,537	16,379
Disposals	出售	-	-	(25,862)	(633)	(26,495)
Disposal of subsidiaries	出售子公司	-	-	(412)	(206)	(618)
At 31 December 2019 and 1 January 2020	於2019年12月31日和 2020年1月1日	422,271	5,888	118,688	50,979	597,826
Additions	添置	11	3,578	4,862	2,258	10,709
Acquisitions of subsidiaries	收購子公司	-	-	1,828	1,870	3,698
Disposals	出售	(3,737)	-	(2,795)	(498)	(7,030)
At 31 December 2020	於2020年12月31日	418,545	9,466	122,583	54,609	605,203
Accumulated depreciation:	累計折舊：					
At 1 January 2019	於2019年1月1日	31,058	-	87,680	43,355	162,093
Charge for the year	年內支出	12,143	1,888	20,043	3,587	37,661
Written back on disposals	出售時撤回	-	-	(23,807)	(531)	(24,338)
Disposal of subsidiaries	出售子公司	-	-	(17)	(15)	(32)
At 31 December 2019 and 1 January 2020	於2019年12月31日和 2020年1月1日	43,201	1,888	83,899	46,396	175,384
Charge for the year	年內支出	12,078	2,647	16,031	2,589	33,345
Acquisitions of subsidiaries	收購子公司	-	-	1,482	1,276	2,758
Written back on disposals	出售時撤回	(686)	-	(2,409)	(469)	(3,564)
At 31 December 2020	於2020年12月31日	54,593	4,535	99,003	49,792	207,923
Net book value:	賬面淨值：					
At 31 December 2020	於2020年12月31日	363,952	4,931	23,580	4,817	397,280
At 31 December 2019	於2019年12月31日	379,070	4,000	34,789	4,583	422,442

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The leasehold buildings are all situated on land in the Mainland China.

Certain bank loans granted to the Group were jointly secured by property, plant and equipment with a book value of RMB337,035,000 (2019: RMB347,036,000) (note 27).

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

10 物業、廠房及設備(續)

該等租賃樓宇全部位於中國內地。

本集團獲授的若干銀行貸款由賬面值人民幣337,035,000元(2019年：人民幣347,036,000元)的物業、廠房及設備共同作抵押(附註27)。

使用權資產

按相關資產類別劃分的使用權資產賬面淨值分析如下：

	Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Included in "Property, plant and equipment":	計入「物業、廠房及設備」：		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	按折舊成本列賬持作自用的租賃土地及樓宇的擁有權權益	(i)	
- 50 years or more	- 五十年或以上	26,917	32,034
- between 10 and 50 years	- 十年至五十年	337,035	347,036
		363,952	379,070
Other properties leased for own use, carried at depreciated cost	按折舊成本列賬持作自用租賃的其他物業	(ii)	
		4,931	4,000
		368,883	383,070
Included in "Investment properties":	計入「投資物業」：		
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of	按公允值列賬於租賃投資物業的擁有權權益		
- less than 10 years	- 少於十年	22,500	29,700
- between 10 and 50 years	- 十年至五十年	3,121,770	2,554,400
		3,144,270	2,584,100
Included in "Inventories and other contract costs":	計入「存貨及其他合約成本」：		
Leasehold land held for and under development for sale	待售未來待開發租賃土地	3,191,291	1,782,677
Completed properties for sale	持作待售已完工物業	561,043	530,794
		3,752,334	2,313,471
		7,265,487	5,280,641

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets (Cont'd)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,078	12,143
Other properties leased for own use	持作自用租賃的其他物業	2,647	1,888
		14,725	14,031
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,158	3,934
Expense relating to short-term leases	短期租賃相關費用	3,917	5,194

During the year, additions to right-of-use assets were RMB3,578,000 (2019: RMB631,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(d) and 31, respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings as its office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land.

Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Lease payments are usually increased by each year to reflect market rentals.

10 物業、廠房及設備(續)

使用權資產(續)

反映於損益表的與租賃有關的費用項目分析如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,078	12,143
Other properties leased for own use	持作自用租賃的其他物業	2,647	1,888
		14,725	14,031
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,158	3,934
Expense relating to short-term leases	短期租賃相關費用	3,917	5,194

當年新增使用權資產人民幣3,578,000元(2019年：人民幣631,000元)。這筆款項主要與新租約下應付的資本化租金有關。

租賃的現金流出總額及租賃負債的到期分析詳情分別載於附註24(d)及31。

(i) 持作自用的租賃土地及樓宇的擁有權權益

本集團擁有幾棟樓宇作為其辦公室。本集團是這些物業權益的註冊擁有人，包括有關土地的全部或部分未分割份數。

一次性付款是為了從以前的註冊業主那裡獲得這些財產權益，而根據土地租賃條款，不需要進行付款。

(ii) 持作自用租賃的其他物業

集團通過租賃協議，獲得了使用其他物業作為辦公室和宿舍的權利。租期一般為2至5年。租金通常每年都會增加，以反映市場租金。

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11 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount of investment properties

		Completed properties	Properties under development	Other properties leased for own use carried at fair value	Total
		已完工物業 RMB'000 人民幣千元	在建物業 RMB'000 人民幣千元	其他物業 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	2,235,544	387,593	41,000	2,664,137
Additions	添置	-	25,354	-	25,354
Fair value adjustments	公允值調整	(54,407)	(11,747)	(11,300)	(77,454)
Disposals	出售	(27,937)	-	-	(27,937)
Transfer upon completion	完工後轉撥	401,200	(401,200)	-	-
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	2,554,400	-	29,700	2,584,100
Transfer from inventories	轉自存貨	296,207	-	-	296,207
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	141,000	-	-	141,000
Fair value adjustments	公允值調整	179,515	-	(7,200)	172,315
Disposals	出售	(49,352)	-	-	(49,352)
At 31 December 2020	於2020年12月31日	3,121,770	-	22,500	3,144,270
Representing	指				
Valuation – 2020	估值 – 2020年	3,121,770	-	22,500	3,144,270
Valuation – 2019	估值 – 2019年	2,554,400	-	29,700	2,584,100
Book value	賬面值				
At 31 December 2020	於2020年12月31日	3,121,770	-	22,500	3,144,270
At 31 December 2019	於2019年12月31日	2,554,400	-	29,700	2,584,100

During the year ended 31 December 2020, a fair value gain of RMB209,469,000 (2019: RMB Nil) upon the transfer and a loss on fair value of RMB37,154,000 (2019: RMB77,454,000) in respect of existing investment properties had been recognised in the consolidated statement of profit or loss for the year.

2020年，年內合併損益表確認了轉入的公允值收益人民幣209,469,000元(2019年：零)，和現有投資物業的公允價值虧損為人民幣37,154,000元(2019年：人民幣77,454,000元)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment for sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

11 投資物業(續)

(b) 投資物業的公允值計量

(i) 公允值層級

下表呈列於報告期末以經常性原則計量的本集團投資物業公允值，並按國際財務報告準則第13號公允值計量所界定分類為三個公允值級別。公允值計量參考以下估值方法所使用的輸入數據之可觀察性及重要性而分類及釐定級別：

第一級估值：僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價

第二級估值：使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據

第三級估值：使用不可觀察的重要數據計量的公允值

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(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

		Fair value as at 31 December 2020	Fair value as at 31 December 2019
		categorised into level 3 於2020年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元	categorised into level 3 於2019年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業	3,144,270	3,144,270
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業	2,584,100	2,584,100

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties carried at fair value were revalued as at 31 December 2020. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(i) 公允值層級(續)

截至2020年12月31日止年度，第一級與第二級之間概無轉移，及亦無轉入或轉出第三級(2019年：無)。本集團的政策是於轉移發生的報告期末確認公允值各層級之間的轉移。

於2020年12月31日，本集團所有以公允值列賬之投資物業及在建投資物業由獨立測量師行仲量聯行(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物業經理及高級管理層已於各中期及年度報告日期進行估值時與測量師討論有關估值假設及估值結果。

(ii) 有關第三級公允值計量之資料

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Investment properties 投資物業	Market comparison method 市場比較法	Market value (RMB/sq.m.) 市場價值 (人民幣元/平方米)	RMB6,800 (2019: Nil) 人民幣6,800元(2019：無)
Investment properties 投資物業	Income capitalisation method 收益資本法	Yield 收益	3.5% to 6.5% (2019: 4.5% to 5.8%)
		Market monthly rental rate (RMB/sq.m.) 市場每月租值 (人民幣元/平方米)	19.9-90.7 (2019: 17.0-112.0)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(ii) Information about Level 3 fair value measurements (Cont'd)

The fair value of investment properties is generally derived using the income capitalisation method or market comparative method. This income capitalisation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties. The market comparison method is determined by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,147,500,000 (2019: RMB688,300,000) (note 27).

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(ii) 有關第三級公允值計量之資料(續)

投資物業的公允值一般採用收益資本法或市場比較法釐定。收益資本法乃基於通過採用適當之資本化比率，將收入及潛在復歸收入撥充資本，而資本化比率乃通過對銷售交易及估值師分析當時投資者之要求或期望而得出。估值時所採用的市值租金乃根據該物業的近期租務情況及其他可資比較物業已觀察的估計租金增加而釐定。市場比較法乃通過參考其他可資比較物業的近期銷售單價，根據本集團投資物業的質量與近期銷售價格情況進行溢價或折扣調整。

本集團獲授的若干銀行貸款以賬面值人民幣1,147,500,000元(2019年：人民幣688,300,000元)的投資物業作抵押(附註27)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(c) Investment property

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 4 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased each year to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

11 投資物業(續)

(c) 投資物業

本集團以經營租賃方式出租投資物業。租約的最初期限一般為1至4年，並可選擇在所有條款重新協商的日期之後續簽租約。租金通常每年都會增加，以反映市場租金。這些租賃不包括可變的租賃付款。

在報告日期已生效的不可取消經營租賃項下的未貼現租金，本集團將在下述未來各段時間內收取：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 year	一年內	16,169	5,498
After 1 year but within 2 years	一年後但兩年內	2,725	1,516
After 2 year but within 3 years	兩年後但三年內	1,479	1,511
After 3 year but within 4 years	三年後但四年內	280	-
		20,653	8,525

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

12 INTANGIBLE ASSETS

12 無形資產

		Note 附註	Software and franchises granted 軟件及授予 特許經營權 RMB'000 人民幣千元
Cost:	成本：		
At 1 January 2019	於2019年1月1日		22,567
Additions	添置		1,081
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日		23,648
Additions	添置		1,562
Acquisitions of subsidiaries	收購子公司	24(e)	415
At 31 December 2020	於2020年12月31日		25,625
Accumulated amortisation:	累計減值：		
At 1 January 2019	於2019年1月1日		4,933
Charge for the year	年內支出		2,218
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日		7,151
Charge for the year	年內支出		2,376
At 31 December 2020	於2020年12月31日		9,527
Net book value:	賬面淨值：		
At 31 December 2020	於2020年12月31日		16,098
At 31 December 2019	於2019年12月31日		16,497

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

13 GOODWILL

13 商譽

RMB'000
人民幣千元

Cost and carrying amount	成本及賬面值	
At 31 December 2019, 1 January 2020 and 31 December 2020	於2019年12月31日、2020年1月1日及2020年12月31日	2,252

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount of the cash generating units ("CGU") is determined. The CGU related to the goodwill comprises the Company's knowledge and expertise of the management and existing customers. The directors determined that no significant provision for impairment of goodwill is necessary as at 31 December 2020.

本集團於各報告期末對商譽進行減值測試。在評估商譽減值時，會確定現金產生單位（「現金產生單位」）的可收回金額。與商譽有關的現金產生單位包括本公司有關管理及現有客戶的知識及專長。董事認為，於2020年12月31日毋須對商譽減值作出重大撥備。

14 INTEREST IN AN ASSOCIATE

The following list contains the particulars of an associate, which is unlisted corporate entity whose quoted market price is not available:

14 於聯營企業的權益

下表載列聯營企業的詳情，此聯營企業為非上市公司，無法提供市場報價：

Name of associate 名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activity 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Beijing Sunac Hydo Corporate Management Company Limited 北京融創毅德企業管理有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	30.00%	-	30.00%	Investment management 投資管理

The associate is accounted for using the equity method in the consolidated financial statements.

該聯營企業於綜合財務報表內使用權益法入賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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14 INTEREST IN AN ASSOCIATE (Cont'd)

Information of an associate that is not individually material:

		2019 RMB'000 人民幣千元
Carrying amount of an individually immaterial associate in the consolidated financial statements	個別非主要聯營公司於合併財務報表的賬面總值	-
Aggregate amounts of the Group's share of an associate's	本集團應佔該聯營公司總額	
Loss for the year	年度虧損	(1,253)
Total comprehensive loss	全面虧損總額	(1,253)

14 於聯營企業的權益(續)

個別非主要聯營公司的資料：

15 INTEREST IN JOINT VENTURES

Details of the Group's interest in the joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

15 於合營企業的權益

本集團於合營企業的權益(按權益法於合併財務報表列賬)詳情如下：

Name 名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Group's effective interest 本集團實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hydoo Best Group Co., Ltd. ("Hydoo Best")	Thailand 泰國	Baht2,196,003,600 泰銖2,196,003,600	36.43%	-	36.43%	Property development 房地產開發
Hydoo Best Group Co., Ltd. ("Hydoo Best")	Thailand 泰國	Baht2,196,003,600 泰銖2,196,003,600	36.43%	-	36.43%	Property development 房地產開發
Shenzhen Tiandihui Hydoo Road Port Management Limited 深圳天地匯毅德公路港管理有限公司	PRC 中國	RMB5,000,000 人民幣5,000,000元	25.00%	-	25.00%	Logistics service 物流服務
Shenzhen Yinling Century Technology Company Limited 深圳市引領世紀科技有限公司	PRC 中國	RMB5,000,000 人民幣5,000,000元	50.00%	-	50.00%	Investment management 投資管理

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15 INTEREST IN JOINT VENTURES (Cont'd)

15 於合營企業的權益(續)

Name 名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行 股本詳情	Group's effective interest 本集團 實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Beijing Hydoo North Enterprise Management Co., Ltd. 北京毅德北方企業管理有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	30.00%	-	30.00%	Investment management 投資管理
Huizhou Dayawan Hydoo Yingtai Investment Co., Ltd. 惠州大亞灣毅德盈泰投資有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	67.00%	-	67.00%	Consulting Service 諮詢服務

The Group and the other shareholders of the above joint ventures agree to share control of the arrangement and have rights to the net assets of the arrangement based on the composition of governing bodies.

本集團及以上合營企業的其他股東在合約上協定分享此項安排的控制權，並有權基於主管部門的組成擁有上述安排的淨資產。

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15 INTEREST IN JOINT VENTURES (Cont'd)

Aggregate information of joint ventures that are not individually material:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	131,583	134,783
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(241)	(3,507)
Total comprehensive income	全面收入總額	(241)	(3,507)

As at 31 December 2020, the Group's interest in Hydoo Best amounted to RMB125,359,000 (2019: RMB125,818,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group. In 2019, the Group brought a lawsuit against the joint venture partner in the regard.

15 於合營企業的權益(續)

個別非主要合營企業的總體資料：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	131,583	134,783
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(241)	(3,507)
Total comprehensive income	全面收入總額	(241)	(3,507)

於2020年12月31日，本集團對Hydoo Best的股東權益為人民幣125,359,000元(2019年：人民幣125,818,000元)。

在2018年，Hydoo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydoo Best的合營夥伴有義務從本集團購回持有的Hydoo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydoo Best的投資損失。於2019年，本集團向合營夥伴就此事提起了訴訟。

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15 INTEREST IN JOINT VENTURES (Cont'd)

The directors expect that the Group will be able to recover part of its interest in Hydo Best by applying public auction of the land pieces still held by Hydo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydo Best and a specific loss allowance of RMB19,613,000 on the amount due from Hydo Best in 2018. Based on the fair value of the land pieces assessed as at 31 December 2020, the directors considered that no further provision for impairment loss was necessary during the year.

The fair value of the land pieces still held by Hydo Best was revalued as at 31 December 2020. The valuations were carried out by an independent firm of surveyors, JLL, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the reporting date.

15 於合營企業的權益(續)

董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過申請公開拍賣Hydo Best仍持有的土地以收回其在Hydo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就對Hydo Best的權益作出減值虧損撥備人民幣19,752,000元及就應該合營公司的款項作出特定虧損撥備人民幣19,613,000元。基於該等土地於2020年12月31日的公允價值，董事認為本年無需進一步的減值虧損撥備。

Hydo Best仍持有的土地於2020年12月31日的公允價值由獨立測量師行仲量聯行(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物的管理層已與測量師討論有關於年度報告日期進行估值時的估值假設及估值結果。

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Land	Direct market comparison approach	Average market price (RMB/sq.m.)	RMB667/sq.m. to RMB953/sq.m. (2019: RMB600/sq.m.to RMB1,456/sq.m.)
土地	直接市場比較法	平均市場價 (人民幣元/平方米)	人民幣667元/平方米至 人民幣953元/平方米 (2019: 人民幣600元/ 平方米至 人民幣1,456元/平方米)

The fair value of properties located in Thailand is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of Hydo Best's land pieces compared to the recent sales. Higher premium for higher quality land pieces will result in a higher fair value measurement.

位於泰國的房地產的公允價值採用市場比較法，參照可比房地產最近的銷售價格，以每平方英尺的價格為基礎，根據Hydo Best的土地質量與最近的銷售相比的溢價或折扣進行調整。高質量地塊的較高溢價將導致較高的公允價值計量。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

16 合併財務狀況表內的所得稅

(a) 合併財務狀況表內的即期稅項指：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Prepaid tax:	預付稅項：		
PRC CIT	中國企業所得稅	12,357	33,615
PRC LAT	中國土地增值稅	132,592	131,471
		144,949	165,086
Current tax liabilities:	即期稅項負債：		
PRC CIT	中國企業所得稅	313,598	311,856
PRC dividend withholding tax	中國股息預扣稅	33,038	33,038
PRC LAT	中國土地增值稅	389,777	350,326
		736,413	695,220

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets and liabilities recognised:

(i) **Movement of each component of deferred tax assets and liabilities**

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Fair value adjustment for investment properties	Tax losses	Unrealised gain on intra-group transactions	Fair value adjustment for other financial assets	Amortisation of capitalised contract costs	Credit loss allowance	Deferred income	Provision for PRC LAT	Provision for construction cost	Other temporary expenses	Total	
	投資物業的公允價值調整	稅項虧損	集團內部交易未實現收益	其他金融資產的公允價值調整	資本化合約成本攤銷	信用虧損撥備	遞延收入	中國土地增值稅撥備	建設成本撥備	其他臨時費用	合計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
At 1 January 2019 (Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於2019年1月1日 於合併損益表(扣除)計入 (附註6(a))	(239,721)	82,628	-	(9,346)	(1,230)	4,012	146,025	71,261	-	590	54,219
		16,213	64,483	-	(10,532)	(3,700)	6,294	(36,603)	(34,150)	3,949	248	6,202
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	(223,508)	147,111	-	(19,878)	(4,930)	10,306	109,422	37,111	3,949	838	60,421
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	(6,895)	4,340	-	-	-	-	-	-	-	-	(2,555)
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)計入 (附註6(a))	(75,916)	22,913	1,280	(12,145)	2,258	4,283	(23,073)	36,359	5,610	1,254	(37,177)
At 31 December 2020	於2020年12月31日	(306,319)	174,364	1,280	(32,023)	(2,672)	14,589	86,349	73,470	9,559	2,092	20,689

16 合併財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產及負債：

(i) **遞延稅項資產及負債各組成部分變動**

於合併財務狀況表確認的遞延稅項(負債)/資產的組成部分及年內的變動如下：

遞延稅項由以下各項產生：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

- (b) Deferred tax assets and liabilities recognised: (Cont'd)
(ii) *Reconciliation to the consolidated statement of financial position*

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項資產淨值	215,325	169,345
Net deferred tax liabilities recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項負債淨額	(194,636)	(108,924)
		20,689	60,421

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries of RMB571,281,000 as at 31 December 2020 (2019: RMB710,269,000). The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

The unrecognised tax losses will expire by the end of the following years, if unused:

16 合併財務狀況表內的所得稅(續)

- (b) 已確認遞延稅項資產及負債：(續)
(ii) 與合併財務對賬

(c) 未確認遞延稅項資產

根據附註1(u)所載的會計政策，於2020年12月31日，本集團並未就若干子公司的累計稅項虧損人民幣571,281,000元(2019年：人民幣710,269,000元)確認遞延稅項資產。董事認為不大可能在有關稅務司法權區及實體獲得可用於抵銷虧損的未來應課稅利潤。

倘未經使用，未確認的稅項虧損將於以下年份結束時屆滿：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
2020	2020年	-	118,752
2021	2021年	76,795	125,503
2022	2022年	111,162	113,722
2023	2023年	110,071	116,141
2024	2024年	212,476	236,151
2025	2025年	60,777	-
Total	總計	571,281	710,269

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(d) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB3,538,923,000 (2019: RMB3,059,115,000). Deferred tax liabilities of RMB176,946,000 (2019: RMB152,956,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

17 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hong Kong Hydo Holding Limited 香港毅德控股有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理
Hong Kong Hydo Group Investment Company Limited 香港毅德集團投資有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理

16 合併財務狀況表內的所得稅(續)

(d) 未確認遞延稅項負債

誠如附註6(a)所載，向香港公司派付中國子公司溢利產生的股息會收預扣稅。由於本集團能控制本集團中國內地子公司派發利潤的數額及時間，故本集團僅在該等利潤預期將於可預見未來派發的情況下計提遞延稅項負債。

於2020年12月31日，子公司未分派利潤的暫時差額為人民幣3,538,923,000元(2019年：人民幣3,059,115,000元)。本集團未就於分派該等保留利潤應付的稅項確認遞延稅項負債人民幣176,946,000元(2019年：人民幣152,956,000元)，因為本集團控制該等子公司的股息政策且已釐定可能不會於可預見未來分派利潤。

17 於子公司的投資

下表僅載列對本集團業績、資產或負債有重大影響的主要子公司的詳情。除非另有說明，否則所持有股份的類別為普通股。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		
Hydoo Estate (Ganzhou) Company Limited ("Hydoo Estate (Ganzhou)") 毅德置業(贛州)有限公司* (「毅德置業(贛州)」)	The PRC 中國	US\$32,050,000 32,050,000美元	100%	–	100%	Property development and investment holding 房地產開發及投資控股
Ningxiang Hydoo Guangcai Trade Center Development Company Limited ("Ningxiang Trade Center") 寧鄉毅德光彩貿易廣場 開發有限公司* (「寧鄉貿易廣場」)	The PRC 中國	RMB60,000,000 人民幣60,000,000元	100%	–	100%	Property development 房地產開發
Jining Hydoo Logistics Center Development Company Limited ("Jining Logistics Center") 濟寧毅德物流城開發有限公司* (「濟寧物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	100%	–	100%	Property development 房地產開發
Mianyang West Modern Trade Center Development Company Limited ("Mianyang Trade Center") 綿陽西部現代物流城開發 有限公司* (「綿陽物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	100%	–	100%	Property development 房地產開發
Guangxi Yulin Modern Trade Center Development Company Limited ("Yulin Trade Center") 廣西玉林現代物流城 開發有限公司* (「玉林物流城」)	The PRC 中國	RMB220,000,000 人民幣220,000,000元	100%	–	100%	Property development 房地產開發

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Shenzhen Hydoo Investment Management Company Limited ("Shenzhen Hydoo") 深圳市毅德投資管理 有限公司* (「深圳毅德」)	The PRC 中國	RMB100,000,000 人民幣100,000,000元	100%	-	100%	Investment management 投資管理
Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") 贛州毅德商貿物流園 開發有限公司* (「贛州商貿物流園」)	The PRC 中國	RMB800,000,000 人民幣800,000,000元	100%	-	100%	Property development 房地產開發
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") 梧州毅德商貿物流城 開發有限公司* (「梧州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Heze Hydoo Commercial and Trade Center Company Limited ("Heze Trade Center") 菏澤毅德商貿物流城有限公司* (「菏澤商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Yantai Hydoo International Commercial and Trade Center Company Limited ("Yantai Trade Center") 煙台毅德國際商貿城有限公司* (「煙台商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		
Lanzhou Hydoo Commercial and Trade Center Company Limited ("Lanzhou Trade Center") 蘭州毅德商貿城有限公司* (「蘭州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	–	100%	Property development 房地產開發
Ganzhou Jiuzhi Property Management Services Company Limited ("Ganzhou Jiuzhi") 贛州市久治物業管理有限公司* (「贛州久治」)	The PRC 中國	RMB5,200,000 人民幣5,200,000元	100%	–	100%	Property management services 物業管理服務
Heze Hydoo Industrial Company Limited ("Heze Industrial") 菏澤毅德城實業有限公司* (「菏澤實業」)	The PRC 中國	US\$45,000,000 45,000,000美元	100%	–	100%	Property development 房地產開發
Shenzhen Qianhai Hydoo Financial Leasing Company Limited 深圳前海毅德融資 租賃有限公司*	The PRC 中國	RMB320,000,000 人民幣320,000,000元	100%	–	100%	Finance lease 融資租賃
Liuzhou Hydoo Commercial and Trade Center Company Limited ("Liuzhou Trade Center") 柳州毅德商貿物流城有限公司* (「柳州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	–	100%	Property development 房地產開發
Shenzhen Hydoo Microfinance Company Limited 深圳市毅德小額貸款有限公司*	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	–	100%	Finance 融資

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	
Xingning Honglong Logistics Center Company Limited (i) 興寧鴻隆物流城有限公司*(i)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	60%	–	60% Property development 房地產開發
Xishui Chuangmeng Real Estate Development Company Limited (i) ("Xishui Chuangmeng") 習水創盟房地產開發 有限公司*(i) (「習水創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000元	40%	–	47% Property development 房地產開發
Guizhou Renhuai Chuangmeng Real Estate Development Company Limited (i) ("Renhuai Chuangmeng") 貴州仁懷創盟房地產 開發有限公司*(i) (「仁懷創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000元	32%	–	38% Property development 房地產開發
Dongguan Dajiang Real Estate Development Company Limited (i) ("Dongguan Dajiang") 東莞市大江房地產開發 有限公司*(i) (「東莞大江」)	The PRC 中國	RMB100,000,000 人民幣100,000,000元	51%	–	51% Property development 房地產開發
Dongguan Huahai Industry Company Limited (i) ("Dongguan huahai") 東莞市華海實業投資 有限公司*(i) (「東莞華海」)	The PRC 中國	RMB6,960,000 人民幣6,960,000元	51%	–	51% Property development 房地產開發

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		Held by a subsidiary 子公司所持
Dongguan Dahu Real Estate Development Company Limited (i) ("Dongguan Dahu") 東莞市大湖房地產開發 有限公司*(i) (「東莞大湖」)	The PRC 中國	RMB160,000,000 人民幣160,000,000元	51%	-	51%	Property development 房地產開發
Shenzhen Zhongbao Harbour Industry Company Limited 深圳中寶港灣實業有限公司*	The PRC 中國	RMB100,000,000 人民幣100,000,000元	51%	-	51%	Industry and commerce 實業
Shenzhen Xiangsheng Union Industrial Development Company Limited (i) ("Shenzhen Xiangsheng") 深圳市祥勝聯合實業發展 有限公司*(i) (「深圳祥勝」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	51%	-	51%	Property development 房地產開發

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(i) These entities were acquired by the Group during the year ended 31 December 2020. Please refer to note 24(e) for details.

The directors consider that no individual non-controlling interest is material to the Group as at 31 December 2020 and 2019.

* 該等實體均為中國有限公司。該等公司的英文翻譯名僅供參考。該等公司的中文名稱為官方名稱。

(i) 這些公司為本集團截止至2020年12月31日收購的。詳情請見附註24(e)。

於2020年及2019年12月31日，董事認為，概無個別對本集團屬重大的非控股權益。

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18 FINANCE LEASE RECEIVABLES

18 融資租賃應收款項

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Finance lease receivables	融資租賃應收款項	30,365	74,520
Less: due within one year (note 22)	減：1年內到期(附註22)	(22,155)	(58,828)
		8,210	15,692

As at 31 December 2020, the total future minimum lease payments receivable under finance leases were as follows:

於2020年12月31日，根據融資租賃應收未來最低租金總額如下：

		2020				2019			
		Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount	Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount
		應收租金	融資收入	虧損撥備	賬面值	應收租金	融資收入	虧損撥備	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year (inclusive)	1年內(包括該年)	35,896	(1,752)	(11,989)	22,155	75,699	(4,397)	(12,474)	58,828
After 1 year but within 5 years (inclusive)	1至5年 (包括首尾兩年)	9,181	(685)	(286)	8,210	18,101	(2,060)	(349)	15,692
		45,077	(2,437)	(12,275)	30,365	93,800	(6,457)	(12,823)	74,520

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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19 OTHER NON-CURRENT ASSETS

19 其他非流動資產

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Financial assets measured at amortised cost	按攤餘成本計量的金融資產		
– Loans to the third parties (i)	– 應收第三方貸款(i)	–	61,608
Financial assets measured at FVTPL	按公允價值計量且其變動計入 當期損益的金融資產		
– Unlisted equity investments not held for trading	– 並非持作買賣的非上市權益投資	253,062	191,398
– Amount due from an associate (ii)	– 應收一間聯營公司款項(ii)	84,826	77,936
		337,888	269,334
Deposit and prepayment (iii)	押金及預付款項(iii)	–	73,876
		337,888	404,818

(i) As at 31 December 2019, loans to the third parties are interest-bearing from 14% to 16% per annum, unsecured and to be recovered in 2021, which are classified to current assets as at 31 December 2020.

(ii) As at 31 December 2020, the amount due from an associate measured at FVTPL included consideration receivables of disposed entities amounted RMB52,646,000 (2019: RMB45,756,000) and the amounts due from disposed entities of RMB32,180,000 (2019: RMB32,180,000). The amount due from an associate measured at FVTPL will be recovered according to the development progress of the underlying projects in the disposed project companies.

(iii) As at 31 December 2019, deposit and prepayment mainly included an earnest payment for a development project, which is interest-bearing and expected to be settled by 2021 and is classified as current asset as at 31 December 2020.

(i) 於2019年12月31日，提供給第三方的貸款計息年利為14%至16%，無擔保，將於2021年收回，於2020年12月31日劃分為流動資產。

(ii) 於2020年12月31日，按公允價值計量且其變動計入當期損益的應收一間聯營公司款項包括出售附屬公司的應收代價人民幣52,646,000元（2019年：人民幣45,756,000元），及應收出售實體的款項人民幣32,180,000元（2019年：人民幣32,180,000元）。按公允價值計量且其變動計入當期損益的應收一間聯營公司款項將根據該等出售附屬公司的相關項目的發展進度結付。

(iii) 於2019年12月31日，押金及預付款項主要包括為開發項目而支付的計息誠意金，預計將於2021年收回，且在2020年12月31日被定義為流動資產。

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20 INVENTORIES AND OTHER CONTRACT COSTS

20 存貨及其他合約成本

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Inventories	存貨		
Property development	物業開發		
– Leasehold land held for and under development for sale	– 待售未來待開發租賃土地及待售在建物業	5,758,835	4,738,271
– Completed properties held for sale	– 待售已完工物業	3,597,357	2,620,154
		9,356,192	7,358,425
Others	其他	2,319	993
		9,358,511	7,359,418
Other contract costs	其他合約成本	10,836	24,313
		9,369,347	7,383,731

As at 31 December 2020, certain properties under development for sale, completed properties held for sale and leasehold land held for future development for sale were pledged for certain bank loans granted to the Group (note 27) and parking lots financing arrangement (note 25).

於2020年12月31日，若干待售在建物業、待售已完工物業及待售未來待開發租賃土地用作本集團獲授若干銀行貸款的抵押(附註27)及車位融資安排(附註25)。

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

- (a) The analysis of carrying amount of leasehold land included in properties development for sale is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
In the Mainland China, with remaining lease term of	於中國內地，剩餘租賃期內		
50 years or more	50年或以上	1,224,176	200,983
between 10 and 50 years	10年到50年	2,528,158	2,112,488
		3,752,334	2,313,471

- (b) Properties held for future development for sale in the consolidated statement of financial position comprise:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	22,003	-
Expected to be recovered after more than one year	預期於一年以後收回	2,397,986	888,809
		2,419,989	888,809

20 存貨及其他合約成本(續)

- (a) 計入物業開發的租賃土地的賬面值分析如下：

- (b) 合併財務狀況表內的待售未來待開發物業包括：

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

- (c) Properties under development for sale in the consolidated statement of financial position comprise:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	649,756	1,765,072
Expected to be recovered after more than one year	預期於一年以後收回	2,689,090	2,084,390
		3,338,846	3,849,462

- (d) Completed properties held for sale in the consolidated statement of financial position comprise:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	851,374	769,758
Expected to be recovered after more than one year	預期於一年以後收回	2,745,983	1,850,396
		3,597,357	2,620,154

20 存貨及其他合約成本(續)

- (c) 合併財務狀況表內的待售在建物業包括：

- (d) 合併財務狀況表內待售已完工的物業包括：

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

(e) Other contract costs

Contract costs capitalised as at 31 December 2020 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB17,796,000 (2019: RMB1,023,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

As at 31 December 2020, the amount of capitalised contract costs that is expected to be recovered after more than one year is RMB4,376,000. As at 31 December 2019, all of the capitalised contract costs are expected to be recovered within one year.

20 存貨及其他合約成本(續)

(e) 其他合約成本

於2020年12月31日資本化的合約成本與支付予物業代理的增量銷售佣金有關，該等物業代理的銷售活動導致客戶就本集團於報告日期仍在建的物業訂立買賣協議。合約成本於確認相關物業銷售收益期間在損益表確認為「銷售和分銷成本」的一部分。年內於損益確認的資本化成本金額為人民幣17,796,000元(2019年：人民幣1,023,000元)。資本化成本的年初結餘或年內資本化的成本並無發生減值。

本集團利用國際財務報告準則第15號第94段的實際權益方法，並且認可當資產在攤銷期間發生時獲得與銷售已完工物業以及服務相關的合同的增量成本作為一項支出，否則，本集團將在簽訂合同之日的同一報告期內確認。

截至2020年12月31日，預計一年以上可收回的資本化合約成本金額為人民幣4,376,000元。截至2019年12月31日，所有資本化合約成本預計將在一年內收回。

21 OTHER FINANCIAL ASSETS

21 其他金融資產

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Financial assets measured at FVTPL	按公允價值計量且其變動計入 當期損益的金融資產		
- Derivative financial instrument	- 衍生金融工具	-	10,340
- Wealth management products	- 理財產品	9,000	800
		9,000	11,140

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22 TRADE AND OTHER RECEIVABLES

22 貿易及其他應收款項

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables (a)	貿易應收款項(a)	244,911	243,289
Less: loss allowance	減：虧損撥備	(8,994)	(6,322)
		235,917	236,967
Finance lease receivables (note 18)	融資租賃應收款項(附註18)	34,144	71,302
Less: loss allowance (note 18)	減：虧損撥備(附註18)	(11,989)	(12,474)
		22,155	58,828
Amounts due from joint ventures (c)	應收合營公司款項(c)	62,837	41,013
Less: loss allowance (note 15)	減：虧損撥備(附註15)	(19,613)	(19,613)
		43,224	21,400
Other debtors, net of loss allowance (b)	其他應收款項抵減虧損撥備後 淨額(b)	574,605	119,210
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	875,901	436,405
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	295,603	281,940
Deposits and prepayments (d)	定金及預付款項(d)	1,677,899	643,344
		2,849,403	1,361,689

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22 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) based on the date the relevant trade receivables recognised, is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 month	1個月內	19,236	18,483
1 to 3 months	1至3個月內	12,749	11,588
3 to 6 months	3至6個月內	4,095	3,207
Over 6 months (note)	6個月以上(附註)	199,837	203,689
		235,917	236,967

Note: As at 31 December 2020, included in the trade receivables was RMB208,831,000 (2019: RMB210,011,000), net of provision for loss allowance of RMB8,994,000 (2019: RMB6,322,000) which was aged over one year and mainly due from a government authority.

The details on the Group's credit policy are set out in note 38(a).

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

22 貿易及其他應收款項(續)

(a) 賬齡分析

於報告期末，按相關貿易應收款項確認日期劃分的貿易應收款項(扣除虧損撥備)的賬齡分析如下：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 month	19,236	18,483
1 to 3 months	12,749	11,588
3 to 6 months	4,095	3,207
Over 6 months (note)	199,837	203,689
	235,917	236,967

附註：賬齡超過一年的扣除虧損撥備前的應收賬款金額為人民幣208,831,000元(2019年：人民幣210,011,000元)，其中計提虧損撥備金額為人民幣8,994,000元(2019年：人民幣6,322,000元)，這部分主要來自於一家政府機構。

本集團信貸政策的詳情載於附註38(a)。

貿易應收款項主要與物業銷售所得款項有關。物業銷售所得款項根據相應合約條款一次性支付或分期支付。

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22 TRADE AND OTHER RECEIVABLES (Cont'd)

- (b) The details on the other debtors, net of loss allowance are set out in below:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loans to third parties (i)	向第三方提供貸款(i)	256,101	27,437
Amount due from a non-controlling interest (ii)	應收少數股東款項(ii)	230,086	-
Others	其他	88,418	91,773
		574,605	119,210

- (i) As at 31 December 2020, loans to third parties are interest-bearing at a weighted average rate of 14.76% (2019: 14.72%) per annum, unsecured and to be recovered within one year.

- (ii) The balances at 31 December 2020 represented amount due from a non-controlling interest recorded by a subsidiary, which was acquired by the Group during 2020.

- (c) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from Thailand Joint Venture amounted to RMB19,613,000 in prior year (see note 15).

- (d) The details on the deposits and prepayments are set out in below:

22 貿易及其他應收款項(續)

- (b) 其他應收款項(扣除虧損撥備)詳情載列如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loans to third parties (i)	向第三方提供的貸款	256,101	27,437
Amount due from a non-controlling interest (ii)	應收少數股東款項(ii)	230,086	-
Others	其他	88,418	91,773
		574,605	119,210

- (i) 於2020年12月31日，向第三方提供的貸款以加權平均年利率14.76%計息(2019年：加權平均年利率14.72%)，無抵押擔保並可於一年內收回。

- (ii) 應收非控股股東於2020年12月31日的餘額是本集團於2020年收購的子公司已記賬的餘額。

- (c) 應收合營企業款項的結餘為無抵押、免息及無固定還款期，本集團對應收泰國合營企業的餘額已經於以前年度全額計提減值虧損撥備人民幣19,613,000元(附註15)。

- (d) 押金及預付款項詳情載列如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deposits and prepayments for purchase of land use right	購買土地使用權押金及預付款	640,529	416,484
Deposits and prepayments for acquisition of development projects	收購開發項目押金及預付款	526,289	110,000
Others	其他	511,081	116,860
		1,677,899	643,344

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23 PLEDGED AND RESTRICTED CASH

23 已抵押及受限制現金

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Pledged to banks for certain mortgage facilities	就若干按揭融資而抵押予銀行	175,447	283,641
Pledged for bank loans	就銀行貸款抵押	–	207,340
Pledged for bills payables and discounted bills	就應付票據和貼現票據抵押	360,000	97,741
Restricted cash (i)	受限制現金(i)	32,714	17,321
		568,161	606,043

Note:

附註：

(i) As at 31 December 2020, included in restricted cash are cash of RMB27,388,000 frozen by banks due to pending litigation.

(i) 於2020年12月31日，受限制現金中包括未決訴訟被銀行凍結的資金人民幣27,388,000元。

24 CASH AND CASH EQUIVALENTS

24 現金及現金等值物

(a) Cash and cash equivalents comprise:

(a) 現金及現金等值物包括：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Cash at bank and on hand	銀行存款及現金	1,783,235	1,571,204

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24 CASH AND CASH EQUIVALENTS (Cont'd)

24 現金及現金等值物(續)

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations

(b) 除稅前利潤／(虧損)與經營業務所得的現金的對賬

		2020	2019
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Profit/(loss) before taxation	除稅前利潤／(虧損)	725,883	(144,361)
Adjustments for:	就下列項目調整：		
Finance income	財務收入	(38,849)	(47,781)
Finance costs	融資成本	276,788	228,341
Fair value (gain)/loss on investment properties	投資物業公允價值(收益)／損失	(172,315)	77,454
Reversal of provision of inventories	存貨減值準備轉回	(5,005)	(17,020)
Impairment loss on financial assets measured at amortised cost	以攤餘成本計量的金融資產的減值虧損	28,109	21,258
Government grants related to investment properties recognised in other income	於其他收入確認投資物業相關的政府補助	(4,271)	-
Depreciation and amortisation	折舊及攤銷	35,721	39,879
Net realised and unrealised fair value gain from financial assets measured at FVTPL	按公允價值計量且其變動計入當期損益的金融資產已實現及未實現公允價值收益淨額	(69,024)	(18,924)
Net unrealised fair value loss from financial liabilities measured at FVTPL	按公允價值計量且其變動計入當期損益的金融負債未實現公允價值損失淨額	7,495	-
Net gain on disposal of a joint venture	出售合營企業的收益淨額	(650)	-
Net gain on disposal of subsidiaries	出售子公司的收益淨額	-	(187,099)
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	8,666	-
Share of losses of joint ventures	分佔合營企業虧損	241	3,507
Share of loss of an associate	分佔聯營企業虧損	-	1,253
Net loss on disposal of investment properties	出售投資物業的損失淨額	25,017	12,752
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備收益淨額	(900)	(2,125)
Changes in working capital:	營運資金變動：		
Decrease in inventories and other contract costs	存貨及其他合約成本減少	465,099	49,851
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)／減少	(179,499)	205,698
Decrease in pledged and restricted cash	已抵押及受限資金減少	130,542	199,143
Increase/(decrease) in trade and other payables	貿易及其他應付款項增加／(減少)	1,807,972	(525,559)
(Decrease)/increase in contract liabilities	合約負債(減少)／增加	(2,082,861)	1,145,864
Decrease in deferred income	遞延收入減少	(125,770)	(143,974)
Cash generated from operations	經營業務所得現金	832,389	898,157

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		Bank loans and other borrowings 銀行貸款及其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 28) (附註28) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 29) (附註29) RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 31) (附註31) RMB'000 人民幣千元	Amounts due to controlling shareholders 應付控股股東款項 (note 30) (附註30) RMB'000 人民幣千元	Other current liabilities 其他流動負債 (note 33) (附註33) RMB'000 人民幣千元	Other payables 其他應付款項 (note 25) (附註25) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	1,233,683	1,653,019	259,700	42,084	-	-	-	3,188,486
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	641,000	-	-	-	-	-	-	641,000
Net proceeds from the issuance of senior notes	發行優先票據所得款項淨額	-	601,219	-	-	-	-	-	601,219
Advances from controlling shareholders	控股股東墊款	-	-	-	-	867,000	-	-	867,000
Advances from non-controlling interests	非控股股東墊款	-	-	-	-	-	-	86,866	86,866
Repayment of advances from non-controlling interests	償還非控股股東墊款	-	-	-	-	-	-	(92,064)	(92,064)
Advances from third parties	第三方墊款	-	-	-	-	-	-	98,528	98,528
Repayment of advances from third parties	償還第三方墊款	-	-	-	-	-	-	(113,830)	(113,830)
Proceed from discounted bills	已貼現票據所得	-	-	-	-	-	300,000	-	300,000
Proceeds from parking lots financing arrangements	車位融資安排所得	-	-	-	-	-	-	77,075	77,075
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(564,424)	-	-	-	-	-	-	(564,424)
Repayment of senior notes	償還優先票據	-	(323,254)	-	-	-	-	-	(323,254)
Repayment of corporate bonds	償還公司債券	-	-	(260,000)	-	-	-	-	(260,000)
Capital element of lease rentals paid	已付租賃租金的資本部分	-	-	-	(5,554)	-	-	-	(5,554)
Interest element of lease rentals paid	已付租賃租金的利息部分	-	-	-	(4,158)	-	-	-	(4,158)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(109,944)	(269,834)	(19,500)	-	-	(13,383)	-	(412,661)
Total changes from financing cash flows	融資現金流量變動總額	(33,368)	8,131	(279,500)	(9,712)	867,000	286,617	56,575	895,743
Exchange adjustments	匯率調整	-	(103,732)	-	-	-	-	-	(103,732)
Other changes:	其他變動：								
Increase in lease liabilities from entering into new leases during the year	年內新增租賃產生的租賃負債增加額	-	-	-	3,578	-	-	-	3,578
Acquisition of subsidiaries	收購子公司	-	-	-	-	-	-	450,972	450,972
Interest expense (note 5(a))	利息開支(附註5(a))	108,181	260,640	5,717	4,158	-	13,383	4,857	396,936
Interest payable	應付利息	1,763	2,466	14,083	-	-	-	(4,857)	13,455
Total other changes	其他變動總額	109,944	263,106	19,800	7,736	-	13,383	450,972	864,941
At 31 December 2020	於2020年12月31日	1,310,259	1,820,524	-	40,108	867,000	300,000	507,547	4,845,438

24 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量所確定的負債，在本集團合併現金流量表中歸類為融資活動產生的現金流量。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

		Bank loans and other borrowings 銀行貸款 及其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 28) (附註28) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 29) (附註29) RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 31) (附註31) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	1,266,911	1,465,981	261,334	-	2,994,226
Impact on initial application of IFRS 16	初次應用16號準則的影響	-	-	-	47,975	47,975
Adjusted balance at 1 January 2019	於2019年1月1日調整後的餘額	1,266,911	1,465,981	261,334	47,975	3,042,201
Changes from financing cash flows:	融資現金流量變動：					
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	609,940	-	-	-	609,940
Net proceeds from the issuance of senior notes	發行優先票據所得款項淨額	-	566,084	-	-	566,084
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(643,168)	-	-	-	(643,168)
Repayment of senior notes	償還優先票據	-	(425,274)	-	-	(425,274)
Repayment of corporate bonds	償還公司債券	-	-	(3,022)	-	(3,022)
Capital element of lease rentals paid	已付租賃租金的資本部分	-	-	-	(6,522)	(6,522)
Interest element of lease rentals paid	已付租賃租金的利息部分	-	-	-	(3,934)	(3,934)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(121,515)	(185,659)	(19,643)	-	(326,817)
Total changes from financing cash flows	融資現金流量變動總額	(154,743)	(44,849)	(22,665)	(10,456)	(232,713)
Exchange adjustments	匯率調整	-	31,329	(57)	-	31,272
Other changes:	其他變動：					
Increase in lease liabilities from entering into new leases during the year	年內新增租賃產生的租賃負債增加額	-	-	-	631	631
Interest expense (note 5(a))	利息開支(附註5(a))	121,515	172,361	21,009	3,934	318,819
Interest payable	應付利息	-	28,197	79	-	28,276
Total other changes	其他變動總額	121,515	200,558	21,088	4,565	347,726
At 31 December 2019	於2019年12月31日	1,233,683	1,653,019	259,700	42,084	3,188,486

24 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬(續)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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24 CASH AND CASH EQUIVALENTS (Cont'd)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within operating cash flows	經營活動現金流	227,962	9,249
Within financing cash flows	融資活動現金流	9,712	10,456
		237,674	19,705

These amounts relate to the following:

相關總額如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Lease rentals paid	支付的租賃租金	13,629	15,650
Purchase of leasehold land	購買租約土地支出	224,045	4,055
		237,674	19,705

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries

During the year, the Group has acquired certain subsidiaries which hold property development projects. Acquisitions of these subsidiaries enable the Group to expand its land banks. The acquired subsidiaries' major assets are properties held for development and properties under development. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties. Details of the acquisitions are summarised as follows:

	Acquisition date 收購日	Consideration 對價 RMB'000 人民幣千元	Percentage of equity interest acquired 收購股權比例
Dongguan City Huahai Enterprise Investment Limited 東莞市華海實業投資有限公司	31 October 2020 2020年10月31日	153,311	51%
Dongguan City Dahu Property Development Limited 東莞市大湖房地產開發有限公司	31 October 2020 2020年10月31日	70,543	51%
Dongguan Yinghuizhong Investment Company Limited 東莞市盈惠眾投資有限公司	31 October 2020 2020年10月31日	110,347	100%
Shenzhen Zuolin Industrial Company Limited 深圳市左鄰實業有限公司	31 October 2020 2020年10月31日	89,000	51%
Best Ease Global Limited 佳逸環球有限公司	30 November 2020 2020年11月30日	159,777	85%
Shenzhen Baichuan Century Investment Company Limited (note) 深圳市百川世紀投資諮詢有限公司(附註)	31 December 2020 2020年12月31日	1,000	100%
Considerations for equity interests 收購權益的對價		583,978	

Note: The business registration for the change in shareholders of the entity was still in process. As the Group has paid all consideration for the acquisition and could control over the entity, the entity was treated as subsidiary of the Group as at 31 December 2020.

24 現金及現金等值物(續)

(e) 收購子公司

本年內，本集團已收購若干持有房地產開發項目的子公司。收購這些子公司能夠擴充本集團的土地儲備。被收購子公司的主要資產為待售未來待開發租賃土地及待售在建物業。董事會認為，收購這些子公司僅僅是為了獲得標的資產。收購詳情如下：

	收購日	對價 人民幣千元	收購股權比例
東莞市華海實業投資有限公司	2020年10月31日	153,311	51%
東莞市大湖房地產開發有限公司	2020年10月31日	70,543	51%
東莞市盈惠眾投資有限公司	2020年10月31日	110,347	100%
深圳市左鄰實業有限公司	2020年10月31日	89,000	51%
佳逸環球有限公司	2020年11月30日	159,777	85%
深圳市百川世紀投資諮詢有限公司(附註)	2020年12月31日	1,000	100%
收購權益的對價		583,978	

附註：該公司股東變更的工商登記仍在進行。由於本集團已經支付了所有的收購對價且可控制該公司，因此截至2020年12月31日該公司被認作本集團的子公司。

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(除另有指明外，均以人民幣列示)

24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries (Cont'd)

The effect of acquisition on the Group's assets and liabilities is set out as below:

		Note 附註	RMB'000 人民幣千元
Inventories	存貨		2,621,506
Investment properties	投資物業	11	141,000
Property, plant and equipment	物業、廠房及設備	10	940
Intangible assets	無形資產	12	415
Trade and other receivables	貿易及其他應收款項		872,176
Cash and cash equivalents	現金及現金等值物		89,866
Prepaid tax	預繳稅款		25,223
Deferred tax liabilities	遞延所得稅負債	16(b)	(2,555)
Trade and other payables	貿易及其他應付款項		(1,859,150)
Contract liabilities	合同負債	26	(1,064,829)
Non-controlling interests	非控股權益		(240,614)
Net assets attributable to the Group	本集團應佔資產淨額		583,978

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

24 現金及現金等值物(續)

(e) 收購子公司(續)

收購對本集團資產和負債的影響如下：

		Note 附註	RMB'000 人民幣千元
Inventories	存貨		2,621,506
Investment properties	投資物業	11	141,000
Property, plant and equipment	物業、廠房及設備	10	940
Intangible assets	無形資產	12	415
Trade and other receivables	貿易及其他應收款項		872,176
Cash and cash equivalents	現金及現金等值物		89,866
Prepaid tax	預繳稅款		25,223
Deferred tax liabilities	遞延所得稅負債	16(b)	(2,555)
Trade and other payables	貿易及其他應付款項		(1,859,150)
Contract liabilities	合同負債	26	(1,064,829)
Non-controlling interests	非控股權益		(240,614)
Net assets attributable to the Group	本集團應佔資產淨額		583,978

與收購子公司有關的現金及現金等值物現金流出淨額分析：

		RMB'000 人民幣千元
Cash considerations for equity interests paid	支付的收購權益的現金對價	583,978
Less: cash and cash equivalents acquired	減：取得的現金及現金等值物	(89,866)
Net cash outflow	現金流出淨額	494,112

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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25 TRADE AND OTHER PAYABLES

25 貿易及其他應付款項

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade and bills payables (a)	貿易應付款項及應付票據(a)	2,409,209	1,569,041
Other payables and accruals (b)	其他應付款項及應計費用(b)	1,505,525	632,461
Financial liabilities measured at amortised cost	以攤餘成本計量的金融負債	3,914,734	2,201,502
Deposits (c)	定金(c)	1,520,261	163,254
Receipts in advance	預收款項	15,955	3,104
		5,450,950	2,367,860

(a) As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

(a) 於報告期末，應付賬款及應付票據（該等已計入貿易及其他應付款項）按到期日期的賬齡分析如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Due within 1 month or on demand	於1個月內或按要求	251,012	232,775
Due after 1 month but within 3 months	1至3個月	347,108	171,324
Due after 3 months but within 6 months	於3個月後但於6個月內	537,094	531,301
Due after 6 months	於6個月後到期	1,273,995	633,641
		2,409,209	1,569,041

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones.

貿易應付款項主要指應付承包商款項。應付承包商款項按進度及協定里程碑分期付款。

The Group normally retains 2% to 10% as retention money. As at 31 December 2020, included in trade and bills payables are retention payables of RMB316,296,000 (2019: RMB294,808,000), which are expected to be settled after more than one year.

本集團通常保留2%至10%作為保留金。於2020年12月31日，貿易應付款項中包括應付保留金人民幣316,296,000元（2019年：人民幣294,808,000元），預期將於一年後結算。

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25 TRADE AND OTHER PAYABLES (Cont'd)

(b) The details of other payables and accruals are set out below:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Amounts due to non-controlling interests (i)	應付非控股股東款項(i)	323,808	-
Amount due to a related party (i)	應付關聯方款項(i)	57,230	-
Amounts due to third parties (i)	應付第三方款項(i)	281,435	-
Other tax payables	其他應交稅費	300,497	285,866
Others (ii)	其他(ii)	542,555	346,595
		1,505,525	632,461

(i) As at 31 December 2020, the amounts due to non-controlling interests, the amount due to a related party and the amounts due to third parties are interest-free, unsecured and repayable within one year.

(ii) As at 31 December 2020, others mainly included earnest payments of RMB185,456,000 (2019: RMB142,215,000) from potential clients and advances from parking lots financing arrangement of RMB77,075,000 (2019: Nil).

25 貿易及其他應付款項(續)

(b) 其他應付款項及應計費用詳情載列如下：

(i) 截至2020年12月31日，應付非控股股東款項，應付給關聯方的金額和應付給第三方的金額為無息、無抵押、無擔保，且將在一年內償還。

(ii) 餘額主要包括潛在客戶的定金人民幣185,456,000元(2019年：人民幣142,215,000元)和車位銀行融資款項人民幣77,075,000元(2019年：零)。

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25 TRADE AND OTHER PAYABLES (Cont'd)

(c) The details of deposits are set out below:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deposits for cooperative development of properties (i)	項目發展合作保證金(i)	1,401,032	82,032
Others (ii)	其他(ii)	119,229	81,222
		1,520,261	163,254

(i) As at 31 December 2020, deposits of cooperative development projects include deposits of RMB1,200,000,000 received from the third parties for certain projects, which have been returned to the third parties upon the termination of co-operation in early 2021.

(ii) As at 31 December 2020, other deposits include the deposits related to decoration and lease arrangement of RMB38,718,000 (2019: RMB34,487,000) which are expected to be settled after more than one year.

All of the other payables and accrued expenses and deposits are expected to be settled within one year.

25 貿易及其他應付款項(續)

(c) 押金詳情載列如下：

(i) 截至2020年12月31日，項目合作保證金包括從第三方收取的針對某些項目的合作保證金人民幣1,200,000,000元。這些款項已於2021年初由於終止合作返還給第三方。

(ii) 於2020年12月31日，其他押金包括裝修保證金及租賃保證金人民幣38,718,000元（2019年：人民幣34,487,000元），預期將於超過一年後結算。

所有其他應付款項及應計開支及定金預期將於一年內結算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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26 CONTRACT LIABILITIES

26 合約負債

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Advances received for sales of properties	銷售物業收取的墊款	1,956,018	2,978,834
Property management fees received in advance	預收物業管理費	8,952	7,261
Others	其他	6,325	3,232
		1,971,295	2,989,327

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Property development

Depending on market conditions, the Group requires the customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

對經確認合約負債金額構成影響的一般支付條款如下：

物業開發

視乎市況，本集團要求客戶在開發仍在進行期間，而不是在有關物業落成後，在協定時限內付清全部對價。該等墊付計劃導致合約負債於整個餘下物業開發期間就合約價悉數確認。此外，合約負債將因本集團應計的利息開支金額而增加，以反映付款日至交付物業予客戶的日期從客戶獲得的任何重大融資利益的影響。由於此應計項目增加開發期間的合約負債金額，已完工物業的控制權轉移至客戶時確認的收益金額亦會增加。

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26 CONTRACT LIABILITIES (Cont'd)

Movements in contract liabilities

26 合約負債(續)

合約負債變動

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	2,989,327	1,843,463
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	年內確認於年初計入合約負債收益導致合約負債減少	(2,499,887)	(838,894)
Increase in contract liabilities as a result of receiving advanced payments of sales of properties in respect of properties still under construction and advanced service fee of properties management during the year	年內有關於仍在建中物業的銷售物業預收款項及預收物業管理服務費導致合約負債增加	701,315	1,935,936
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	1,064,829	-
Decrease in contract liabilities from acquisition of subsidiaries as a result of recognising revenue during the year	年內確認收入導致收購子公司的合約負債減少	(382,731)	-
Increase in contract liabilities as a result of accruing interest expense on advances	墊款應計利息開支導致合約負債增加	98,442	48,822
Balance at 31 December	於12月31日的結餘	1,971,295	2,989,327

The amounts of billings received advance payment of sales of properties expected to be recognised as income after more than one year is RMB197,820,000 (2019: RMB567,499,000).

預計一年以上確認為收入的預收物業銷售款項為人民幣197,820,000元(2019年：人民幣567,499,000元)。

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27 BANK LOANS AND OTHER BORROWINGS

At 31 December 2020, the Group's bank loans and other borrowings are repayable as follows:

27 銀行貸款及其他借貸

於2020年12月31日，本集團的銀行貸款及其他借貸的償還情況如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans	銀行貸款		
Current	流動		
Secured	有抵押		
– bank loans and other borrowings	– 銀行貸款及其他借貸	11,000	139,524
– current portion of non-current bank loans and other borrowings	– 非流動銀行貸款及其他借貸的流動部分	470,029	362,938
Guaranteed	有擔保		
– bank loans and other borrowings	– 銀行貸款及其他借貸	–	3,000
		481,029	505,462
Non-current	非流動		
Secured	有抵押		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	327,002	366,512
– repayable after 2 years but within 5 years	– 兩年後但五年內還款	331,178	263,398
– repayable after 5 years	– 五年後還款	171,050	98,311
		829,230	728,221
		1,310,259	1,233,683

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27 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 31 December 2020 and 2019, there is no advanced redemption requested by certain banks due to not applying with the imposed covenants as set out in the above.

- (b) Bank loans and other borrowings bear interest at a weighted average rate of 8.10% per annum for the year ended 31 December 2020 (2019: 7.5% per annum), and are secured by the following assets:

27 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1) 本集團若干營運附屬公司的財務狀況比率指標；(2) 按其若干營運附屬公司分配股利限制；或(3) 當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2020年12月31日和2019年12月31日，概無本集團的銀行貸款由於未遵守所施加的限制被某些銀行要求提前還款。

- (b) 於截至2020年12月31日止年度，銀行貸款及其他借貸的加權平均年利率為8.10%(2019年：7.50%)計息，並以下列資產作抵押：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Completed properties held for sale	待售已完工物業	-	279,304
Properties held for future development for sale	待售未來待開發物業	861,851	615,847
Properties under development for sale	待售在建物業	661,497	754,190
Investment properties (note 11(b)(ii))	投資物業(附註11(b)(ii))	1,147,500	688,300
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	337,035	347,036
Pledged deposits	已抵押現金	-	207,340
		3,007,883	2,892,017

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28 SENIOR NOTES

28 優先票據

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Current	流動		
US\$280 million senior notes due in 2021	2021年到期的280百萬美元 優先票據		
– Tranche 1 (i)	– 第一期(i)	1,257,105	–
– Tranche 2 (ii)	– 第二期(ii)	325,693	–
– Tranche 3 (iii)	– 第三期(iii)	84,555	–
– Tranche 4 (iv)	– 第四期(iv)	153,171	–
US\$157 million senior notes due in 2020 (v)	2020年到期的157百萬美元 優先票據(v)		
– Tranche 1	– 第一期	–	260,272
– Tranche 2	– 第二期	–	53,948
		1,820,524	314,220
Non-current	非流動		
US\$194 million senior notes due in 2021 (i)	2021年到期的194百萬美元 優先票據(i)	–	1,338,799
		1,820,524	1,653,019

(i) On 12 December 2019, the Company offered its 14.00% senior notes due December 2021 in an exchange offer to existing holders of 12% Senior Notes due May 2020 (the “2020 Senior Notes”). US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes (defined below), which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14.00% due 2021 senior notes (the “2021 Senior Notes”). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.

(i) 於2019年12月12日，本公司向時任於2020年5月到期的、12%的優先票據（「2020年優先票據」）持有者發起於2021年12月到期、14.00%優先票據之交換要約。2020年優先票據中的111,673,000美元（約71.1%）已成功交換。與交換要約同時，本公司同時新發行81,827,000美元額外2021年優先票據（定義見下文），並與根據交換要約發行的111,673,000美元2021年優先票據構成總本金額193,500,000美元2021年到期的14.00%優先票據（「2021年優先票據」）。交換要約及同時進行的新發行已於2019年12月19日完成，而於包括應計利息及扣除交易成本後的新發行所得款項80,214,000美元（相等於人民幣561,661,000元）由本公司於2019年12月20日收取。2021年優先票據的利息開支乃使用實際年利率14.49%計算。

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28 SENIOR NOTES (Cont'd)

- (ii) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.
- (iii) On 28 October 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,000,000 (equivalent to RMB85,517,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019 and 6 January 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,562,000 (equivalent to RMB89,214,000) was received by the Company on 30 October 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.38% per annum.
- (iv) On 23 November 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$23,500,000 (equivalent to RMB154,586,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January and 30 October 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$24,691,000 (equivalent to RMB162,420,000) was received by the Company on 25 November 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.13% per annum.
- (v) All the 2020 Senior Notes were redeemed upon maturity during the Year.

28 優先票據(續)

- (ii) 2019年12月27日，本公司發行本金總額為50,000,000美元(相當於人民幣348,450,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年1月7日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)50,163,000美元(相當於人民幣349,585,000元)。額外2021年優先票據的利息費用採用每年14.20%的實際利率計算。
- (iii) 於2020年10月28日，本公司發行本金總額為13,000,000美元(相當於人民幣85,517,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日和2020年1月6日發行的2021年到期14.00%的2021年優先票據合併成單一類別。公司於2020年10月30日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)13,562,000美元(相當於人民幣89,214,000元)。額外2021年優先票據的利息費用採用14.38%的實際年利率計算。
- (iv) 2020年11月23日，本公司發行本金總額為23,500,000美元(相當於人民幣154,586,000元)的額外2021年優先票據，該等優先票據與本公司於2019年12月19日、2020年1月6日及2020年10月30日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年11月25日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)24,691,000美元(相當於人民幣162,420,000元)。額外2021年優先票據的利息費用採用14.13%的實際年利率計算。
- (v) 所有2020年優先票據均於本年度到期時贖回。

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29 CORPORATE BONDS

In 2017, the Group issued certain non-public offering of corporate bonds totalling RMB260 million with a coupon rate of 7.50% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of RMB256,360,000 was received by the Group. Interest expenses on these non-public offering corporate bonds are calculated with the effective interest rate of 8.04% per annum. The corporate bonds was redeemed in April 2020.

30 AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

As at 31 December 2020, amounts due to controlling shareholders are unsecured, interest-free and repayable with no fixed repayment terms.

31 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

		2020		2019	
		Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
		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
Within 1 year	一年內	10,562	11,012	8,972	10,523
After 1 year but within 2 years	一年後但兩年以內	7,538	8,380	8,448	9,680
After 2 years but within 5 years	兩年後但五年以內	19,483	25,987	18,325	25,159
After 5 years	五年後	2,525	2,636	6,339	10,545
		29,546	37,003	33,112	45,384
		40,108	48,015	42,084	55,907
Less: total future interest expenses	減：總計未來利息費用		(7,907)		(13,823)
Present value of lease liabilities	租賃負債現值		40,108		42,084

29 公司債券

2017年，本公司發行若干票面年利率為7.50%的非公開發行公司債券合共人民幣260百萬元。本集團已收取發行債券所得款項淨值(經扣除交易成本)人民幣256,360,000元。非公開發行公司債券的利息開支按8.04%的實際年利率計算。該公司債券於2020年4月全部贖回。

30 應付控股股東款項

於2020年12月31日，應付給控股股東款項為無擔保、無抵押、無息、可償還，無固定還款期限。

31 租賃負債

下表顯示了本年度和以前年度報告期的期末集團租賃負債的剩餘合同到期日：

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32 DEFERRED INCOME

32 遞延收入

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
At 1 January	於1月1日	479,160	623,134
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助(i)	168,715	93,247
– Utilisation	– 已使用	(294,485)	(237,221)
– Recognised in other income related to investment properties (note 4(ii))	– 與投資物業相關部分確認至其他收入(附註4(ii))	(4,271)	–
At 31 December	於12月31日	349,119	479,160

(i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group, including Yantai Trade Center, Jining Logistics Center, Ningxiang Trade Center, Heze Industrial, Mianyang Trade Center, Wuzhou Trade Center, Lanzhou Trade Center, Ganzhou Trade Center, Heze Trade Center and Yulin Trade Center.

(i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設，包括煙台商貿中心、濟寧物流中心、寧鄉商貿中心、菏澤實業、綿陽商貿中心、梧州商貿中心和蘭州商貿中心、贛州商貿中心、菏澤商貿中心及玉林商貿中心。

33 OTHER CURRENT LIABILITIES

Other current liabilities represent discounted bills which are pledged by cash deposit of RMB300,000,000 and expired in February 2021.

33 其他流動負債

其他流動負債指以現金存款人民幣300,000,000元進行質押並於2021年2月到期的貼現票據。

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34 OTHER FINANCIAL LIABILITIES

34 其他金融負債

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Contingent consideration payable	或有應付對價	16,843	15,250
Estimated compensation payable	預計應付補償款	61,490	55,588
		78,333	70,838

In 2019, the Group disposed its entire interest in Beijing Hydo Yingchuang Corporate Management Company Limited, which has a direct wholly owned subsidiary of Lanzhou Hydo Yingchuang Estate Company Limited, (collectively "Yingchuang") with consideration of nil to an associate, Beijing Sunac Hydo Corporate Management Company Limited ("Sunac Hydo"), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd. ("Sunac") and Mr Yi Jiming (collectively "Partners").

Pursuant to the agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVTPL. The fair value of this contingent consideration payable at 31 December 2020 was RMB16,843,000 (2019: RMB15,250,000).

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 31 December 2020 was RMB61,490,000 (2019: RMB55,588,000) and the Group recorded this amount as financial liabilities measured at FVTPL.

2019年，本集團將其持有的北京毅德盈創企業管理有限公司(其擁有一家全資子公司蘭州毅德盈創置業有限公司，統稱「盈創」)的全部權益以零對價出售給其聯營公司北京融創毅德企業管理有限公司(「融創毅德」)(由本集團、北京融創建設房地產集團有限公司(「融創」)及伊繼明先生(統稱「合作方」)設立)。

根據協議，倘本集團未能將有關初始土地成本的若干票據的所有權變更予盈創，本集團將需補償融創毅德將產生的相關未來稅費成本。鑑於潛在付款責任將基於未來事宜計量，故將或有應付對價確認為按公允值計量且變動計入當期損益的金融負債。於2020年12月31日，應付或有對價的公允價值為人民幣16,843,000元(2019年：人民幣15,250,000元)。

在項目交割完成後，盈創應當地政府要求額外土地成本，本集團同意就由於土地成本增加而導致的利潤減少對融創毅德進行補償。截至2020年12月31日，估計補償金額為人民幣61,490,000元(2019年：人民幣55,588,000元)，本集團將該金額按照公允價值變動且其變動計入當期損益的方式進行計量。

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35 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans ranging from 10% to 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member’s retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

Due to the impact of an outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

35 僱員退休福利

定額供款退休計劃

本集團按照香港強制性公積金計劃條例的規定為根據香港僱傭條例管轄範圍受僱的僱員設立一項強制性公積金計劃(「強積金計劃」)。強積金計劃是由獨立信託人管理的定額供款退休計劃。根據強積金計劃，僱主及僱員均須按照僱員相關收入的5%向計劃供款，惟每月相關收入上限為30,000港元。此計劃的供款即時歸屬。

中國法規規定，本集團須為其僱員參與省市政府所組織的各種定額供款退休計劃。本集團須按僱員工資、花紅及若干津貼的10%至20%向退休計劃供款。參加計劃的員工有權獲得相當於按其退休時工資的固定比率計算的退休金。除上述年度供款外，本集團毋須就與此等計劃相關的退休金福利承擔其他重大付款責任。

由於新冠肺炎爆發的影響，政府自2020年2月起頒佈了包括多項社會保險減免政策，以加快恢復經濟活動，導致2020年定額供款退休計劃的部分費用減少。

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36 EQUITY SETTLED SHARE-BASED PAYMENTS

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 7 December 2020, the Group offered to grant share options to subscribe for a total of 54,000,000 shares of HK\$0.01 each in the capital of the Company to 43 certain eligible employees. Based on the acceptance confirmation signed by grantees, 54,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

- (i) The terms and conditions of the options granted are as follows:

			Number of instruments 工具數量
Options granted on 12 June 2020	於2020年6月12日授予購股權數量		
– directors	– 董事		42,700,000
– employees	– 僱員		132,700,000
		Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限
Vesting date 可行權日			
1 April 2021	2021年4月1日	30%	12 months個月
1 April 2022	2022年4月1日	30%	24 months個月
1 April 2023	2023年4月1日	40%	36 months個月

36 股權結算以股份為基礎的交易

於2020年6月12日，本集團根據購股權計劃向五名董事及若干符合資格的員工要約授出購股權，購股權可認購本公司股本中合共175,400,000股每股面值為0.01港元的股份。根據被授對象簽署的接納確認函，164,200,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2020年12月7日，本集團根據購股權計劃向四十三名符合資格的員工要約授出購股權，購股權可認購本公司股本中合共54,000,000股每股面值為0.01港元的股份。根據被授對象簽署的接納確認函，54,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

- (i) 所授予購股權的條款和條件如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

36 EQUITY SETTLED SHARE-BASED PAYMENTS (Cont'd)

- (i) The terms and conditions of the options granted are as follows: (Cont'd)

Options granted on 7 December 2020 – employees	於2020年12月7日授予購股權數量 – 僱員	Number of instruments 工具數量
		54,000,000

Vesting date 可行權日	Percentage of vested shares 歸屬股份 百分比	Contractual life of options 購股權 合同期限
1 April 2021	2021年4月1日	30% 6 months個月
1 April 2022	2022年4月1日	30% 18 months個月
1 April 2023	2023年4月1日	40% 30 months個月

36 股權結算以股份為基礎的交易(續)

- (i) 所授予購股權的條款和條件如下：
(續)

- (ii) The number and the exercise price of share option are as follows:

- (ii) 購股權的數目及行使價如下：

Outstanding at 1 January 2020 Granted Lapsed	於2020年1月1日未行使 授予 失效	Exercise price 行使價	Number of share options 購股權數目
		–	–
		HK\$0.5港元	229,400,000
		HK\$0.5港元	(27,000,000)
Outstanding at 31 December 2020	於2020年12月31日未行使	HK\$0.5港元	202,400,000
Exercisable at 31 December 2020	於2020年12月31日可行使	–	–

No options were exercised during the year ended 31 December 2020.

截至2020年12月31日，沒有任何購股權被行使。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

36 EQUITY SETTLED SHARE-BASED PAYMENTS (Cont'd)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Share price	HK\$0.41–0.50
股票價格	0.41–0.50港元
Exercise price	HK\$0.50
行權價格	0.50港元
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	50.41%–67.24%
預期波動率(表示為二項式網格模型建模中使用的加權平均波動率)	
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	0.6–2.8 years
期權有效期(表示為二項式網格模型下建模時使用的加權平均有效期)	0.6–2.8年
Expected dividends	0%
預期股息	
Risk-free interest rate	0.1%–0.34%
無風險利率	

The options outstanding at 31 December 2020 have an exercise price of HK\$0.5 and a weighted average remaining contractual life of 19 months.

The fair value of the share options granted was RMB30,984,000, of which the Group recognised share option expense of RMB8,666,000 during the year ended 31 December 2020.

36 股權結算以股份為基礎的交易(續)

(iii) 購股權的公允價值及假設

以授予的購股權換取的服務的公允價值參照授予的購股權的公允價值計量。授予的購股權的公允價值估計是基於二項式網格模型進行計量的。購股權的合同期限被用作該模型的輸入。早期行權的期望被納入二項式網格模型。

購股權的公允價值及假設

Share price	HK\$0.41–0.50
股票價格	0.41–0.50港元
Exercise price	HK\$0.50
行權價格	0.50港元
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	50.41%–67.24%
預期波動率(表示為二項式網格模型建模中使用的加權平均波動率)	
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	0.6–2.8 years
期權有效期(表示為二項式網格模型下建模時使用的加權平均有效期)	0.6–2.8年
Expected dividends	0%
預期股息	
Risk-free interest rate	0.1%–0.34%
無風險利率	

截至2020年12月31日，尚未行使的購股權的行權價為每股0.5港元，加權平均剩餘有效期為19個月。

授予的購股權的公允價值為人民幣30,984,000元，其中本集團於截至2020年12月31日止年度確認的購股權費用為人民幣8,666,000元。

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37 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company		Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity settled share-based payment reserve	Exchange reserve	Accumulated losses	Total equity
本公司		股本	股本溢價	資本贖回儲備	資本儲備	以權益結算以股份支付為基礎儲備	匯兌儲備	累計虧損	權益總額
		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	RMB'000 人民幣千元	RMB'000 人民幣千元
		37(c)	37(d)(i)	37(c)	37(d)(v)	37(d)(iv)	37(d)(iii)		
Balance at 1 January 2019	於2019年1月1日	31,825	978,266	120	1,386,109	-	134,922	(751,264)	1,779,978
Changes in equity for 2019: Loss and total comprehensive income for the year	2019年權益變動 年內虧損及全面收入總額	-	-	-	-	-	7,276	(191,483)	(184,207)
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	31,825	978,266	120	1,386,109	-	142,198	(942,747)	1,595,771
Changes in equity for 2020: Loss and total comprehensive income for the year	2020年權益變動 年內虧損及全面收入總額	-	-	-	-	-	(27,485)	(274,332)	(301,817)
Issuance of shares	增發新股	4,773	210,010	-	-	-	-	-	214,783
Equity settled share-based transactions	以權益結算的股份支付交易	-	-	-	-	8,666	-	-	8,666
Balance at 31 December 2020	於2020年12月31日	36,598	1,188,276	120	1,386,109	8,666	114,713	(1,217,079)	1,517,403

37 股本、儲備及股息

(a) 權益組成部分的變動

本集團合併權益各組成部分的年初與年終結餘的對賬載於合併權益變動表。本公司權益個別組成部分於年初至年末的變動詳情載列如下：

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Dividends

For the year ended 31 December 2020, no final dividend in respect of the previous financial year was approved and paid (2019: Nil).

The directors did not propose the payment of any final dividend subsequent to year end.

(c) Share capital

Authorised and issued share capital:

		2020		2019	
		No. of shares	Amount	No. of shares	Amount
		股份數目	金額	股份數目	金額
		'000	HK\$'000	'000	HK\$'000
		千股	千港元	千股	千港元
Authorised:	法定：				
Ordinary shares of	每股面值0.01港元				
HK\$0.01 each	的普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid:

		Par value	Number of shares	Nominal value of ordinary shares	
		面值	股份數目	普通股面值	
		HK\$	'000	HK\$'000	RMB'000
		港元	千股	千港元	人民幣千元
At 1 January 2020	於2020年1月1日	0.01	4,014,844	40,148	31,825
Issuance of new shares	增發新股	0.01	522,510	5,225	4,773
At 31 December 2020	於2020年12月31日	0.01	4,537,354	45,373	36,598

On 19 June 2020, the Company issued 522,510,000 ordinary shares, representing approximately 11.52% of the Company's issued share capital at HK\$0.45 per share to certain individuals with total net proceeds of HK\$234,929,500 (equivalent to RMB214,783,000). Accordingly, the share capital was increased by RMB4,773,000 and the remaining RMB210,010,000 were credited to share premium.

37 股本、儲備及股息(續)

(b) 股息

截至2020年12月31日止年度，概無批准及派付的上個財政年度的末期股息(2019年：零)。

於報告期末後擬不派末期股息。

(c) 股本

法定及已發行股本：

		2020		2019	
		No. of shares	Amount	No. of shares	Amount
		股份數目	金額	股份數目	金額
		'000	HK\$'000	'000	HK\$'000
		千股	千港元	千股	千港元
Authorised:	法定：				
Ordinary shares of	每股面值0.01港元				
HK\$0.01 each	的普通股	8,000,000	80,000	8,000,000	80,000

已發行及繳足普通股：

		Par value	Number of shares	Nominal value of ordinary shares	
		面值	股份數目	普通股面值	
		HK\$	'000	HK\$'000	RMB'000
		港元	千股	千港元	人民幣千元
At 1 January 2020	於2020年1月1日	0.01	4,014,844	40,148	31,825
Issuance of new shares	增發新股	0.01	522,510	5,225	4,773
At 31 December 2020	於2020年12月31日	0.01	4,537,354	45,373	36,598

2020年6月19日，公司以每股0.45港元的價格向部分個人發行了522,510,000股普通股，約佔公司已發行股本的11.52%，所得款項淨額為234,929,500港元(折合人民幣214,783,000元)。股本相應增加人民幣4,773,000元，剩餘人民幣210,010,000元計入股份溢價。

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37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(iv) Equity settled share-based payment reserve

Equity settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(t)(ii).

37 股本、儲備及股息(續)

(d) 儲備

(i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可用於向股東支付分派或股息，惟須確保緊隨建議支付分派或股息日期後，本公司有能力支付日常業務過程中的到期債務。

(ii) 中國法定儲備

根據本集團中國子公司的組織章程細則及有關法定法規，須以按中國會計規則及法規釐定的除稅後利潤的10%向法定儲備金撥款，直至儲備結餘達到註冊資本的50%。該儲備金可用於抵銷中國子公司的累計虧損或增資，惟轉換後儲備金結餘不少於註冊資本的25%，且除於清盤時，不可用於分派。

(iii) 匯兌儲備

匯兌儲備包括因換算非人民幣的功能貨幣經營財務報表而產生的所有相關匯兌差額。該儲備按附註1(x)所載的會計政策處理。

(iv) 以權益結算以股份支付為基礎儲備

以權益結算以股份支付為基礎儲備指按附註1(t)(ii)所述根據就以股份付款採納的會計政策計算授予本集團僱員的未行使購股權實際或估計數目的公允值。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves (Cont'd)

(v) Capital reserve

Capital reserve is resulted from transactions with owners in their capacity as the equity owners. The balance comprises capital reserve surplus/deficit arising from the difference between the disposal/acquisition consideration and its net assets value at the respective date of disposal/acquisition, and the capital reserve transferring from the equity settled share-based payment reserve.

(vi) Reserve-transaction with non-controlling interests

The balance represents difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests.

(e) Distributability of reserves

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB1,480,805,000 (2019: RMB1,563,946,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

37 股本、儲備及股息(續)

(d) 儲備(續)

(v) 資本儲備

資本儲備來自與擁有人以其權益擁有人身份進行的交易。結餘包括出售/收購對價與相關出售/收購日期資產淨值的差額所產生資本儲備盈餘/虧絀，以及轉撥自以權益結算以股份支付為基礎儲備的資本儲備。

(vi) 儲備－與非控股權益的交易

結餘指可識別資產淨值與已付收購非控股權益之對價的差額。

(e) 可分派儲備

於2020年12月31日，根據開曼群島公司法計算的本公司可供分派儲備約為人民幣1,480,805,000元(2019年：人民幣1,563,946,000元)，該等儲備可作分派，惟緊隨建議派發股息日期後，本公司有能力償還日常業務過程中的到期債務。

(f) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以向其物業開發項目提供資金，以及藉著與風險水平及以合理成本取得融資掛鈎的方式為物業定價而為股東及其他利益相關者提供回報及利益。

本集團積極定期審核及管理其資本架構，以維持與高借貸水平可能有關的較高股東回報與穩健資本狀況帶來的優勢及擔保之間的平衡，並根據經濟狀況的變動調整資本架構。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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(除另有指明外，均以人民幣列示)

37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as total interest-bearing liabilities (including bank loans and other borrowings, senior notes and corporate bonds) divided by total assets of the Group. At 31 December 2020, the gearing ratio of the Group was calculated as follows:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	1,310,259	1,233,683
Senior notes	優先票據	1,820,524	1,653,019
Corporate bonds	公司債券	–	259,700
Total interest-bearing borrowings	計息借款	3,130,783	3,146,402
Total assets	總資產	18,977,001	14,848,822
Gearing ratio	資產負債比率	16.5%	21.2%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37 股本、儲備及股息(續)

(f) 資本管理(續)

本集團根據資產負債比率監察其資本結構。本集團界定此比率為總計息負債(包括銀行貸款及其他借貸、優先票據及公司債券)除以本集團資產總值。於2020年12月31日，本集團之資產負債比率如下：

本公司或其任何子公司概不受外部施加的資本規定所限。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks and equity price risk arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and other financial assets. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 40, the Group does not provide any other guarantees which would expose the group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 40.

38 金融風險管理及公允值

本集團於一般業務過程中面對信貸、流動性、利率、貨幣風險及權益投資價格風險。本集團亦面對持有其他實體的股權投資產生的股價風險。

本集團面對之風險及本集團為管理該等風險而採用之財務風險管理政策及慣例載述如下：

(a) 信用風險

信用風險指對手方將違反其合約義務而導致本集團產生財務虧損。本集團信貸風險主要歸因於貿易及其他應收款項。本集團設有明確的信用政策，並持續監察該等信用風險。因對手方為本集團視為信用風險較低的銀行及金融機構，故本集團現金及現金等價物產生的信用風險有限。本集團認為披露的對於信用風險敞口的金融機構信用風險較低。

除附註40所載本集團作出的財務擔保外，本集團並無給予任何其他擔保致使本集團將面臨信用風險。於報告期末該等財務擔保的最大信用風險於附註40中披露。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 84% (2019: 85%) of the total trade receivables was due from a customer which is a government authority with good credibility. Although the aging of that related trade receivable is past due over one year, the Group considers that the credit risk is low. Normally, the Group does not obtain collateral from customers but the Group only assists the buyer to obtain the individual property ownership certificate upon the full settlement of receivables from the buyer.

In respect of loans to third parties and other debtors, regular review and follow-up actions are carried out on long-aged other receivables and any default incurred, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade and other receivables and loans to the third parties included in other non-current assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項

本集團蒙受信用風險的程度主要受各客戶而非客戶營業所在行業或國家的個別特性影響，故信用風險高度集中主要在本集團蒙受重大個別客戶風險時發生。於報告期末，貿易應收款項總額的84% (2019年：85%)為應收一個有良好信譽的政府機構款項。儘管相關應收款項的賬齡已經超過一年，該集團認為該信用風險低。一般而言，本集團不會向客戶收取抵押品，但是，只有在買方完全付清房款後本集團才協助買方獲得個人房屋產權所有證。

就向第三方貸款及其他應收款項而言，我們已對賬齡較長的其他應收款項進行定期審閱及採取跟進措施，倘發生任何拖欠現象，這將使管理層評估彼等的可收回性並盡量將信用風險敞口降至最低。最大信用風險敞口由綜合財務狀況表中的各項金融資產的賬面值表示。

本集團按相當於全期預期信用虧損的金額(用撥備矩陣計算)來計量貿易以及包含在其他非流動資產中應收第三方貸款的虧損撥備。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables and loans to the third parties as at 31 December 2020:

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

下表載列於2020年12月31日本集團所面臨信用風險敞口以及貿易應收款項及其他應收款項預期信用虧損的資料：

		2020		
		Expected loss rate 預期虧損率	Gross carrying amount 賬面總值	Loss allowance 虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期 不超過30日			
- trade receivables	- 貿易應收款項	-	28,247	-
- other receivables	- 其他應收款項	5.66%	609,104	(34,499)
- amounts due from Joint Ventures	- 應收合營企業款項	-	43,224	-
- finance lease receivables	- 融資租賃應收款項	3.36%	31,420	(1,055)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	4.15%	216,664	(8,994)
- other receivables	- 其他應收款項	100.00%	20,626	(20,626)
- amounts due from Thailand Joint Venture (note 15)	- 應收泰國合營企業款項 (附註15)	100.00%	19,613	(19,613)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
			980,118	(96,007)

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

		2019		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期不超過30日			
- trade receivables	- 貿易應收款項	-	30,071	-
- other receivables	- 其他應收款項	2.66%	122,467	(3,257)
- amounts due from Joint Ventures	- 應收合營企業款項	-	21,400	-
- finance lease receivables	- 融資租賃應收款項	2.11%	76,123	(1,603)
- non-current assets	- 非流動資產	5.75%	65,366	(3,758)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	2.97%	213,218	(6,322)
- other receivables	- 其他應收款項	100.00%	22,125	(22,125)
- amounts due from Thailand Joint Venture (note 15)	- 應收泰國合營企業款項(附註15)	100.00%	19,613	(19,613)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
			581,603	(67,898)

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

Except for the specified expected loss, other expected loss rates are based on historical experience and adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and other receivables during the year is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	67,898	46,640
Reversal during the year	年內轉回	(1,718)	(9,504)
Impairment losses recognised during the year	年內確認的減值虧損	29,827	30,762
Balance at 31 December	於12月31日的結餘	96,007	67,898

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

除特定預期虧損外，其他預期虧損率按過往歷史經驗計算並且為反映期內(往績數據已在期間收集)經濟狀況差異、目前狀況及本集團對應收款項預期存續期的經濟狀況之意見，而加以調整。

年內貿易應收款項及其他應收款項的虧損撥備賬變動如下：

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk

The Group management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities excluding receipts in advance, which the Group expects to provide rental services in the future. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

38 金融風險管理及公允值(續)

(b) 流動性風險

本集團管理層持續審核本集團的流動性狀況，包括審核預計現金流入及流出、各物業項目的銷售／預售業績、貸款及借貸到期情況以及計劃物業開發項目的進度，以監控本集團的短期及長期流動性需求。本集團的政策是定期監控流動性需求及有否遵守借貸契諾，以確保備有足夠的現金儲備，及向主要金融機構取得充足的已承諾資金，以應付長短期流動性需求。

下表載列本集團金融負債(不包括本集團預期交付已完工物業結算的預收款項)於各報告期末的餘下合約期限。合約期限是根據合約未貼現現金流量(包括以合約利率或(倘浮動)各報告期末現行的利率估算的利息付款)以及本集團需要還款的最早日期計算：

		2020					
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		Within	More than	More than	More than		Carrying
		1 year or	1 year but	2 years but	5 years	Total	amount
		on demand	less than	less than	5 years		
		一年內或	超過一年	超過兩年			
		按要求	但少於兩年	但少於五年	超過五年	總計	賬面值
		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
Bank loans and other borrowings	銀行貸款及其他借貸	574,521	387,525	371,013	264,311	1,597,370	1,310,259
Lease liabilities	租賃負債	11,012	8,380	25,987	2,636	48,015	40,108
Trade and other payables	貿易及其他應付款項	3,598,438	316,296	-	-	3,914,734	3,914,734
Amounts due to controlling shareholders	應付控股股東款項	867,000	-	-	-	867,000	867,000
Senior notes	優先票據	1,994,368	-	-	-	1,994,368	1,820,524
Other current liabilities	其他流動負債	300,000	-	-	-	300,000	300,000
		7,345,339	712,201	397,000	266,947	8,721,487	8,252,625

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

		2019				Total	Carrying amount
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		More than	More than	More than	More than		
		1 year but	2 years but	5 years	5 years		
		less than	less than				
		2 years	5 years				
		超過一年	超過兩年				
		但少於兩年	但少於五年				
		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
Bank loans and other borrowings	銀行貸款及其他借貨	539,016	458,414	381,293	143,285	1,522,008	1,233,683
Lease liabilities	租賃負債	10,523	9,680	25,159	10,544	55,906	42,084
Trade and other payables	貿易及其他應付款項	1,906,694	294,808	-	-	2,201,502	2,201,502
Corporate bonds	公司債券	279,500	-	-	-	279,500	259,700
Senior notes	優先票據	543,141	1,444,387	-	-	1,987,528	1,653,019
		3,278,874	2,207,289	406,452	153,829	6,046,444	5,389,988

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalents, pledged and restricted cash and borrowings issued at variable rates.

38 金融風險管理及公允值(續)

(b) 流動性風險(續)

(c) 利率風險

利率風險是指金融工具的公允值或未來現金流量因市場利率變動而波動的风险。本集團利率風險主要來自現金及現金等值物、已抵押及受限制現金及浮動利率借款。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

The Group does not anticipate significant impact on cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly. The Group does not carry out any hedging activities to manage its interest rate exposure.

(i) Interest rate profile

38 金融風險管理及公允值(續)

(c) 利率風險(續)

本集團預期現金及現金等值物及已抵押存款不會受重大影響，因為預期銀行存款利率不會有重大變動。

(i) 利率情況

		2020		2019	
		Weighted average effective Interest rate		Weighted average effective Interest rate	
		加權平均實際利率		加權平均實際利率	
		%	RMB'000	%	RMB'000
		%	人民幣千元	%	人民幣千元
Fixed rate liabilities:	固定利率借貸：				
Lease liabilities	租賃負債	8.03%	40,108	8.35%	42,084
Bank loans and other borrowings	銀行貸款及其他借貸	7.10%	739,043	8.37%	623,245
Senior notes	優先票據	14.41%	1,820,524	14.36%	1,653,019
Corporate bonds	公司債券	—	—	8.04%	259,700
Other payables	其他應付款項	10%	77,075	—	—
Other current liabilities	其他流動負債	4.46%	300,000	—	—
			2,976,750		2,578,048
Variable rate liabilities:	浮動利率借貸：				
Bank loans and other borrowings	銀行貸款及其他借貸	7.27%	571,216	6.64%	610,438
			3,547,966		3,188,486
Net fixed rate liabilities as a percentage of total interest-bearing liabilities	固定利率借貸淨額佔總有息借貸的百分比		84%		81%

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points (2019: 50 basis points) in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and decreased/increased total equity attributable to equity shareholders of the Company by approximately RMB2,142,000 (2019: decreased/increased the Group's loss after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,289,000), which has not taken into account of effect of interest capitalisation.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2019.

38 金融風險管理及公允值(續)

(c) 利率風險(續)

(ii) 敏感度分析

於2020年12月31日，在其他所有變量保持不變的情況下，倘利率整體上升／下降50個基點(2019年：50個基點)，在並無計及利息資本化的影響下，估計會增加／減少本集團的除稅後利潤及本公司權益股東應佔總權益將減少／增加約人民幣2,142,000元(2019年：本集團的除稅後虧損及本公司權益股東應佔總權益減少／增加約人民幣2,289,000元)。

上述敏感度分析顯示本集團的除稅後虧損(及保留利潤)以及合併權益的其他部分可能產生的即時變動。敏感度分析假設利率變動於報告期末已發生，並已用於重新計量本集團所持有並於報告期末使本集團面對公允值利率風險的金融工具。關於本集團於報告期末持有的浮動利率非衍生工具產生的現金流量利率風險，對本集團的除稅後虧損(及保留利潤)以及合併權益的其他組成部分的影響，以該利率變動對利息支出或收入的年度影響估計。有關分析乃按2019年的相同基準作出。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits and senior notes to which the transactions relate. The currencies giving rise to this risk are primarily US dollars and Hong Kong dollars. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. It will affect the exchange reserve of the Company's financial statements resulted from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading purposes classified as financial assets measured at FVTPL (see note 19 and 21).

The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plan.

38 金融風險管理及公允值(續)

(d) 貨幣風險

本集團面對外幣風險，主要來自與交易有關的銀行存款和優先票據。引致有關風險的貨幣主要為美元及港元。此情況下，假定美元對其他貨幣的匯率浮動不會對港元與美元之間的聯繫匯率產生重大影響。將國外業務的財務報表換算成本集團的列報貨幣將會影響公司財務報表的外匯儲備。

(e) 權益投資價格風險

本集團面對以非交易為目的持有的權益投資即劃分為以公允價值計量且其變動計入當期損益的金融資產所引起的價格變動風險(見附註19及21)。

本集團的未報價投資是持作長期策略用途。本集團會根據就同類上市實體表現可得的有限資料而對該等投資表現至少每兩年評估一次，連同評估彼等與本集團長期策略計劃的相關性。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement

(i) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 使用不可觀察的重要數據計量的公允值

38 金融風險管理及公允值(續)

(f) 公允值計量

(i) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號，公允值計量所界定分類為三個公允值級別。公允值計量是參考以下估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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(除另有指明外，均以人民幣列示)

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

38 金融風險管理及公允價值(續)

(f) Fair value measurement (Cont'd)

(f) 公允價值計量(續)

(i) Financial instruments measured at fair value (Cont'd)

(i) 按公允價值計量的金融工具(續)

	Note 附註	Fair value at 31 December 2020 於2020年 12月31日 的公允價值	Fair value measurements as at 31 December 2020 於2020年12月31日 分類為以下級別的公允價值計量		Fair value at 31 December 2019 於2019年 12月31日 的公允價值	Fair value measurements as at 31 December 2019 於2019年12月31日 分類為以下級別的公允價值計量	
		RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements							
Financial assets:							
- Derivative financial instrument	21	-	-	-	10,340	10,340	-
- Wealth management products	21	9,000	9,000	-	800	800	-
- Unlisted equity investments not held for trading	19	253,062	-	253,062	191,398	-	191,398
- Amount due from an associate	19	84,826	-	84,826	77,936	-	77,936
Financial liability:							
- Other financial liabilities	34	(78,333)	-	(78,333)	(70,838)	-	(70,838)

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

截至2020年12月31日及2019年12月31日止年度，第一級與第二級之間並無任何轉移，亦無轉入或轉出第三級。本集團的政策為於發生公允價值等級轉移的報告期間結束時，確認不同級別之間的轉移。

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2020年12月31日及2019年12月31日的公允價值並無重大差異。

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

(ii) 第二級公允價值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允價值為本集團於報告期末為終止權利將收到或結付的估值，考慮當前利率和期權交易對手的當前信貸評級。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of amount due from an associate measured at FVTPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of the disposal entity, development progress and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Financial assets measured at Level 3 Fair value:	按第三等級計量的金融資產：		
At 1 January	於1月1日	269,334	118,594
Additions	增加	12,513	309,914
Settlement/disposal	結算／處置	-	(184,460)
Net unrealised/realised gains recognised in profit or loss during the year	年內於損益確認的未變現／變現收益淨額	56,041	25,286
At 31 December	於12月31日	337,888	269,334
Financial liabilities measured at Level 3 Fair value:	按第三等級計量的金融負債：		
At 1 January	於1月1日	70,838	-
Additions	增加	-	70,838
Net unrealised losses recognised in profit or loss during the year	年內於損益確認的未變現虧損淨額	7,495	-
At 31 December	於12月31日	78,333	70,838
Net gains for the period included in profit or loss for assets and liabilities held at the end of the reporting period	就於報告期末持有的資產和負債計入損益的期內收益淨額	48,546	25,286

38 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iii) 有關第三級公允值計量的資料

非上市股權工具的公允值以可比上市公司的價格／銷售比率判斷，為欠缺市場流通性作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

應收聯營公司款項是以公允價值計量且其公允價值變動將計入當期損益，其他金融負債的公允價值是通過預計收回／支付的未來現金流量、處置主體的未來利潤預測和適用的折現率三個因素確定。

期內第三級公允值計量結餘變動情況如下：

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iv) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 2019.

39 COMMITMENTS

Capital commitments outstanding at 31 December 2020 contracted but not provided for in the financial statements were as follows:

38 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iv) 以非公允價值計量的金融資產和金融負債的公允價值

本集團以成本或攤餘成本計量的金融工具的賬面價值與其截至2020年12月31日和2019年12月31日的公允價值並無重大差異。

39 承擔

於2020年12月31日已訂約但於財務報表內無撥備的資本承擔如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	2,130,295	1,695,686
Land agreements	土地合同	1,578,273	-
		3,708,568	1,695,686

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40 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	就本集團物業買方獲授的按揭融資而向銀行作出的擔保	2,648,311	2,757,903

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

40 或然負債

擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款(以較早者為準)時止。

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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41 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due to a related party as set out in note 25 and amounts due to controlling shareholders as set out in note 30, the other material related party transactions are disclosed as follows:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	31,152	44,854
Contribution to defined contribution retirement plans	定額供款退休計劃	292	412
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	3,586	-
		35,030	45,266

Total remuneration is included in "staff costs" (see note 5(b)).

The related party transactions in respect of the remuneration of directors of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.95 of the Listing Rules.

41 重大關聯方交易

除載於附註25的應付關聯方款項和載於附註30的應付控股股東款項外，其他重大關聯方交易披露如下：

(a) 主要管理人員薪酬

本集團主要管理人員薪酬包括附註7所披露向本公司董事支付的金額及附註8所披露向若干最高薪僱員支付的金額，載列如下：

薪酬總額載於「員工成本」(請參閱附註5(b))。

與本公司董事薪酬有關的關聯交易構成《上市規則》第14A章所定義的關連交易。然而，根據《上市規則》第14A.95條，這些交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

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41 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Transactions with related parties

During 2020, rental income from related parties of RMB460,000 are related to finance lease arrangements. These related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rule. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements as they fall into the category of De minimis transactions pursuant to Rule 14A.76 of the Listing Rules.

Financial assistance received from a related party disclosed in note 25 and financial assistance received from controlling shareholders disclosed in note 30 constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules, as they are conducted on normal commercial terms or better and not secured by the assets of the Group.

41 重大關聯方交易(續)

(b) 關聯方交易

於2020年，來自關聯方的租金收入人民幣460,000元是與融資租賃安排相關。該等關聯方交易構成《上市規則》第14A章定義的關連交易。然而，由於該等交易屬於上市規則第14A.76條界定的符合最低豁免水平的交易，故該等交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

附註25披露的關聯方提供的財務資助和附註30披露的控股股東提供的財務資助構成《上市規則》第14A章定義的關連交易。然而，這些交易是按照正常商業條款或更好的商業條款進行，且不以本集團的資產作抵押，故根據上市規則第14A.90條，該等交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

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42 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

42 公司層面的財務狀況表

		Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Non-current assets	非流動資產			
Interests in subsidiaries	於子公司的權益		1,500,191	1,512,231
Other non-current assets	其他非流動資產		–	104,668
			1,500,191	1,616,899
Current assets	流動資產			
Other receivables	其他應收款項		1,868,700	1,644,003
Other financial assets	其他金融資產		–	10,340
Cash and cash equivalents	現金及現金等值物		13,225	217,507
			1,881,925	1,871,850
Current liabilities	流動負債			
Other payables and accruals	其他應付及應計款項		44,189	51,950
Bank loans	銀行借款		–	188,009
Senior notes	優先票據	28	1,820,524	314,220
			1,864,713	554,179
Net current assets	流動資產淨值		17,212	1,317,671
Total assets less current liabilities	總資產減流動負債		1,517,403	2,934,570
Non-current liabilities	非流動負債			
Senior notes	優先票據	28	–	1,338,799
NET ASSETS	資產淨值		1,517,403	1,595,771
Capital and reserves	股本及儲備	37(a)		
Share capital	股本		36,598	31,825
Reserves	儲備		1,480,805	1,563,946
TOTAL EQUITY	權益總額		1,517,403	1,595,771

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43 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In January 2021, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,500,000 (equivalent to RMB88,086,000), which are consolidated and formed a single class with the 14.00% 2021 senior notes due 2021 issued by the Company on 19 December 2019, 6 January 2020, 30 October 2020 and 25 November 2020.

44 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be China Guangdong – Hong Kong Greater Bay Area Holdings Limited, which is incorporated in the British Virgin Islands with limited liability. This entity does not produce financial statements available for public use.

43 報告期後非調整事項

2021年1月，本公司發行本金總額為13,500,000美元(相當於人民幣88,086,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日、2020年1月6日、2020年10月30日及2020年11月25日發行的2021年到期14.00%的2021年優先票據合併成單一類別。

44 直接和最終控制方

截至2020年12月31日，董事會認為該集團的直接母公司和最終控制方為中國粵港灣區控股有限公司，該公司在英屬維京群島註冊成立有限責任公司。該實體並無編製作公開用途的財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

45 於截至2020年12月31日止年度已頒佈但未生效的修訂、新準則及詮釋的可能影響

直至該等財務報表刊發日期，國際會計準則理事會已頒佈若干於截至2020年12月31日止年度尚未生效且並無於本財務報表採納的修訂及一個新準則，國際財務報告準則第17號，保險合約。其中包括以下可能與本集團有關的事項。

Effective for
accounting
periods
beginning
on or after
於以下日期
或之後開始之
會計期間生效

Amendments to IFRS 3, *Reference to the Conceptual Framework*
國際財務報告準則第3號(修訂本)，對概念框架之引述

1 January 2022
於2022年1月1日

Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
國際會計準則第16號(修訂本)，不動產、廠房和設備：達到預定使用狀態前的款項

1 January 2022
於2022年1月1日

Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
國際會計準則第37號(修訂本)，虧損性合約－履行合約的成本

1 January 2022
於2022年1月1日

Annual Improvements to IFRSs 2018–2020 Cycle
國際財務報告準則2018–2020週期的年度改善

1 January 2022
於2022年1月1日

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團正在評估這些準則變化對首次執行期間的影響。截至目前為止，本集團相信採納這些修訂不大可能會對合併財務報表產生重大影響。

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46 IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and does not have a material impact on the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include additional hygiene and epidemic prevention services such as cleaning and disinfection when rendering property management and related services. The property construction and sales activities have been delayed but have gradually resumed to normal operation by the end of 2020 and the Group expects impact brought by COVID-19 to be temporary and believes that it will not affect the Group's long-term expectations on future development.

46 新冠肺炎疫情影響

2020年初以來的新冠肺炎疫情給集團的經營環境帶來了新的不確定性，對集團的經營和財務狀況產生的影響不重大。

集團一直在密切留意着相關局勢對集團業務的影響，並已採取應急措施。這些應急措施包括在提供物業管理和相關服務時提供額外的衛生和防疫服務，例如清潔和消毒。房地產建設和銷售活動已推遲，但到2020年底已逐漸恢復正常營運。本集團預計新冠肺炎疫情帶來的影響是暫時的，並認為不會影響本集團對未來發展的長期預期。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



Independent auditor's report to the shareholders of Hydo International Holding Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hydo International Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 120 to 276, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致毅德國際控股有限公司列位股東的獨立核數師報告
(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第120至276頁的毅德國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的合併財務報表,此財務報表包括於2019年12月31日的合併財務狀況表與截至該日止年度的合併損益表、合併損益及其他全面收益表、合併權益變動表和合併現金流量表,以及合併財務報表附註,包括主要會計政策概要。

我們認為,該等合併財務報表已根據國際會計準則理事會頒布的《國際財務報告準則》真實而中肯地反映了貴集團於2019年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量,並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審核準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表的審核相關的道德要求,我們獨立於貴集團,並已履行這些道德要求以及守則中的其他專業道德責任。我們相信,我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷,認為對本期合併財務報表的審核最為重要的事項。這些事項是在我們審核整體合併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。

Valuation of investment properties 投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies on page 148. 請參閱合併財務報表附註 11 及第 148 頁的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2019, the Group held a portfolio of investment properties located in Jiangxi, Guangxi, Shandong and Hunan provinces in Mainland China with an aggregate fair value of RMB2,584 million which accounted for 17% of the Group's total assets at that date. The investment properties principally comprise commercial trade logistics centers.</p> <p>於 2019 年 12 月 31 日，貴集團持有位於中國內地江西、廣西、山東及湖南省的投資物業組合，總值為人民幣 2,584 百萬元，佔貴集團資產總值的 17%。投資物業主要包括商貿物流中心。</p> <p>The net fair value loss of investment properties recorded in the consolidated statement of profit or loss represented 54% of the Group's loss before taxation for the year ended 31 December 2019.</p> <p>於合併損益表中所錄得的投資物業的公允值損失相當於貴集團截至 2019 年 12 月 31 日止年度之除稅前虧損之 54%。</p> <p>The fair values of the investment properties as at 31 December 2019 were assessed by the directors based on independent valuations prepared by a firm of qualified external property valuers. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, market rents and average market price of the comparable properties.</p> <p>投資物業於 2019 年 12 月 31 日的公允值乃由董事基於一間合資格外部物業估值師編製的獨立估值而評估。對該等公允值的確定涉及重大判斷及估計，特別與選用適當的估值方法、資本化比率、可資比較物業的市場租金及平均市價有關。</p>	<p>Our audit procedures to assess the valuation of investment properties included the following:</p> <p>我們對評估投資物業的估值採取的審核程序包括：</p> <ul style="list-style-type: none"> • obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management and on which the directors' assessment of the fair values of investment properties was based; • 取得並檢查由管理層委聘的外部物業估值師所編製且作為董事對投資物業的公允值作出評估的基準的估值報告； • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; • 評估外部物業估值師對所估物業的資歷、經驗和專業知識，並考慮其客觀性和獨立性； • with the assistance of our internal property valuation specialists, discussing with the external property valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在我們的內部物業估值專家協助下，與外部物業估值師討論他們的估值方法以及估值採用的主要估計和假設；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Valuation of investment properties 投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies on page 148. 請參閱合併財務報表附註11及第148頁的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
We identified the valuation of investment properties as a key audit matter because of the inherent risks involved in estimating the valuations of investment properties, particularly in light of the current economic circumstances. 我們識別出投資物業的估值作為關鍵審計事項，由於估計投資物業的估值涉及的固有風險，特別是鑑於當前的經濟環境。	<ul style="list-style-type: none"> • challenging the key estimates and assumptions (including capitalisation rates, prevailing market rents and comparable market transactions) adopted in the valuations, on a sample basis, by comparison with available market data; and • 通過與現有市場數據，質疑估值中採用的主要估計和假設（包括資本化比率、現行市場租金和可比較市場交易）；及 • comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external property valuers with underlying contracts and related documentation, on a sample basis. • 通過抽樣的方式，將租賃信息，包括承諾的租金和入住率，與貴集團提供給外部物業估值師的基本合同和相關文件進行對比。

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 20 to the consolidated financial statements and the accounting policies on pages from 165 to 168. 請參閱合併財務報表附註20及第165頁至168頁的會計政策。	
The key audit matter 關鍵審核事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審核事項
<p>As at 31 December 2019, the aggregate carrying value of the Group's properties held for development ("PHD"), properties under development ("PUD") and completed properties held for sale (together "inventories") totalled RMB7,384 million. These principally comprise wholesale trading market units and other commercials in Ganzhou, Lanzhou, Jining, Yulin and Wuzhou. 於2019年12月31日，貴集團的持作發展物業（「持作發展物業」）、在建物業（「在建物業」）及待售已完工物業（統稱「存貨」）的總賬面值合共為人民幣7,384百萬元。該等存貨主要包括於贛州、蘭州、濟寧、玉林及梧州的獨立交易展示區單元及其他商業。</p> <p>Inventories are stated at the lower of cost and net realisable value. The calculation of the net realisable value for each property development project at the financial reporting date is performed by management. 存貨以成本與可變現淨值的較低者列值。各個物業開發項目於財政報告日的可變現淨值由管理層計算。</p> <p>The calculation of the net realisable value of inventories involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project for PHD and PUD as well as in assessing the expected future selling prices for each property development project (with reference to recent sales transactions in nearby locations and the rates of new property sales) and the estimated future selling costs (including price discounts which may be required to stimulate sales). 編製持作發展物業及在建物業各個物業開發項目竣工成本的最新估計，以及評估各個物業開發項目的預期未來售價（參考毗鄰地段近期的銷售交易及新物業銷售率）及估計未來銷售成本（包括促進銷售可能需要的價格折扣）時，計算存貨的可變現淨值涉及重大管理層判斷與估計。</p>	<p>Our audit procedures to assess the net realisable value of inventories included the following: 我們評估存貨的可變現淨值採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; 評估就編製及監察各個物業開發項目的預算管理、建築及其他成本的預測進行的主要內部控制，在設計、實施和運作上的有效性； conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project; 以抽樣方式對物業開發用地進行實地視察，並與管理層討論各個物業開發項目的進度及反映於各個物業開發項目最新預測的發展預算； evaluating the valuation methodologies and challenging the key estimates and assumptions adopted in the valuations, including expected future selling prices, by comparing expected future selling prices to, where available, recently transacted prices for similar properties and the prices of comparable properties located in the nearby vicinity of each development; 透過將預期未來銷售價格與在適用情況下所獲近期類似物業的交易價格及位於各個發展項目類近地區的可比較物業價格作比較，評估估值方法，並對估值中採用的主要估計及假設（包括預期未來銷售價格）提出質疑；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 20 to the consolidated financial statements and the accounting policies on pages from 165 to 168. 請參閱合併財務報表附註20及第165頁至168頁的會計政策。	
The key audit matter 關鍵審核事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審核事項
We identified assessing the net realisable value of inventories of the Group as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances and various property market cooling measures implemented by local governments in various cities across Mainland China. 由於估計可變現淨值涉及的固有風險，特別是現時中國內地各個城市的經濟狀況及當地政府推行的各項樓市降溫措施，故我們確定評估貴集團存貨的可變現淨值屬關鍵審核事項。	<ul style="list-style-type: none"> • for those properties held for future development and properties under development for sale, discussing with management, on a sample basis, the development progress and challenging management's development budgets with reference to signed construction contracts and/or unit construction costs of recently completed projects developed by the Group; and • 對於未來發展以及正在開發銷售的物業，與管理層討論最新的發展進度，以及在抽樣的基礎上，參考本集團最近完成項目簽訂的建築合約及／或單位建造成本，與管理層的發展預算相比較；及 • assessing the sensitivity analyses prepared by management to determine the extent of changes in key estimates and assumptions that, either individually or collectively, adopted in assessing net realisable value, may result in material misstatements in inventories and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection. • 評估管理層進行敏感性分析，以確定主要估計將導致存貨發生重大錯報的變動程度，並考慮該等重要估計及假設出現變動的可能性和選擇上出現管理偏差的潛在性。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
Refer to note 15 to the consolidated financial statements and the accounting policies on pages from 143 to 144. 請參閱合併財務報表附註 15 及第 143 至 144 頁的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審核事項
<p>As at 31 December 2019, the Group's interest in joint ventures included an interest in a joint venture engaged in property development in Thailand ("Thailand Joint Venture") with carrying amount of RMB126 million.</p> <p>截至 2019 年 12 月 31 日，本集團於合營企業的權益投資包括在泰國從事物業發展的合營企業（「泰國合營企業」）的權益，其賬面值為人民幣 126 百萬元。</p> <p>As in previous years, Thailand Joint Venture was unable to get reimbursement from the third party joint venture partner of the cost of certain pieces of land which were returned to the original vendor by the order of the court. In addition, the joint venture partner was obligated to repurchase certain shares in Thailand Joint Venture held by the Group but failed to do so within the specified time frame which remained the case at 31 December 2019. As agreed, if the joint venture partner fails to fulfil its share repurchase obligation within a specified time frame, the Group has the right to obtain the land pieces still held by Thailand Joint Venture. In 2019, the Group brought a lawsuit against the joint venture partner in this regard.</p> <p>與以往年度一樣，泰國合營企業無法從第三方合營夥伴獲得由於法院命令已返還給原賣方的土地的相應成本賠償。此外，該合營夥伴有義務從本集團購回持有的泰國合營企業的若干股份，但未能按時履行其回購責任。這種情況在 2019 年 12 月 31 日依然存在。按照所商定的，若合資夥伴未能在規定的時間內履行其股份回購義務，則本集團有權獲得泰國合營企業仍持有的土地。2019 年，本集團就此起訴該合資夥伴。</p>	<p>Our audit procedures to assess the impairment loss on interest in Thailand Joint Venture included the following:</p> <p>我們審計泰國合營企業減值損失的審計程序包括以下內容：</p> <ul style="list-style-type: none"> • obtaining and inspecting the legal opinion issued by the Group's external legal counsel in respect of: (a) the Group's right to collect consideration from the share repurchase or to apply public auction of the land pieces still held by Thailand Joint Venture as the joint venture partner has failed to fulfil its share repurchase obligation within the specified time frame, and (b) the progress of the litigation and probable outcomes of the lawsuit brought against the joint venture partner in 2019; • 獲取及檢查本集團外部法律顧問發出的法律意見，該意見關於：(a) 因為合營夥伴未能在規定的時間內履行其股份回購義務，本集團有權收取股份購回的代價或者申請公開拍賣泰國合營企業尚持有的土地；及 (b) 2019 年起訴合營夥伴的訴訟進展及該訴訟最可能的結果； • obtaining and inspecting the valuation report prepared by the external valuers engaged by management on which the directors' assessment of the fair values of the land pieces still held by Thailand Joint Venture was based; • 獲取及檢查由管理層聘請的外部估值師編制的估值報告，並由董事對泰國合營企業仍持有的土地的公允價值作出評估；

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

<p>Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損</p>	
<p><i>Refer to note 15 to the consolidated financial statements and the accounting policies on pages from 143 to 144.</i> 請參閱合併財務報表附註 15 及第 143 至 144 頁的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p> <p>The directors expect that the Group will be able to recover part of its interest in Thailand Joint Venture by applying public auction of the land pieces still held by Thailand Joint Venture based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group did not make further provision for impairment loss on the interest in Thailand Joint Venture and the amount due from the joint venture during 2019 and the accumulated provision amounted to RMB39 million at 31 December 2019.</p> <p>根據從外部法律顧問處獲得的法律意見，董事預期本集團將能夠申請公開拍賣泰國合營企業仍持有的土地，以收回其在泰國合營企業的部分投資。本集團董事根據外部估值師編製的估值報告評估該等土地的公允價值，本集團於 2019 年就泰國合營企業的權益投資及應收泰國合營企業款項沒有進一步作出減值虧損撥備，於 2019 年 12 月 31 日，累計撥備共計人民幣 39 百萬元。</p> <p>We identified assessing the impairment loss on the interest in Thailand Joint Venture as a key audit matter because of the exercise of management judgement in estimating the amount to be recovered from the Group's interest in Thailand Joint Venture.</p> <p>我們確定評估於泰國合營企業的權益的減值損失是一項關鍵審計事項，因為在估計本集團於泰國合營企業的權益的可收回金額時行使了管理層判斷。</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審核事項</p> <ul style="list-style-type: none"> • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; • 評估外部房產估價師對被評估房產的資格，經驗和專業知識，並考慮其客觀性和獨立性； • with the assistance of our internal property valuation specialists, discussing with the external valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在內部資產評估專家的協助下，與外部評估師討論估價方法和其在估值時所採用的關鍵估計和假設； • challenging the key estimates and assumptions (including comparable information and adjustments) adopted in the valuations by comparison with available market data and/or government produced market statistics; and • 通過與現有市場數據和／或政府生產的市場統計數據進行比較，對估值中採用的關鍵估計和假設（包括可比信息和調整）提出質疑；及 • assessing the adequacy of the Group's disclosures of impairment loss on interest in Thailand Joint Venture in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. • 根據現行會計準則的要求，評估本集團在合併財務報表中針對泰國合營企業的權益減值虧損的披露是否充分。

Provision for land appreciation tax ("LAT") in Mainland China 中國內地土地增值稅(「土地增值稅」)撥備	
Refer to note 6 to the consolidated financial statements and the accounting judgement and estimates on page 183. 請參閱合併財務報表附註6及第183頁的會計判斷及估計。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審核事項
<p>LAT in Mainland China is one of the main components of the Group's taxation charge. 中國內地的土地增值稅是貴集團稅務支出的主要組成部分之一。</p> <p>LAT is levied on sale of properties, at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each financial reporting period, management estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates. 貴集團銷售開發的房地產需要就土地增值額按照超率累進稅率30%-60%繳納土地增值稅。在每個財務期末，管理層需要對土地增值稅的計提金額進行估算，在作出估算的判斷時，主要考慮的要素包括相關稅務法律法規的規定和解釋，預計的銷售房地產取得的收入減去預計可扣除的土地成本、房地產開發成本、利息費用、開發費用等。貴集團在土地增值稅匯算清繳時，實際應付稅金可能與貴集團預估的金額存在差異。</p> <p>We identified provision for LAT in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the estimated provisions for LAT are based on management's judgement and interpretation of complicated tax laws and regulations. 由於土地增值稅的計提對合併財務報表的重要性，且管理層作出估計時的判斷包括對相關稅務法律法規和實務做法的理解等要素，因此我們將土地增值稅的計提識別為貴集團關鍵審核事項。</p>	<p>Our audit procedures to assess the provision for LAT in Mainland China included the following: 我們評估中國內地土地增值稅撥備採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of management's key internal controls over the calculation of the estimated LAT provisions; 評估管理層關於計算估計土地增值稅撥備的關鍵內部控制的設計、實施和運營有效性； engaging our internal taxation specialists to evaluate the Group's LAT provisions, on a sample basis, as at 31 December 2019 which involved challenging management's assumptions and judgements based on our experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax bureaus; 聘請內部稅務專家評估貴集團於2019年12月31日的土地增值稅撥備，包括根據我們的經驗、知識和對各地方稅務局應用相關稅法常規的理解，對管理層的假設和判斷提出質疑； evaluating management's assumptions and judgements based on our assessment of the value of the estimated sales of properties and the deductible expenditure; and 根據我們對物業估計銷售價值和可扣除開支的評估，質疑管理層的假設及判斷；及 re-calculating the provision for LAT of the Group and comparing our calculations with the amounts recorded by the Group. 重新計算貴集團的土地增值稅撥備，並將我們的計算與貴集團記錄的金額進行比較。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

合併財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審核，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審核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。在這方面，我們沒有任何報告。

董事就合併財務報表須承擔的責任

董事須負責根據國際會計準則理事會頒布的國際財務報告準則及香港《公司條例》的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併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。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存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。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審核準則》進行的審核，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合併財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審核準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，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。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。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合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對合併財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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 Wong Chun Pong.

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審核最為重要，因而構成關鍵審核事項。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核項目合夥人是黃振邦。

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

27 March 2020

畢馬威會計師事務所

執業會計師

香港中環

遮打道10號

太子大廈8樓

2020年3月27日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the year ended 31 December 2019
截至2019年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

			2019	2018
		Note	RMB'000	(Note)
		附註	人民幣千元	(附註)
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Revenue	收益	3	1,583,308	2,842,202
Cost of sales	銷售成本		(1,010,428)	(1,699,285)
Gross profit	毛利		572,880	1,142,917
Other income	其他收入	4	203,689	92,360
Selling and distribution costs	銷售和分銷成本		(116,374)	(110,978)
Administrative and other operating expenses	行政及其他經營開支		(520,524)	(436,806)
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	5(c)	(21,258)	(46,640)
Profit from operations before fair value (loss)/gain on investment properties	投資物業公允值(虧損)/收益前經營利潤		118,413	640,853
Fair value (loss)/ gain on investment properties	投資物業公允值(虧損)/收益	11	(77,454)	100,634
Profit from operation after fair value (loss)/gain on investment properties	投資物業公允值(虧損)/收益後經營利潤		40,959	741,487
Share of loss of an associate	分佔聯營企業虧損	14	(1,253)	(880)
Share of losses of joint ventures	分佔合營企業虧損	15	(3,507)	(19,904)
Finance income	財務收入	5(a)	47,781	35,287
Finance costs	融資成本	5(a)	(228,341)	(339,370)
(Loss)/profit before taxation	除稅前(虧損)/利潤	5	(144,361)	416,620
Income tax	所得稅	6(a)	(132,924)	(306,733)
(Loss)/profit for the year	年內(虧損)/利潤		(277,285)	109,887

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the year ended 31 December 2019
截至 2019 年 12 月 31 日止年度
(Expressed in Renminbi)
(以人民幣列示)

			2019	2018 (Note) (附註)
		Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Attributable to:	以下各方應佔：			
Equity shareholders of the Company	本公司權益股東		(271,221)	106,995
Non-controlling interests	非控股權益		(6,064)	2,892
(Loss)/profit for the year	年內(虧損)/利潤		(277,285)	109,887
(Loss)/earnings per share	每股(虧損)/盈利			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	9	(6.8)	2.7

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於 2019 年 1 月 1 日採用經修訂的追溯法首次應用國際財務報告準則第 16 號。根據該方法，比較資料不予重列。請見附註 1(c)。

The notes on pages 130 to 276 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 34(b).

第 130 至 276 頁所載附註屬於該等財務報表的一部分。本年度應付本公司權益股東股息的詳情載於附註 34(b)。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合併損益及其他全面收益表

for the year ended 31 December 2019
截至2019年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		2019	2018
		RMB'000	(Note) RMB'000
		人民幣千元	(附註) 人民幣千元
(Loss)/profit for the year	年內(虧損)/利潤	(277,285)	109,887
Other comprehensive income for the year (after tax and reclassification adjustments)	年內其他全面收入(經稅項及重新分類調整後)		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的項目：		
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	換算中國境外子公司的財務報表的匯兌差額	(33,955)	(62,927)
Other comprehensive income for the year	年內其他全面收入	(33,955)	(62,927)
Total comprehensive income for the year	年內全面收入總額	(311,240)	46,960
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司權益股東	(305,176)	44,068
Non-controlling interests	非控股權益	(6,064)	2,892
Total comprehensive income for the year	年內全面收入總額	(311,240)	46,960

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於2019年1月1日採用經修訂的追溯法首次應用國際財務報告準則第16號。根據該方法，比較資料不予重列。請見附註1(c)。

The notes on pages 130 to 276 form part of these financial statements.

第130至276頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2019
於 2019 年 12 月 31 日
(Expressed in Renminbi)
(以人民幣列示)

		2019	2018
			(Note)
			(附註)
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Non-current assets			
			非流動資產
Property, plant and equipment	10	422,442	441,210
Investment properties	11	2,584,100	2,623,137
Intangible assets	12	16,497	17,634
Goodwill	13	2,252	2,252
Interest in an associate	14	–	2,820
Interest in joint ventures	15	134,783	132,672
Deferred tax assets	16(b)	169,345	157,568
Finance lease receivable	18	15,692	27,394
Other non-current assets	19	404,818	121,003
		3,749,929	3,525,690
Current assets			
			流動資產
Inventories and other contract costs	20	7,383,731	7,484,547
Prepaid tax	16(a)	165,086	53,354
Other financial assets	21	11,140	–
Trade and other receivables	22	1,361,689	1,772,278
Pledged and restricted cash	23	606,043	585,583
Cash and cash equivalents	24	1,571,204	1,123,145
		11,098,893	11,018,907
Investment properties classified as held for sale	11	–	26,463
		11,098,893	11,045,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2019
於 2019 年 12 月 31 日
(Expressed in Renminbi)
(以人民幣列示)

			2019	2018
		Note	RMB'000	(Note)
		附註	人民幣千元	(附註)
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	25	2,367,860	2,923,528
Contract liabilities	合約負債	26	2,989,327	1,843,463
Bank loans and other borrowings	銀行貸款及其他借貸	27	505,462	487,661
Lease liabilities	租賃負債	28	8,972	-
Senior notes	優先票據	29	314,220	411,311
Corporate bonds	公司債券	30	259,700	261,334
Current tax liabilities	即期稅項負債	16(a)	695,220	803,651
Deferred income	遞延收入	31	479,160	623,296
			7,619,921	7,354,244
Net current assets	流動資產淨值		3,478,972	3,691,126
Total assets less current liabilities	總資產減流動負債		7,228,901	7,216,816
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	27	728,221	779,250
Lease liabilities	租賃負債	28	33,112	-
Senior notes	優先票據	29	1,338,799	1,054,670
Deferred income	遞延收入	31	-	653
Deferred tax liabilities	遞延稅項負債	16(b)	108,924	103,349
Other financial liability	其他金融負債	24(e)	70,838	-
			2,279,894	1,937,922
NET ASSETS	資產淨值		4,949,007	5,278,894

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2019
於 2019 年 12 月 31 日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2019	2018
		附註	RMB'000	(Note)
			人民幣千元	人民幣千元
Capital and reserves	股本及儲備	34		
Share capital	股本		31,825	31,825
Reserves	儲備		4,900,927	5,207,006
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		4,932,752	5,238,831
Non-controlling interests	非控股權益		16,255	40,063
TOTAL EQUITY	權益總額		4,949,007	5,278,894

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於 2019 年 1 月 1 日採用經修訂的追溯法首次應用國際財務報告準則第 16 號。根據該方法，比較資料不予重列。請見附註 1(c)。

Approved and authorised for issue by the board of directors on 27 March 2020.

於 2020 年 3 月 27 日獲董事會批准及授權刊發。

Wong Choi Hing
王再興
Chairman and Executive Director
主席兼執行董事

Cai Hongwen
蔡鴻文
Executive Director, Co-Chairman and Chief Executive Officer
執行董事，聯席主席兼行政總裁

Zeng Yunshu
曾雲樞
Executive Director and Co-Chairman
執行董事兼聯席主席

The notes on pages 130 to 276 form part of these financial statements.

第 130 至 276 頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2019
截至2019年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔							Non-controlling interests	Total equity			
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve-transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve			Exchange reserve	Retained profits	Total
	Note	34(c)	34(d)(i)	34(d)(ii)	34(d)(iv)	34(d)(vi)	34(d)(iv)	34(d)(iii)	RMB'000	RMB'000	RMB'000	RMB'000	
	附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 31 December 2017	於2017年12月31日的結餘	31,825	978,266	487,354	1,435,617	(62,466)	10,427	120	48,654	2,261,793	5,191,590	27,671	5,219,261
Impact on initial application of IFRS 15	初次應用國際財務報告準則第15號的影響	-	-	-	-	-	-	-	-	3,173	3,173	-	3,173
Adjusted balance at 1 January 2018	於2018年1月1日的經調整結餘	31,825	978,266	487,354	1,435,617	(62,466)	10,427	120	48,654	2,264,966	5,194,763	27,671	5,222,434
Changes in equity for 2018	2018年權益變動	-	-	-	-	-	-	-	-	106,995	106,995	2,892	109,887
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	106,995	106,995	2,892	109,887
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(62,927)	-	(62,927)	-	(62,927)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(62,927)	106,995	44,068	2,892	46,960
Share options lapsed	失效購股權	-	-	-	-	-	(10,427)	-	-	10,427	-	-	-
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	11,500	11,500
Dividends declared to non-controlling interests	宣派予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	-	-	54,682	-	-	-	-	-	(54,682)	-	-	-
Balance at 31 December 2018	於2018年12月31日的結餘	31,825	978,266	542,036	1,435,617	(62,466)	-	120	(14,273)	2,327,706	5,238,831	40,063	5,278,894

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2019
截至2019年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔										
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve transaction with non-controlling interests	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	附註	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	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
	於2018年12月31日的結餘(附註)	31,825	978,266	542,036	1,435,617	(62,466)	120	(14,273)	2,327,706	5,238,831	40,063	5,278,894
	初次應用國際財務報告準則第16號的影響	-	-	-	-	-	-	-	(903)	(903)	-	(903)
	Adjusted balance at 1 January 2019	31,825	978,266	542,036	1,435,617	(62,466)	120	(14,273)	2,326,803	5,237,928	40,063	5,277,991
	Changes in equity for 2019	-	-	-	-	-	-	-	(271,221)	(271,221)	(6,064)	(277,285)
	Loss for the year	-	-	-	-	-	-	-	(33,955)	(33,955)	-	(33,955)
	Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
	Total comprehensive income	-	-	-	-	-	-	(33,955)	-	(33,955)	-	(33,955)
	Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	3,800	3,800
	Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
	Appropriation to PRC statutory reserve	-	-	29,570	-	-	-	-	(29,570)	-	-	-
	Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(18,544)	(18,544)
	Balance at 31 December 2019	31,825	978,266	571,606	1,435,617	(62,466)	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於2019年1月1日採用經修訂的追溯法首次應用國際財務報告準則第16號。根據該方法，比較資料不予重列。請見附註1(c)。

The notes on pages 130 to 276 form part of these financial statements.
第130至276頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2019
截至2019年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note	2019	2018
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Operating activities	經營活動			
Cash generated from operations	經營業務所得現金	24(b)	898,157	892,123
PRC tax paid	已付中國稅項		(365,398)	(314,505)
Net cash generated from operating activities	經營活動所得現金淨額		532,759	577,618
Investing activities	投資活動			
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		4,282	524
Proceeds from disposal of other financial assets	出售其他金融資產所得款項		361,828	886,740
Payment for purchase of other financial assets	購買其他金融資產付款		(437,446)	(486,922)
Prepayment for investments	預付投資款		-	(188,000)
Net proceeds from repayment of prepayment for investments	償還預付投資成本所得款項淨額		149,048	-
Payment for purchase of property, plant and equipment	購買物業、廠房及設備付款		(15,748)	(10,716)
Payment for purchase of intangible assets	購買無形資產付款		(1,081)	(121)
Interest received	已收利息		34,970	25,338
Net cash inflow from disposal of subsidiaries	出售子公司所得淨現金流入	24(e)	259,477	233,733
Capital injection in joint ventures	向合營企業注資		(6,000)	(6,125)
Net cash inflow from disposal of investment properties and investment properties classified as held for sale	出售投資性物業及分類為持作待售的投資物業所得淨現金流入		43,731	-
Net cash generated from investing activities	投資活動所得現金淨額		393,061	454,451

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2019
截至 2019 年 12 月 31 日止年度
(Expressed in Renminbi)
(以人民幣列示)

			2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
		Note 附註		
Financing activities	融資活動			
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	24(c)	609,940	1,316,590
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	24(c)	(643,168)	(2,113,308)
Repayment of corporate bonds	償還公司債券	24(c)	(3,022)	(6,771)
Repayments of senior notes	償還優先票據	24(c)	(425,274)	(423,500)
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	24(c)	566,084	330,406
Interest and other borrowing costs paid	已付利息及其他借貸成本	24(c)	(326,817)	(355,551)
Payment for pledged deposits and restricted cash	支付抵押存款及受限貨幣資金		(225,423)	-
Proceeds from repayment of pledged deposits and restricted cash	借還抵押存款及受限貨幣資金流入		5,820	325,421
Deposits for financial liabilities	為金融負債支付的押金		(29,021)	-
Dividends paid to non-controlling interests	已付非控股權益股息		(3,000)	(2,000)
Capital injection by non-controlling interests to subsidiaries	非控股權益對子公司注資		3,800	11,500
Capital element of lease rentals paid	已付租賃租金的資本部分	24(c)	(6,522)	-
Interest element of lease rentals paid	已付租賃租金的利息部分	24(c)	(3,934)	-
Net cash used in financing activities	融資活動所用的現金淨額		(480,537)	(917,213)
Net increase in cash and cash equivalents	現金及現金等值物增加淨額		445,283	114,856
Cash and cash equivalents at 1 January	於 1 月 1 日的現金及現金等值物	24	1,123,145	1,000,443
Effect of foreign exchange rate changes	外匯匯率變動的影響		2,776	7,846
Cash and cash equivalents at 31 December	於 12 月 31 日的現金及現金等值物	24	1,571,204	1,123,145

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於 2019 年 1 月 1 日採用經修訂的追溯法首次應用國際財務報告準則第 16 號。根據該方法，比較資料不予重列。請見附註 1(c)。

The notes on pages 130 to 276 form part of these financial statements.

第 130 至 276 頁所載附註屬於該等財務報表的一部分。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate and joint ventures.

These financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures (see note 1(g));
- other investments in debt and equity securities and amounts due from an associate (non-current) (see note 1(g));

1 重大會計政策

(a) 合規聲明

此等財務報表已根據國際會計準則理事會（「國際會計準則理事會」）所頒佈之所有適用國際財務報告準則（「國際財務報告準則」）（此統稱包括所有適用的個別國際財務報告準則、國際會計準則（「國際會計準則」）及詮釋）及香港公司條例披露規定編製。此等財務報表亦符合香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）之適用披露規定。本集團所採納的重大會計政策載於下文。

國際會計準則理事會已頒佈若干新訂及經修訂的國際財務報告準則，該等準則於本集團及本公司當前會計期間首次生效或可提早採納。附註1(c)載列在與該等財務報表所呈列與本集團當前及過往會計期間有關的範圍內，因首次採用該等變更而導致會計政策任何變更的資料。

(b) 財務報表的編製基準

截至2019年12月31日止年度的合併財務報表涵蓋本公司及其各子公司（統稱「本集團」）及本集團於聯營企業和合營企業之權益。

該等財務報表以人民幣呈列，約整至最接近千元計算。按下文會計政策所述，編製財務報表時以歷史成本作為計量基準，惟以下資產及負債按公允值列賬：

- 除投資於附屬公司、聯營公司及合營公司外的權益投資（附註1(g)）；
- 其他債權和權益投資和應收聯營公司款項（非流動）（附註1(g)）；

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

- derivative financial instruments (see note 1(h));
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(i)); and
- other financial liabilities (see note 1(v)(ii)).

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(z)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

- 衍生金融工具(附註1(h))；
- 投資物業，包括本集團作為物業權益的註冊擁有人租賃的持作投資物業的土地和建築物的權益(附註1(i))；及
- 其他金融負債(附註1(v)(ii))。

持作待售的非流動資產按賬面值與公允價值減出售成本之較低者列賬(見附註1(z))。

管理層在編製符合國際財務報告準則的財務報表時，須作出對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。估計及相關假設根據過往經驗及於所有情況下視為合理的多種其他因素作出，其結果成為管理層在無法依循其他途徑即時得知資產及負債的賬面值時作出判斷的依據。實際結果可能有別於該等估計。

管理層持續審核該等估計及相關假設。倘會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂會在該期間內予以確認；倘該項修訂對當前及未來期間均有影響，則在作出修訂的期間及未來期間均予以確認。

管理層在採用國際財務報告準則時作出對財務報表有重大影響之判斷及估計不確定因素之主要來源於附註2討論。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“**short-term leases**”) and leases of low-value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

1 重大會計政策(續)

(c) 會計政策的變動

國際會計準則理事會已頒布新訂的國際財務報告準則第16號「租賃」及若干修訂。該項準則及有關修訂在本集團的本會計期間首次生效。

除國際財務報告準則第16號「租賃」外，相關修訂並未對本集團編制或列報當期或前期業績及財務狀況的方式產生重大影響。本集團並無採用任何於本會計期間尚未生效的新準則或詮釋。

國際財務報告準則第16號「租賃」

國際財務報告準則第16號「租賃」取代了國際會計準則第17號「租賃」及相關詮釋，包括國際財務報告詮釋委員會詮釋第4號「釐定一項協議是否包含租賃」、常設解釋委員會解釋公告第15號「經營租賃：激勵措施」、常設解釋委員會解釋公告第27號「評價以法律形式體現的租賃交易的實質」。新準則為承租人引入了單一的會計模型，這要求承租人就所有租賃確認使用權資產和租賃負債，惟租賃期為12個月或更短的租賃（「短期租賃」）以及低價值資產租賃除外。出租人的會計處理繼續沿用國際會計準則第17號的規定，相關要求基本維持不變。

國際財務報告準則第16號亦引入額外定性及定量披露要求，旨在令財務報表使用者能夠評估租賃對實體財務狀況、財務業績及現金流量的影響。

本集團已於2019年1月1日開始應用國際財務報告準則第16號。本集團已選擇採用經修訂的追溯法，因此已將首次應用的累積影響確認為對2019年1月1日權益期初結餘的調整。比較資料未經重述，並繼續按照國際會計準則第17號報告。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 36(b). For an explanation of how the Group applies lessee accounting, see note 1(l)(i).

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」 (續)

下文載列了以往會計政策變動的性質和影響以及所採用的過渡方案的詳情：

a. *新的租賃定義*

租賃定義的變化主要涉及控制權的概念。國際財務報告準則第16號根據客戶是否在一段時間內控制被識別資產的使用(可能依據一定的使用量來釐定)來對租賃作出定義。若客戶不但擁有主導被識別資產使用的權利，還有權獲得使用被識別資產所產生的絕大部分經濟利益，則資產的使用權發生讓渡。

本集團僅對在2019年1月1日或之後訂立或變更的合約應用國際財務報告準則第16號的新租賃定義。對於在2019年1月1日之前訂立的合約，本集團已採用與過渡相關的簡便實務操作方法，沿用此前針對現有安排是否為租賃或包含租賃的評估結果。因此，此前根據國際會計準則第17號被評估為租賃的合約在國際財務報告準則第16號下繼續作為租賃進行會計處理，而此前被評估為非租賃服務安排的合約繼續作為待執行合約進行會計處理。

b. *承租人的會計處理及過渡影響*

國際財務報告準則第16號移除了國際會計準則第17號關於承租人需將租賃劃分為經營租賃或融資租賃的要求。相反，本集團在作為承租人時需將所有租賃予以資本化，這包括此前根據國際會計準則第17號劃分為經營租賃的租賃，惟被豁免的短期租賃及低價值資產租賃除外。就本集團所知，該等新資本化租賃主要涉及附註36(b)所披露的物業、廠房及設備。關於本集團如何應用承租人會計處理的說明，請參閱附註1(l)(i)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

b. Lessee accounting and transitional impact (Cont'd)

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.22%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

- (i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」(續)

b. 承租人的會計處理及過渡影響(續)

過渡至國際財務報告準則第16號當日(即2019年1月1日)，本集團釐定剩餘租賃期的長度，並以剩餘租賃付款額按2019年1月1日的相關增量借款利率折現的現值，對此前劃分為經營租賃的租賃的租賃負債進行計量。用於確定剩餘租賃付款額現值的增量借款利率之加權平均值為8.22%。

為順利過渡至國際財務報告準則第16號，本集團已於國際財務報告準則第16號的首次執行日採用以下確認豁免和簡便實務操作方法：

- (i) 對於自國際財務報告準則第16號首次執行日起計剩餘租賃期在12個月內結束(即租賃期於2019年12月31日或之前結束)的租賃，本集團選擇不對其應用國際財務報告準則第16號有關確認租賃負債和使用權資產的要求；
- (ii) 於國際財務報告準則第16號的首次執行日計量租賃負債時，本集團對具有合理相似特徵的租賃組合(例如，經濟環境、標的資產類別、剩餘租賃期均相似的租賃)採用單一折現率；以及
- (iii) 於國際財務報告準則第16號的首次執行日計量使用權資產時，本集團將使用於2018年12月31日的虧損合約準備的前期評估結果，作為執行減值測試的替代方法。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

b. Lessee accounting and transitional impact (Cont'd)

The following table reconciles the operating lease commitments as disclosed in note 36(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

		1 January 2019 於2019年 1月1日 RMB'000 人民幣千元
Operating lease commitments at 31 December 2018	2018年12月31日的經營租賃承擔	67,475
Less: commitments relating to leases exempt from capitalisation:	減：豁免資本化的租賃相關的承擔：	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	– 短期租賃及其他剩餘租賃期於2019年12月31日或之前結束的租賃	(1,844)
Less: total future interest expenses	減：日後利息支出總數	65,631 (17,656)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	剩餘租賃付款額按2019年1月1日的增量借款利率折現的現值及2019年1月1日確認的租賃負債總額	47,975

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease and deferred income related to the relevant sale and leaseback transactions recognised in the statement of financial position at 31 December 2018.

與此前劃分為經營租賃的租賃有關的使用權資產已按相當於剩餘租賃負債的金額確認，並根據於2018年12月31日的財務狀況表中確認的租賃相關的預付租金或預提租賃付款額以及與售後租回交易相關的遞延收入進行調整。

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」 (續)

b. 承租人的會計處理及過渡影響 (續)

下表為2018年12月31日的經營租賃承擔(參閱附註36(b))關於2019年1月1日確認的租賃負債的期初結餘之對賬：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

b. Lessee accounting and transitional impact (Cont'd)

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts	Adjustment of fair value of ownership interests in leasehold investment properties	Adjustment of deferred income related to sale and leaseback transactions	Carrying amount at 1 January 2019
	於2018年12月31日的賬面值 RMB'000 人民幣千元	經營租賃合約的資本化 RMB'000 人民幣千元	所有權益的公允值調整 RMB'000 人民幣千元	售後租回交易相關的遞延收入調整 RMB'000 人民幣千元	於2019年1月1日的賬面值 RMB'000 人民幣千元
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:	受應用國際財務報告準則第16號影響的截至2019年12月31日止年度的合併財務狀況表內的行項目：				
Property, plant and equipment	441,210	5,257	-	-	446,467
Investment properties	2,623,137	42,718	(903)	(815)	2,664,137
Total non-current assets	3,525,690	47,975	(903)	(815)	3,571,947
Lease liabilities (current)	-	9,782	-	-	9,782
Deferred income (current)	623,296	-	-	(162)	623,134
Current liabilities	7,354,244	9,782	-	(162)	7,363,864
Net current assets	3,691,126	38,193	(903)	(653)	3,727,763
Total assets less current liabilities	7,216,816	38,193	(903)	(653)	7,253,453
Lease liabilities (non-current)	-	38,193	-	-	38,193
Deferred income (non-current)	653	-	-	(653)	-
Total non-current liabilities	1,937,922	38,193	-	(653)	1,975,462
Net assets	5,278,894	-	(903)	-	5,277,991

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」(續)

b. 承租人的會計處理及過渡影響(續)

下表概述了採用國際財務報告準則第16號對本集團合併財務狀況表的影響：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

c. *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported loss before taxation in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 24(c)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (see note 24(d)).

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」 (續)

c. 對本集團財務業績、分部業績及現金流量的影響

對2019年1月1日的使用權資產及租賃負債進行初始確認後，本集團作為承租人需確認租賃負債未償付結餘所產生的利息費用，並對使用權資產計提折舊，而非按照此前的政策在租賃期內以直線法確認經營租賃的租金費用。與假定本年度一直採用國際會計準則第17號的結果相比，上述會計處理對本集團合併損益表內列報的稅前虧損產生消極影響。

在現金流量表內，本集團作為承租人需將根據已資本化的租賃支付的租金拆分為資本部分和利息部分(見附註24(c))，進而被劃分為融資現金流出，並採用與此前根據國際會計準則第17號劃分為融資租賃的租賃類似的會計處理方法，而非根據國際會計準則第17號下的經營租賃劃分為經營現金流出。儘管現金流量總額未受影響，國際財務報告準則第16號的採用對現金流量表中的現金流量的列報式產生重大影響(見附註24(d))。

下表通過調整本合併財務報表中按國際財務報告準則第16號列報的金額，以計算假定繼續採用已被取代的準則(國際會計準則第17號)而非國際財務報告準則第16號的情況下2019年將確認的假設金額的估計值，並比較2019年的假設金額與根據國際會計準則第17號編制的2018年相應的實際金額，從而說明採用國際財務報告準則第16號對本集團截至2019年12月31日止年度的財務業績、分部業績及現金流量產生的估計影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

c. Impact on the financial result, segment results and cash flows of the Group (Cont'd)

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」(續)

c. 對本集團財務業績、分部業績及現金流量的影響(續)

		2019			2018
		Add back:	Deduct:		
		IFRS 16 depreciation, fair value loss and interest expense under IFRS 16	Estimated amounts related to operating lease as if under IAS 17 (note 1)	Hypothetical amounts for 2019 as if under IAS 17	Compared to amounts reported for 2018 under IAS 17
Amounts reported under IFRS 16	Amounts reported under IFRS 16	loss and interest expense	under IAS 17 (note 1)	under IAS 17	under IAS 17
(A)	(B)	(C)	(D=A+B-C)		
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
Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:	受應用國際財務報告準則第16號影響的截至2019年12月31日止年度的財務業績：				
Profit from operations before fair value (loss)/gain on investment properties	投資物業公允價值收益前經營(虧損)/利潤	118,413	1,888	(10,456)	109,845
Fair value (loss)/gain on investment properties	投資物業公允價值(虧損)/收益	(77,454)	11,300	-	(66,154)
Finance costs	融資成本	(228,341)	3,934	-	(224,407)
(Loss)/profit before taxation	除稅前(虧損)/利潤	(144,361)	17,122	(10,456)	(137,695)
(Loss)/profit for the year	年內(虧損)/利潤	(277,285)	12,842	(7,842)	(272,285)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

c. Impact on the financial result, segment results and cash flows of the Group (Cont'd)

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」 (續)

c. 對本集團財務業績、分部業績及 現金流量的影響(續)

Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of IFRS 16:	Amounts reported under IFRS 16	2019		2018
		Estimated amounts related to operating lease as if under IAS 17 (note 1)	Hypothetical amounts for 2019 as if under IAS 17	
	按國際財務報告準則第16號列報的金額 (A) RMB'000 人民幣千元	假設採用國際會計準則第17號，與經營租賃有關的估計金額 (附註1) (B) RMB'000 人民幣千元	假定採用國際會計準則第17號編制的2019年的假設金額 (C=A+B) RMB'000 人民幣千元	Compared to amounts reported for 2018 under IAS 17 與按國際會計準則第17號列報的2018年的金額相比 RMB'000 人民幣千元
Cash generated from operations	898,157	(10,456)	887,701	892,123
Net cash generated from operating activities	532,759	(10,456)	522,303	577,618
Capital element of lease rentals paid	(6,522)	6,522	-	-
Interest element of lease rentals paid	(3,934)	3,934	-	-
Net cash used in financing activities	(480,537)	10,456	(470,081)	(917,213)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

註1: 「與經營租賃相關的估計金額」指與假定在2019年仍採用國際會計準則第17號則會被劃分為經營租賃的租賃相關的2019年現金流量的估計。該估計基於若在2019年仍採用國際會計準則第17號，則租金與現金流量間並無差異且所有在2019年新訂立的租賃根據國際會計準則第17號將劃分為經營租賃這一假設。忽略任何潛在的稅務影響淨額。

註2: 在此影響表中，現金流出從融資重分類至經營，以計算假定仍採用國際會計準則第17號編制時經營活動產生的現金淨額及融資活動所用的現金淨額的假設金額。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

IFRS 16, Leases (Cont'd)

d. Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation (“leasehold investment properties”). The adoption of IFRS 16 does not have a significant impact on the Group’s financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

e. Sale and leaseback transactions before the date of initial application

The Group had sale and leaseback transaction accounted for as a sale and operating lease applying IAS 17 before the date of initial application. Under IFRS 16, the Group accounts for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use asset for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

f. Lessor accounting

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of items of machinery and trading market units as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group’s financial statements in this regard.

1 重大會計政策(續)

(c) 會計政策的變動(續)

國際財務報告準則第16號「租賃」(續)

d. 租賃投資物業

根據國際財務報告準則第16號，倘租賃物業是為賺取租金收入及／或為資本增值而持有（「租賃投資物業」），本集團須將該等租賃物業作為投資物業進行會計處理。由於本集團此前已根據國際會計準則第40號「投資物業」對於2018年12月31日為投資目的而持有的所有租賃物業進行會計處理，採用國際財務報告準則第16號並未對本集團的財務報表產生重大影響。因此，該等租賃投資物業繼續以公允價值列賬。

e. 首次執行日前的售後租回交易

在首次執行日前，本集團應用國際會計準則第17號把售後租回交易作為銷售及經營租賃進行核算。根據國際財務報告準則第16號，本集團以與核算於首次執行日存在的其他經營租賃相同的方法對租回進行會計處理；並根據首次執行日前一計入財務狀況表的與非市價條款相關的遞延收益或損失調整租回的使用權資產。

f. 出租人的會計處理

除上文第d段所載的投資物業外，本集團還作為經營租賃的出租人出租了若干設備及交易展示區單元。本集團作為出租人所適用的會計政策與國際會計準則第17號相比基本維持不變。

根據國際財務報告準則第16號，作為轉租賃交易的中間出租人，本集團需參照主租賃（而非標的資產）產生的使用權資產，把轉租賃分類為融資租賃或經營租賃。在此方面，採用國際財務報告準則第16號並未對本集團的財務報表構成重大影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

1 重大會計政策(續)

(d) 子公司及非控股權益

子公司是由本集團控制的實體。倘本集團因參與一家公司的業務而可或有權獲得可變回報，且能藉對該公司行使權力而影響該等回報時，則視為本集團對該公司擁有控制權。評估本集團是否有權力時，僅考慮本集團及其他各方持有的實質權利。

於子公司的投資自控制權開始日期起至控制權終止日期止計入合併財務報表。集團內公司間的結餘、交易及現金流量以及集團內公司間交易所產生的任何未變現利潤，在編製合併財務報表時均全數抵銷。集團內公司間交易所產生的未變現虧損則僅在並無出現減值跡象的情況下以與抵銷未變現收益相同的方法予以抵銷。

非控股權益指本公司並非直接或間接應佔的子公司權益，且本集團並未同意與該等權益持有人增訂條款而導致本集團整體須就該等權益符合金融負債定義承擔合約責任。對各業務合併而言，本集團可選擇以公允值或按非控股權益所佔子公司可識別資產淨值的比例計量任何非控股權益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (see note 1(e)).

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

非控股權益於合併財務狀況表的權益內與本公司權益股東應佔權益分開呈列。本集團業績的非控股權益在合併損益表及合併損益及其他全面收益表賬面呈列為年內損益總額及全面收入總額在非控股權益與本公司權益股東之間的分配。非控股權益持有人的貸款及對該等持有人所負的其他合約責任視乎負債性質，根據附註1(q)或(r)於合併財務狀況表中呈列為金融負債。

倘本集團於子公司的權益變動並未導致失去控制權，則入賬列作股權交易，而合併權益內控股及非控股權益的金額會就此作出調整，以反映相關權益的變動，但商譽不會作出調整且不會確認損益。

當本集團失去對一間子公司的控制權，則入賬列作出售該子公司的全部權益，因此產生的收益或虧損會於損益確認。於失去控制權之日在該前子公司保留的任何權益按公允值確認，且有關金額視為初步確認金融資產時的公允值(見附註1(g))，或(如適用)初步確認於聯營企業及合營企業投資時的成本(見附註1(e))。

在本公司的財務狀況表內，於子公司的投資按成本減減值虧損列賬(見附註1(m))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

1 重大會計政策(續)

(e) 聯營企業及合營企業

聯營企業是指集團或公司對其管理層(包括參與財務和經營政策決策)有重大影響力，但不包括控制權或共同控制權的實體。

合營企業是一項安排，據此，本集團或本公司與其他方在合約上協定分享此項安排的控制權，並有權擁有其淨資產。

於聯營企業或合營企業的投資以權益法於合併財務報表入賬。根據權益法，投資初步按成本列賬，其後就本集團應佔該被投資公司的可識別資產淨值的收購日期公允值超出投資成本的任何部分(如有)作出調整。投資成本包括購買價、收購投資直接應佔的其他成本及構成本集團股權投資一部份的於聯營企業或合營企業的任何直接投資。其後，就本集團應佔該被投資公司的資產淨值的收購後變動及與投資相關的任何減值虧損(見附註1(f)及(m)(iii))作出調整。收購日期超出成本的任何部分、本集團年內應佔被投資公司的收購後稅後業績及任何減值虧損於合併損益表內確認，而本集團應佔被投資公司的其他全面收入的收購後稅後項目則於合併損益及其他全面收益表內確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

1 重大會計政策(續)

(e) 聯營企業及合營企業(續)

當本集團應佔一間聯營企業或合營企業的虧損超出其於該企業的權益時，本集團的權益扣減至零並會終止確認進一步虧損，但本集團產生法定或推定責任或代表被投資公司付款則除外。就此而言，本集團的權益為以權益法入賬的投資賬面值，連同實質上屬本集團於聯營企業或合營企業投資淨額一部分的長期權益(於將預期信用損失模型應用於此等其他長期權益後(如有)，見附註1(m)(i))。

本集團與聯營企業及合營企業進行交易產生的未變現利潤及虧損將以本集團於被投資公司的權益為限予以對銷，除非該未變現虧損證明已轉讓資產出現減值，在此情況下，則即時於損益內確認相關虧損。

倘於一家聯營企業的投資成為於一家合營企業的投資(反之亦然)，則保留權益不會重新計量。而是該投資繼續按權益法進行入賬。

在所有其他情況下，當本集團不再對聯營企業有重大影響或對合營企業擁有共同控制權時，則按出售於被投資公司的全部權益入賬，所產生之收益或虧損於損益中確認。任何於喪失重大影響或共同控制權當日在前被投資公司保留的權益按公允值確認及該金額被視為於初步確認金融資產的公允值(見附註1(g))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(m)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 35(f). These investments are subsequently accounted for as follows, depending on their classification.

1 重大會計政策(續)

(f) 商譽

商譽指(i)超過(ii)的差額：

- (i) 所轉讓對價的公允值、於被收購公司的任何非控股權益金額及本集團先前於被收購公司持有的股本權益公允值的總和；超出
- (ii) 被收購公司的可識別資產及負債於收購當日計量的公允淨值。

當(ii)較(i)為大，則該超出數額即時在損益表內確認為議價收購的收益。

商譽按成本減累計減值虧損列賬。來自業務合併的商譽將分配至預期可受惠於合併協同效益的現金產生單位或現金產生單位組合，並會每年進行減值測試(見附註1(m)(iii))。

年內出售現金產生單位時，已將所購入商譽的任何應佔金額計入出售損益內。

(g) 其他債權和權益證券投資

本集團對債權和權益證券投資(除對子公司、聯營企業及合營企業的投資外)政策載列如下。

債權和權益證券投資於本公司承諾購買/出售該投資之日予以確認/終止確認。該等投資初始按公允值加直接應佔交易成本列賬，惟按公允值計量且其變動計入當期損益的有關投資除外，有關本集團如何釐定金融工具公允值的解釋，請參閱附註35(f)。該等投資(視乎分類)隨後按下列方式列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(w)(vi)).
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(i) 權益投資以外的投資

本集團持有的非權益投資分類為下列計量類別之一：

- 攤銷成本，倘持有投資的目的為收取合約現金流量，即純粹為獲得本金及利息付款。投資所得利息收入乃使用實際利率法計算（見附註1(w)(vi)）。
- 按公允值計量且其變動計入其他全面收入（可劃轉），倘該投資的合約現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合約現金流量及出售來實現。公允值變動計入其他全面收入，但預計信用損失的損益、利息收入（採用實際利率法計算）和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他全面收入中累計的金額將從權益轉回至損益。
- 倘投資不符合按攤銷成本計量或按公允值計入其他全面收入（可劃轉）的標準則按公允值計量且其變動計入當期損益。投資的公允值變動（包括利息）於損益確認。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(v).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(ii) 權益投資

權益證券投資分類為按公允值計量且其變動計入當期損益的金融資產，除非權益投資並非持作買賣用途，且於初次確認投資時，本集團不可撤銷地選擇指定投資為按公允值計入其他全面收入(不可劃轉)，以致公允值的後續變動於其他全面收入確認。有關選擇以個別工具為基準作出，惟僅會在發行人認為投資符合股本的定義的情況下作出。作出有關選擇後，於其他全面收入內累計的金額仍將保留在公允值儲備(不可劃轉)內直至投資出售為止。出售時，於公允值儲備(不可劃轉)內累計的金額轉撥至保留盈利，且不會劃轉至損益。股本證券投資的股息(不論分類為按公允值計量且其變動計入當期損益或按公允值計入其他全面收入)根據附註1(w)(v)所載政策於損益內確認為其他收入。

(h) 衍生金融工具

衍生金融工具按公允值確認，於各報告期末重新計量公允值。重新計量公允值的收益或虧損即時於損益確認。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(l)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(l).

1 重大會計政策(續)

(i) 投資物業

投資物業是指為賺取租金收入及／或為資本增值而以租賃權益(見附註1(l))擁有或持有的土地及／或建築物，當中包括就當前尚未確定未來用途持有的土地及正在建造或開發以供日後用作投資物業的物業。

投資物業按公允值列賬，除非於報告期末仍在建造或開發且不能可靠確定公允值。投資物業公允值的變動，或報廢或處置投資物業所產生的任何收益或虧損均於損益中確認。投資物業的租金收入按照附註1(w)(ii)所述方式入賬。

於比較期間，當本集團以經營租賃持有物業權益並利用該物業賺取租金收入及／或為資本增值，本集團可選擇按每項物業的基準將該等權益分類並入賬為投資物業。任何此等已分類為投資物業的物業權益的入賬方式猶如根據融資租賃所持有的權益(見附註1(l))，而其適用的會計政策亦與根據融資租賃所租賃的其他投資物業相同。租賃付款按附註1(l)所述入賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses(see note 1(m)(iii)).

- interest in leasehold land and buildings where the Group is the registered owner of the property interest(see note 1(l)); and
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

The cost of self-constructed items of property, plant and equipment includes the cost materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

1 重大會計政策(續)

(j) 物業、廠房及設備

以下物業、廠房及設備項目按成本減累計折舊及減值虧損(見附註1(m)(iii))列賬。

- 於本集團作為物業權益的註冊擁有人租賃的土地和建築物中的權益(見附註1(l));及
- 本集團並非作為物業權益的註冊擁有人租賃物業相關的租賃所產生的使用權資產。

自建物業、廠房及設備項目的成本包括材料成本、直接勞工成本以及拆卸及搬遷項目與恢復項目所在地原貌的初步估計成本(如有關)及適當比例的間接生產成本及借貸成本(見附註1(y))。

當在建工程可作擬定用途時，轉為物業、廠房及設備。在建工程不計提折舊。

報廢或出售物業、廠房及設備項目所產生的收益或虧損按出售所得款項淨額與該項目賬面值的差額釐定，並於報廢或出售當日的合併損益表確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment (Cont'd)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

		Years	Estimated residual value as a percentage of costs
		年期	估計剩餘價值佔成本百分比
Ownership interests in land and buildings	土地和建築物的所有權權益	20 – 40	0%
Motor vehicles	汽車	4	5%
Office equipment	辦公設備	3 – 5	5%
Other properties leased	其他租賃物業	2 – 8	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

Software	5 – 10 years
Franchise granted	15 years

Both the period and method of amortisation are reviewed annually.

1 重大會計政策(續)

(j) 物業、廠房及設備(續)

折舊是採用直線法按估計可使用年期撇銷物業、廠房及設備項目的成本並扣除其估計剩餘價值(如有)計算，詳情如下：

		Years	Estimated residual value as a percentage of costs
		年期	估計剩餘價值佔成本百分比
Ownership interests in land and buildings	土地和建築物的所有權權益	20 – 40	0%
Motor vehicles	汽車	4	5%
Office equipment	辦公設備	3 – 5	5%
Other properties leased	其他租賃物業	2 – 8	0%

倘物業、廠房及設備項目各部分的可使用年期不同，該項目的成本按合理基準於各部分之間分配，且各部分單獨折舊。資產的可使用年期及其剩餘價值(如有)均每年進行審閱。

(k) 無形資產(商譽除外)

本集團所收購的無形資產以成本減累計攤銷(當估計可使用年期有限時)及減值虧損(見附註1(m)(iii))列賬。

具有有限可使用年期的無形資產攤銷按資產估計可使用年期於損益內以直線法攤銷。以下具有有限可使用年期的無形資產於其可供使用當日起攤銷，其估計/合約可使用年期如下：

Software	5 – 10 years
Franchise granted	15 years

攤銷期間及方法均每年進行審核。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily dormitories. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

1 重大會計政策(續)

(I) 租賃資產

本集團於合約開始時對合約進行評估，確定該合約是否為一項租賃或者包含一項租賃。倘在一段時間內，合約為換取對價而讓渡一項可識別資產使用的控制權，則該合約為一項租賃或包含一項租賃。若客戶不但擁有主導被識別資產使用的權利，還有權獲得使用被識別資產所產生的絕大部分經濟利益，則資產的使用權發生讓渡。

(I) 作為承租人

(A) 於2019年1月1日起適用的政策

對於所有租賃，若合約同時包含租賃組成部分和非租賃組成部分，本集團選擇不拆分非租賃組成部分，而將各個租賃組成部分和與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

本集團於租賃開始日確認使用權資產和租賃負債，惟租賃期為12個月或以下的短期租賃及低價值資產租賃（就本集團而言，主要為宿舍）除外。當本集團就一項低價值資產訂立了一項租賃安排，本集團以每一項租賃為基礎決定是否將該租賃予以資本化。與未進行資本化的租賃相關的租賃付款額於整個租賃期內系統地確認為費用。

若租賃被資本化，租賃負債按照租賃期內的應付租賃付款額按租賃內含利率（若租賃內含利率無法直接確定，則使用相關的增量借款利率）折現後的現值進行初始確認。初始確認後，租賃負債按攤余成本計量，並採用實際利率法計算利息費用。不取決於指數或比率的可變租賃付款額不納入租賃負債的計量，因此在其發生的會計期間內在損益中列支。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(A) Policy applicable from 1 January 2019 (Cont'd)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m(iii))), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(i); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

(A) 於2019年1月1日起適用的政策(續)

在租賃被予以資本化時確認的使用權資產按成本初始計量。使用權資產的成本包括租賃負債的初始金額，加上在租賃期開始日或之前支付的租賃付款額以及已發生的初始直接費用。在適用情況下，使用權資產的成本還包括拆卸及移除標的資產、復原標的資產或其所在場所估計將發生的成本折現後的現值，減去收到的租賃激勵。使用權資產後續按成本減去累計折舊和減值損失後的金額列賬(見附註1(j)和1(m(iii)))，惟以下類別的使用權資產除外：

- 符合投資物業定義的使用權資產根據附註1(i)以公允價值列賬；及
- 與作為存貨持有的租賃土地權益相關的使用權資產根據附註1(n)以成本與可變現淨值兩者中的較低額列賬。

倘指數或比率變化導致未來租賃付款額發生變動，或者本集團根據餘值擔保估計的應付金額發生變動，或者對於本集團是否合理確定將行使購買、續租或終止租賃選擇權的重估結果發生變化，則應重新計量租賃負債。倘在這種情況下重新計量租賃負債，應對使用權資產的賬面值作出相應調整；倘使用權資產的賬面值已減至零，則將相關調整計入損益。

本集團將不符合投資物業定義的使用權資產列示於「物業、廠房及設備」項下，並在財務狀況表中單獨列示租賃負債。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (see note 1(i)); and
- land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

(B) 於2019年1月1日前適用的政策

於比較期間，倘租賃使所有權的絕大部分風險及回報轉移至本集團，作為承租人，本集團將該租賃分類為融資租賃。倘租賃不會使所有權的絕大部分風險和回報轉移至本集團，則該租賃被分類為經營租賃；但下列情況除外：

- 經營租賃持有但在其它方面均符合投資物業定義的物業，會按照每項物業的基準劃歸為投資物業。如果劃歸為投資物業，其入賬方式會如同以融資租賃持有的一樣（見附註1(i)）；及
- 就經營租賃持作自用的土地而言，倘於租賃開始時，其公允值無法與位於其上的樓宇的公允值分開計量，則作為融資租賃持有入賬，除非該樓宇亦根據一項經營租賃清楚持有。就以上目的而言，租賃開始日期是本集團首次簽訂租賃或從前承租人接手的時間。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019 (Cont'd)

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in note 1(j). Impairment losses were accounted for in accordance with the accounting policy as set out in note 1(m)(iii). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

(B) 於2019年1月1日前適用的政策(續)

如果本集團是以融資租賃獲得資產的使用權，便會將相當於租賃資產公允值或最低租賃付款額的現值(如為較低的數額)確認為物業、廠房及設備，而扣除融資費用後的相應負債則列為融資租賃承擔。折舊是在相關的租賃期或資產的可用期限(如本集團很可能取得資產的所有權)內，以沖銷其成本或估值的比率計提；有關的資產可用期限載列於附註1(j)。減值虧損按照附註1(m)(iii)所載的會計政策入賬。租賃付款內含的融資費用會計入租賃期內的損益中，使每個會計期間的融資費用佔承擔餘額的比率大致相同。或然租金在其產生的會計期間內在損益中列支。

如果本集團是以經營租賃獲得資產的使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益中列支；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。租賃所涉及的激勵措施均在損益中確認為租賃淨付款總額的組成部分。或然租金在其產生的會計期間內在損益中列支。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leased assets (Cont'd)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(w)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including restricted and pledged cash, cash and cash equivalents, trade and other receivables, including loans to the third parties, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Other financial assets measured at fair value, including equity investments measured at FVPL, amounts due from an associate, wealth management products and derivative financial assets, are not subject to the ECL assessment.

1 重大會計政策(續)

(l) 租賃資產(續)

(ii) 作為出租人

本集團作為出租人時，本集團會於租賃開始日確定各項租賃是融資租賃還是經營租賃。倘租賃標的資產所有權相關的絕大部分風險及回報實質上轉移至承租人，則此項租賃分類為融資租賃。否則，該租賃被劃歸為經營租賃。

如果合約包含租賃部分和非租賃部分時，本集團根據相對獨立銷售價格基準，將合約的對價分攤至各租賃組成部分。經營租賃的租金收入根據附註1(w)(ii)確認。

當本集團乃中間出租人時，本集團將根據主租賃產生的使用權資產，將轉租賃分類為融資租賃或經營租賃。如果主租賃屬本集團應用附註1(l)(i)所述確認豁免的短期租賃，則本集團將該轉租賃分類為經營租賃。

(m) 信用虧損及資產減值

(i) 金融工具及租賃應收款項的信用虧損

本集團對下列項目確認預期信用虧損的虧損撥備：

- 按攤銷成本計量的金融資產（包括受限制及已抵押現金、現金及現金等值物、貿易及其他應收款項，包括給予第三方的貸款，該貸款旨在收取僅為支付本金和利息所產生的合約現金流量而持有）；及
- 租賃應收款項。

按公允值計量的其他金融資產（包括按公允值計量且其變動計入當期損益計量的權益投資、應收一間聯營企業款項、理財產品及衍生金融資產）毋須進行預期信用虧損評估。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量

預期信用虧損為信用虧損的概率加權估計。信用虧損是以所有已預計現金短缺的現值計量(例：根據合約，尚欠本集團的現金流量及其集團預計得到的現金流量之間的差異)。

倘貼現影響重大，則預期現金差額將採用以下貼現率貼現：

- 定息金融資產、貿易及其他應收款項：於初步確認時釐定的實際利率或其近似值；
- 浮息金融資產：即期實際利率；及
- 租賃應收款項：計算租賃應收款項所用貼現率。

估計預期信用虧損時所考慮的最長期間為本集團面對信用風險的最長合約期間。

於計量預期信用虧損時，本集團會考慮在毋需付出過多成本及努力下即可獲得的合理可靠資料。此項包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

- (i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs (Cont'd)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to lifetime ECLs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

- (i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量(續)

預期信用虧損將採用以下基準計量：

- 12個月預期信用虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個有效期的預期信用虧損：指預期信用虧損模型適用項目的預計年期內所有可能違約事件而導致的預期虧損。

貿易應收款項及租賃應收款項的虧損撥備一般按等同於整個有效期的預期信用虧損的金額計量。於報告日期，該等金融資產的預期信用虧損乃根據本集團的歷史信用虧損經驗使用提列矩陣進行評估，根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相等於整個有效期的預期信用虧損的金額計量。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising investments (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升

評估金融工具(包括貸款承擔)的信用風險自初始確認以來有否大幅上升時，本集團會比較於報告日期及於初始確認日期評估的金融工具發生違約的風險。於重新評估時，本集團認為，倘(i)借款人不大可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸債務；或(ii)金融資產已逾期90日，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及在毋需付出過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信用風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信用測評的實際或預期顯著惡化(如適用)；
- 債務人經營業績的實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

- (i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt investments that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

- (i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升(續)

取決於金融工具的性質，信用風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信用風險特徵(如逾期狀況及信用風險評級)進行分組。

預期信用虧損於各報告日期進行重新計量以反映金融工具自初步確認以來的信用風險變動。預期信用虧損的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對彼等之賬面值作出相應調整，惟按公平價值計入其他全面收入計量的債務投資(可劃轉)除外，該等投資的虧損撥備乃於其他全面收入確認並於公平價值撥回(可劃轉)中累計。

利息收入的計算基準

根據附註1(w)(vi)利息收入按金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響的事件時，金融資產出現信貸減值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Basis of calculation of interest income (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

利息收入的計算基準(續)

金融資產信用減值的證據包括以下可觀察事件：

- 債務人出現嚴重財務困難；
- 違反合約，如欠繳或拖欠利息或本金付款；
- 借款人很有可能將告破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，對債務人有不利影響；或
- 由於發行人出現財務困難，證券的活躍市場消失。

撇銷政策

若日後實際上不可收回款項，本集團則會撇銷(部分或全部)金融資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益表中確認為減值撥回。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損

財務擔保指要求發行人(即擔保人)支付指定款項以向擔保受益人(「持有人」)賠償因指定債務人未能根據債務工具之條款支付到期款項而導致持有人蒙受損失的合約。

已發出的財務擔保初步於「貿易及其他應付款項」中按公允值確認，而該等公允值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後，參考類似服務的公平交易所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價，該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取，即時開支於損益中確認。

於初始確認後，初始確認為遞延收入的金額於擔保期內按實際利率法於損益中攤銷為已發出財務擔保的收入。

本集團監察特定債務人違約的風險，並當財務擔保的預期信用虧損確定為高於擔保的「貿易及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損(續)

為釐定預期信用虧損，本集團會考慮指定債務人自發出擔保以來的違約風險變動，並會計量12個月的預期信用虧損，惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外，在此情況下，則會計量整個存續期的預期信用虧損。附註1(m)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款，故預期信用虧損乃按預期就補償持有人產生的信用虧損而作出的付款，減本集團預期從擔保持有人（指定債務人或任何其他人士）收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現，並就現金流量的特定風險作出調整。

(iii) 其他非流動資產減值

本集團會在各報告期末審核內部及外界資料，以識別是否有跡象顯示下列資產（除商譽外）可能出現減值或過往確認的減值虧損已不再存在或可能已減少：

- 物業、廠房及設備，包括使用權資產（按重估數額列賬的物業除外）；
- 無形資產；
- 商譽；及
- 在本公司的財務狀況表內對子公司投資。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

若存在上述任何跡象，則會估計有關資產的可收回金額。此外，就商譽而言，每年估計可收回金額，不論是否有減值跡象。

– 計算可收回金額

資產可收回金額為其公允值減處置成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會使用可反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產所產生現金流入並非基本上獨立於其他資產所產生者，則以能獨立產生現金流入的最小資產組別(即現金產生單位)釐定可收回金額。

– 確認減值虧損

當資產或其所屬現金產生單位的賬面值超過其可收回金額時，減值虧損於損益確認。就現金產生單位確認的減值虧損，會首先分配以減少分配予該現金產生單位(或該組單位)的任何商譽的賬面值，然後按比例減少該單位(或該組單位)內其他資產的賬面值，但資產賬面值不會減至低於其個別的公允值減處置成本(如可計量)或使用價值(如能釐定)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

- 撥回減值虧損

有關非商譽資產，倘用作釐定可收回金額的估計出現有利變化，則會撥回減值虧損。商譽的減值虧損不會撥回。

減值虧損的撥回僅限於過往年度並未確認減值虧損而應釐定的資產賬面值。所撥回減值虧損在確認撥回的年度計入損益。

(iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須按國際會計準則第34號中期財務報告編製財政年度首六個月的中期財務報告。本集團於中期期末採用與財政年度年末相同的減值測試、確認及撥回標準(見附註1(m)(i)及(ii))。

於中期期間就商譽確認的減值虧損不會於其後期間撥回(即使在與該中期期間相關的財政年度年末時並無或只有少數減值虧損需要確認的情況下)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– Property development

Cost and net realisable values are determined as follows:

– Leasehold land held for future development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

– Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

1 重大會計政策(續)

(n) 存貨及其他合約成本

(i) 存貨

存貨是指日常業務過程中持有以作銷售、處在為該等銷售的生產過程中，或在生產過程中或提供服務時耗用的材料或物料形式持有的資產。

存貨以成本值及可變現淨值兩者中的較低者入賬：

– 物業開發

成本及可變現淨額釐定如下：

– 待售未來待開發租賃土地

持作開發待售的租賃土地的成本，是指應付相關政府機構的購買成本及溢價(如有)。可變現淨值參照管理層基於當前市況所作出的估計而釐定的。

– 待售在建物業

待售在建物業的成本包括已明確識別的成本，包括於自由保有及租賃土地中的權益的收購成本、發展、物料及供應品總成本、工資及其他直接開支、適當比例之間接費用及資本化借款成本(見附註1(y))。可變現淨值為估計售價減估計完工成本及出售物業所產生的成本後的金額。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Property development (Cont'd)

– Completed properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

– Other inventories

Other inventories mainly include low-value consumption goods and goods for sale. They are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 物業開發(續)

– 持作待售已完工物業

持作出售已完工物業的成本包括所有購買成本、轉換成本以及將存貨運往現時位置及達至現狀所產生的其他成本。

倘已完工物業由本集團發展及包括多個單獨出售的單位，則每個單位的成本按該發展項目的發展總成本根據每平方呎基準分配至每個單位而釐定，除非另有基準較能反映指定單位的成本。可變現淨值為估計售價減為售出物業而產生的成本後的金額。

– 其他存貨

其他存貨主要包括低值易耗品及待售品。其他存貨按成本及可變現淨值兩者中的較低者入賬。

成本利用加權平均成本公式計算，並包括所有購買成本、轉換成本以及將存貨運至目前地點及使其達到現狀所產生的其他成本。

可變現淨值為一般業務過程中的估計售價減竣工的估計成本及銷售所需的估計成本。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Other inventories (Cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(n)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g. an incremental sales commission). Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 其他存貨(續)

存貨一經出售，其賬面值在相應收入的確認期間內確認為開支。

將任何存貨撇減至可變現淨值的金額及所有存貨虧損於撇減或虧損發生期內確認為開支。存貨的任何撇減撥回金額在出現撥回期間確認為已確認開支的存貨扣減。

(ii) 其他合約成本

其他合約成本是取得客戶合約的增量成本或履行客戶合約的成本，其並無撥充資本為存貨(見附註1(n)(i))。

取得合約的增量成本為本集團就取得客戶合約而產生，倘未能取得合約則不會產生的成本(例如增量銷售佣金)。倘有關收益的成本將在未來報告期內確認，而成本預期可收回，取得合約的增量成本於產生時會撥充資本。取得合約的其他成本在產生時支出。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(ii) Other contract costs (Cont'd)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(ii) 其他合約成本(續)

倘履行合約的成本與現有合約或可識別的預期合約直接有關；產生或提升將於未來用於提供產品或服務的資源；並預期可收回，則會撥充資本。與現有合約或可識別的預期合約直接有關的成本可能包括直接勞工、直接材料、成本分配、明確向客人收取的成本及僅由於本集團訂立合約而產生的其他成本(例如向分包商支付款項)。其他履行客戶合約的成本(其並無撥充資本為存貨或物業、廠房及設備或無形資產)在產生時支銷。

撥充資本的合約成本按成本減累計攤銷及減值虧損列賬。倘合約成本資產賬面值超過(i)本集團預期收取以交換有關該資產的產品或服務的餘下代價金額，減(ii)任何直接有關提供該等產品或服務，而未確認為開支的成本的淨額，則會確認減值虧損。

當與資產有關的收益獲確認時，撥充資本的合約成本攤銷將自損益扣除。收益確認的會計政策載於附註1(w)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Contracts liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

1 重大會計政策(續)

(o) 合約負債

合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利，則合約負債亦將予以確認。於此情況下，相應的應收款項亦將予以確認(見附註1(p))。

合約計及重大融資成分時，合約結餘計入按實際利率法累計的利息(見附註1(w))。

(p) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收益於本集團擁有無條件權利收取代價前已予確認，則該金額呈列為合約資產。

應收款項以實際利率法減信用虧損撥備按攤銷成本列賬(見附註1(m)(i))。

(q) 計息借貸

計息借貸初步按公允值減應佔交易成本計量。出售確認後，計息借款採用實際利率法按攤銷成本列賬。利息開支根據本集團借款成本的會計政策予以確認(見附註1(y))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(m)(i).

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligation for contributions to defined contribution retirement plans pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in properties for sale not yet recognised as an expense.

1 重大會計政策(續)

(r) 貿易及其他應付款項

貿易及其他應付款項初步按公允值確認。貿易及其他應付款項其後按攤銷成本列賬，除非貼現影響並不重大，在此情況下，則按成本入賬。

(s) 現金及現金等值物

現金及現金等值物包括銀行存款及現金、存放於銀行及其他金融機構的活期存款，以及短期且流動性極高的投資，該等投資可隨時變現為已知現金數額及無重大價值轉變的風險，於購入後三個月內到期。現金及現金等值物的預計信用虧損乃根據附註1(m)(i)所載的政策進行評估。

(t) 僱員福利

(i) 短期僱員福利及定額供款退休計劃供款

薪金、年度獎金、帶薪年假、定額供款退休計劃及非貨幣福利的成本已於僱員提供相關服務的年度內計提。若延遲付款或結算及其影響屬重大，該等款項將按現值入賬。

除已計入待售物業而尚未確認為支出者外，根據中華人民共和國(「中國」)相關勞動法規及規例向定額供款退休計劃作出供款的責任在產生時於損益確認為支出。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Employee benefits (Cont'd)

(ii) Equity settled share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity settled share-based payment reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity settled share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the equity settled share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the equity settled share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

1 重大會計政策(續)

(t) 僱員福利(續)

(ii) 以權益結算以股份為基礎的付款

向僱員所授購股權的公允值確認為僱員成本，並於權益的以權益結算以股份為基礎的付款儲備作出相應增加。公允值是於授出日期使用二項式期權定價模式並計及所授出購股權的條款及條件計量。倘僱員須在無條件享有購股權前符合歸屬條件，則購股權的估計公允值總額經考慮購股權的歸屬可能性後於歸屬期內攤分。

歸屬期內會審閱預期將歸屬的購股權數目。除非原僱員開支合資格確認為資產，否則對過往年內已確認累計公允值所作出的任何調整，均在審閱年度自損益扣除／計入損益，並對以權益結算以股份為基礎的付款儲備作出相應調整。於歸屬日期，會對確認為開支的數額作出調整，以反映所歸屬購股權的實際數目（並對以權益結算以股份為基礎的付款儲備作出相應調整），但僅因未能達成與本公司股份市價有關的歸屬條件而遭失效的購股權則除外。權益金額於以權益結算以股份為基礎的付款儲備確認，直至購股權獲行使（屆時會轉撥至股本溢價）或購股權屆滿（屆時會直接撥入保留利潤）為止。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 重大會計政策(續)

(u) 所得稅

年度所得稅包括即期稅項及遞延稅項資產與負債變動。即期稅項及遞延稅項資產與負債變動均在損益確認，但倘該等項目與於其他全面收益表或直接於權益確認的項目有關，則有關稅項分別於其他全面收益表或直接於權益確認。

即期稅項為年度應課稅收入的預期應付稅項，採用於報告期末已生效或實質已生效的稅率計算，同時考慮就過往年度應付稅項作出的任何調整。

遞延稅項資產及負債分別由可抵扣和應稅暫時差異產生，即財務報告所呈報資產及負債的賬面值與其稅基之間的差異。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅利潤用以抵銷可動用資產時確認。可支持確認源自可扣稅暫時性差額的遞延稅項資產的日後應課稅利潤，包括該等源自撥回現有應課稅暫時性差額者，但該等差額須與相同稅務機關及相同應課稅實體有關，並預期於撥回可扣減暫時性差額的同一期間或源自遞延稅項資產的稅項虧損可撥回或結轉的期間撥回。在評定現有應課稅暫時性差額是否支持確認因未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，並預期於可使用稅項虧損或抵免期間內撥回，則會考慮確認遞延稅項資產。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 重大會計政策(續)

(u) 所得稅(續)

確認遞延稅項資產及負債的有限例外情況為不可就稅務目的扣減的商譽、不影響會計或應課稅利潤的資產或負債的初步確認(前提是他們不屬於業務合併的一部分)所產生的暫時性差額，以及有關投資子公司的暫時性差額(如屬應課稅差額可以由本集團控制轉回時間，而且在可預見的未來不大可能轉回的差額，或如屬可扣減差額，則僅限於很可能在未來轉回的差額)。

凡投資物業之公允值按附註1(i)所載的會計政策計量，其遞延稅項的確認以用於報告日期之資產出售的賬面值的稅率為準，除非該物業是可折舊的，並存在於某商業模式，其目的是隨著時間的推移消耗實質上附於該物業的所有經濟利益，而不是通過出售。在所有其他情況下，已確認的遞延稅項按預期變現或清償資產及負債賬面值的方式，以報告期末已頒佈或實質已頒佈的稅率計算。遞延稅項資產及負債並未貼現。

遞延稅項資產的賬面值會於各報告期末審閱，並扣減至不再可能取得足夠應課稅利潤以動用有關稅務利益為止。任何減幅會於可能取得足夠應課稅利潤時撥回。

分派股息所產生的額外所得稅於確認支付相關股息的責任時確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 重大會計政策(續)

(u) 所得稅(續)

即期稅項結餘與遞延稅項結餘及其變動單獨呈列，且不予抵銷。即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有法定執行權以即期稅項資產抵銷即期稅項負債，並在符合下列附帶條件的情況下，方可相互抵銷：

- 如屬即期稅項資產及負債，本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 如屬遞延稅項資產及負債，倘他們與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預期待有重大金額的遞延稅項負債或資產須予清償或可收回的各未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent liabilities assumed in business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised and the amount that would be determined in accordance with note 1(v)(i).

1 重大會計政策(續)

(v) 撥備及或有負債

(i) 撥備及或有負債

當本集團或本公司須就過往事件承擔法定或推定責任，且履行責任可能須流出經濟利益並可作出可靠估計時，便會確認撥備。倘貨幣的時間價值重大，則按預計履行該責任所需支出的現值計提撥備。

倘不大可能需要流出經濟利益，或有關數額無法可靠估計，則該責任披露為或有負債，但倘流出經濟利益的可能性極低則除外。須視乎一宗或多宗未來事件是否發生才能確定存在與否的可能責任亦披露為或有負債，但倘流出經濟利益的可能性極低則除外。

(ii) 企業合併中承擔的或有負債

企業合併中承擔的在購買日為現時義務的或有負債，在公允價值能夠可靠計量的前提下，按公允價值進行初始確認。在以公允價值進行初始確認後，此類或有負債按初始確認金額與根據附註1(v)(i)定的金額中較高者進行確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

1 重大會計政策(續)

(w) 收益確認

當於本集團業務的一般過程中提供服務或其他人士根據租約使用本集團的資產產生收益時，本集團將收入分類為收益。

當產品或服務的控制權轉移至客戶或承租人有權使用資產時，按本集團將有權授權的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，乃經扣除任何貿易折扣。

倘合約載有向客戶提供融資福利超過12個月的融資部分，收益按應收款項的現值計量，採用將於與客戶的單獨融資交易中反映的貼現率進行貼現，而利息收入則按實際利率法單獨應計。倘合約載有向本集團提供重大融資福利的融資部分，則根據合約確認的收益包括採用實際利率法就合約負債應計的利率開支。本集團利用香港財務報告準則第15號第63段的實際權益方法，並不調整在融資期間為12個月或以下情況下重大融資部分任何影響的代價。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(o)).

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the date of delivery of property. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, Borrowing costs, in accordance with the policies set out in note 1(y).

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

1 重大會計政策(續)

(w) 收益確認(續)

有關本集團收益及其他收入確認政策的進一步詳情如下：

(i) 銷售物業

於日常業務過程中出售待售已開發物業所產生的收益於物業交付予客戶時(即客戶有能力指示物業使用及取得物業絕大部分餘下利益的時間點)確認。在收益確認日期之前就物業所收取的按金及分期付款列入財務狀況表內的合約負債項下(見附註1(o))。

對於客戶付款與轉移承諾物業的間隔期間超過一年的合約，交易價格和銷售已完工物業的收入金額須就融資成分的影響作出調整。倘預收客戶賬款被視為向本集團提供了重大融資利益，本集團將於付款日期至交付物業日期內，計提貨幣時間值之調整所產生的利息開支。該應計費用行於建造期間令合約負債的餘額增加，因此已完工物業的控制權轉移至客戶時令確認的收益金額增加。根據附註1(y)所載政策，除非其符合資格可根據國際會計準則第23號「借款成本」予以資本化，否則利息按應計費用進行支銷。

(ii) 經營租賃的租金收入

經營租賃的應收租金收入在租期所涵蓋的期間內，以等額分期款項於損益確認，但倘有其他基準更清楚地反映使用租賃資產所產生之收益模式則除外。獲授的租賃優惠於損益確認為應收租賃淨付款總額的組成部分。不取決於指數或比率的可變租賃付款額在產生的會計期間確認為收入。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Finance lease income

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognised as deferred income and subsequently deducted from the carrying amount of assets and consequently are effectively recognised in profit or loss when the inventories are sold or transferred to investment properties upon meeting the relevant conditions, if any, attaching to them.

1 重大會計政策(續)

(w) 收益確認(續)

(iii) 服務費收入

有關物業管理服務、廣告服務及其他配套服務的服務費收入於向客戶提供該等服務時確認。

(iv) 融資租賃收入

融資租賃收入，按應計基準以實際利率法按融資租賃的投資淨額在預計可使用年期或更短期間(如適用)估計在日後收取的現金貼現至融資租賃投資淨值的賬面淨值之實際利率確認。

(v) 股息

來自非上市投資的股息收入於股東收取付款的權利確立時確認。

(vi) 利息收入

利息收入使用實際利率法於產生時確認。就按攤銷成本計量且並無出現信貸減值的金融資產而言，資產的賬面總值適用實際利率。就出現信貸減值的金融資產而言，資產的攤銷成本(即扣除虧損撥備的賬面總值)適用實際利率(見附註1(m)(i))。

(vii) 政府補助

倘可合理保證本集團能收取政府補助且符合有關補貼所附條件，則政府補助初步於財務狀況表確認。補償本集團所涉開支的補助於開支產生期間有系統地於損益確認為收入。補償本集團資產成本的補助初步確認為遞延收入，其後自資產賬面值扣除，最終於符合所附條件(如有)而出售或轉移存貨至投資物業時於損益有效確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 重大會計政策(續)

(x) 外幣換算

年內外幣交易按交易日期現行的匯率換算。以外幣計值的貨幣資產及負債按報告期末現行的匯率換算。匯兌收益及虧損於損益確認。

以外幣計值並按歷史成本計量的非貨幣資產及負債按交易日期現行的匯率換算。交易日期為公司初始確認有關非貨幣資產或負債之日。以外幣計值並按公允值計量的非貨幣資產及負債按計量公允值當日現行的匯率換算。

海外經營業績按交易日期現行匯率的近似匯率換算為人民幣。財務狀況表項目按各報告期末的收市匯率換算為人民幣。所產生的匯兌差額於其他全面收入確認，並於權益的外匯儲備內單獨累計。

出售境外業務時，有關境外業務匯兌差額的累計金額於確認出售損益時自權益重新分類至損益。

(y) 借貸成本

購置、興建或生產需要長時間籌備以作擬定用途或出售的資產直接相關的借貸成本資本化為該資產的部分成本。其他借貸成本於產生期間支銷。

當產生資產開支與借貸成本且正進行籌備資產以作擬定用途或出售的必要工作時，則開始將借貸成本資本化為合資格資產成本一部分。當籌備合資格資產以作擬定用途或出售的必要工作絕大部分中斷或完成時，會暫停或終止將借貸成本資本化。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group still retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for investment properties which are measured at fair value), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policy set out in note 1(i).

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

1 重大會計政策(續)

(z) 持作待售的非流動資產

倘非流動資產(或出售組別)的賬面值很有可能將透過出售交易而非透過持續使用而收回，則會獲分類為持作待售，而該資產(或出售組別)於其現況下可供出售。出售組別指一組資產將於同一交易中被一併出售，而與該等資產有直接關連的負債將於該交易中轉移。

當本集團承諾的出售計劃涉及失去某附屬公司的控制權時，不論本集團是否將於出售后保留該附屬公司的非控股權益，該附屬公司的所有資產及負債於符合上述分類為持作待售的條件時會分類為持作待售。

於緊接分類為持作待售前，非流動資產(及於出售組別內的所有個別資產及負債)的計量根據分類前的會計政策作出更新。其後於首次分類為持作待售及直至出售期間，非流動資產(不包括按公允價值計量的投資物業)或出售組別按其賬面值及公允值減出售成本之較低者列賬。就本集團的財務報表而言，此計量政策的主要例外為投資物業。該等資產即使持作待售，仍將繼續根據附註1(i)所載政策計量。

於首次分類為持作待售及其後在持作待售期間重新計量的減值虧損於損益中確認。只要非流動資產仍獲分類為持作待售，或獲納入分類為持作待售的出售組別，則該非流動資產即不予折舊或攤銷。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (aa)(a).
 - (vii) A person identified in (aa)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 重大會計政策(續)

(aa) 關聯方

- (a) 倘屬以下人士，則該人士或該人士的近親家庭成員與本集團有關聯：
- (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (b) 倘實體符合以下條件，則與本集團有關聯：
- (i) 該實體與本集團屬同一集團的成員公司(即各母公司、子公司及同系子公司彼此間有關連)。
 - (ii) 一間實體為另一間實體的聯營企業或合營企業(或該其他實體所屬集團的公司的聯營企業或合營企業)。
 - (iii) 兩間實體均為同一第三方的合營企業。
 - (iv) 一間實體為第三方實體的合營企業，而另一實體亦為同一第三方實體的聯營企業。
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(aa)(a)所定義人士控制或受共同控制。
 - (vii) 於(aa)(a)(i)所定義人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
 - (viii) 該實體或該實體所屬集團的任何成員公司向該集團或集團母公司提供主要管理層成員服務。

一名人士的近親家庭成員指預期在與實體的交易中可影響該人士或受該人士影響的家庭成員。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Classification between inventories and investment properties

The Group develops property projects with an initial intention to be held for sale. Judgement is made by management in determining whether a property is designated as a property held for sale or investment properties. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of development, the related properties under development are accounted for as (1) properties under development included in current assets if the properties are intended for sale after their completion; and (2) investment properties under development if the properties are intended to be held to earn rentals and/or for capital appreciation.

1 重大會計政策 (續)

(bb) 分部報告

本集團為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，會定期向本集團大多數高級行政管理層提供財務資料。從該等資料中可找出於合併財務報表呈列的經營分部及各分部項目金額。

個別重大經營分部不會於財務申報時匯總，除非該等分部擁有相若的經濟特性，且其產品及服務性質、生產流程性質、客戶類型或類別、用以分銷產品或提供服務的方法以及監管環境的性質均相若。倘個別不重大經營分部擁有大部分該等特徵，則可能會匯總。

2 會計判斷及估計

(a) 應用本集團會計政策時所作重大會計判斷

在應用本集團會計政策時，管理層曾作出以下會計判斷：

存貨及投資物業的分類

本集團開發物業項目的基本目的為持作出售。管理層在決定某項物業指定作持作出售物業或投資物業時須作出判斷。本集團在有關物業開發初期即考慮持有物業的目的。在開發過程中，相關在建物業會按以下方式入賬：(1) 如物業在完成後擬作出售，則計入流動資產中的在建物業；及(2) 如物業擬持有以賺取租金收入及／或資本增值，則計入在建投資物業。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty

Notes 11 and 35 contain information about the assumptions and their risk factors relating to valuation of investment property and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Recognition of government grants

Government grants are initially recognised by the Group as a deferred income in the consolidated statement of financial position when an amount is received and are subsequently recognised or amortised in profit or loss on a systematic basis when there is reasonable assurance that the Group will comply with the specific conditions attached to the government grants. The Group is required to fulfil the requirements agreed with the local governments when conducting the related infrastructure construction and the Group assesses whether the conditions attached to the government grants are met based on management's best estimates, particularly in interpreting the fulfilment of conditions which are not clearly stated in the respective agreements.

(ii) Provision for PRC LAT

As explained in note 6(a), the Group has estimated, made and included in tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of PRC LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源

有關投資物業估值及金融工具的公允價值的假設及其風險因素的資料載於附註11及35。估計不確定因素的其他主要來源如下：

(i) 政府補助確認

本集團於收到政府補助時在合併財務狀況表初步確認為遞延收入，其後合理確定本集團將滿足接受政府補助的條件時按系統基準在損益內確認或攤銷。本集團於進行相關基礎設施建設時須符合與地方政府協定之規定，本集團根據管理層的最佳估計，評估是否已滿足政府補助的附帶條件，尤其是在相關協定並無明確說明履行條件的情況。

(ii) 中國土地增值稅撥備

誠如附註6(a)所述，本集團已根據相關中國稅務法律法規所載規定，估計、作出及在稅項內計入中國土地增值稅撥備。實際的中國土地增值稅負債須待物業開發項目完工後，由稅務當局釐定，而稅務當局可能不同意本集團計算中國土地增值稅撥備的基準。由於中國土地增值稅撥備視乎最終稅額計算而定，故釐定撥備水平時須作出重大判斷。鑑於當地稅務局所詮釋的中國土地增值稅計算基準並不確定，實際結果可能會高於或低於報告期末所估計者。實際結果／估計的任何增減均會影響作出有關計算期間的所得稅撥備。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(iii) Determining the provision for inventories

As explained in note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(iv) Impairment for trade and other receivables

The Group expected credit losses (ECL) for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer creditworthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(iii) 釐定存貨減值

誠如附註1(n)所釋，本集團未來待開發土地、在建物業及待售已完工物業按成本與可變現淨值兩者中的較低數額列賬。根據本集團近期經驗及有關物業的性質，本集團就售價、在建物業的竣工成本及出售該物業的成本作出估計。

倘竣工成本增加或淨銷售額減少，則可能須就待售已完工物業、待售未來待開發物業及待售在建物業作出撥備。該等撥備需要運用判斷及估計。倘預期異於最初估計，則該等物業的賬面值及撥備於有關估計變動期間將相應予以調整。

鑑於中國物業市場波動及個別物業獨特性質使然，成本及收益的實際結果可能會高於或低於報告期末所估計者。撥備的任何增減均會影響未來年度的損益。

(iv) 貿易及其他應收款項減值

本集團會對因客戶未能作出所需付款所產生的貿易及其他應收款項的預期信用虧損作出估計。本集團根據貿易及其他應收款項結餘的賬齡、客戶信譽及過往撇銷經驗作出估計。倘客戶的財務狀況惡化，則實際撇銷金額將高於預期。

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(除另有指明外，均以人民幣列示)

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(v) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(vi) Recognition of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimates. Any variations on the development costs upon final settlement will impact cost of sales included in profit or loss in future years.

(vii) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassifying them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in long-term for rental income and/or capital appreciation.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(v) 遞延稅項資產確認

遞延稅項資產按報告期末已頒佈或實質頒佈的稅率，根據預期變現或結算資產賬面值的方式確認及計量。釐定遞延稅項資產賬面值時，預期應課稅利潤的估計涉及多項有關本集團經營環境的假設，需要董事行使重大程度的判斷。該等假設及判斷的任何變動將影響將予確認的遞延稅項資產賬面值，從而影響未來年度淨利。

(vi) 在建物業建設成本的確認

物業開發成本於工程階段入賬列為在建物業，並將於確認物業銷售後轉撥至損益。於最終結算開發成本及有關物業銷售的其他成本前，該等成本由本集團按管理層的最佳估計累計。於最終結算後開發成本的任何變動將影響計入日後年度損益的銷售成本。

(vii) 釐定投資物業之遞延稅項

本集團已向第三方租出若干已完工物業，據此董事認為該等安排並非臨時性安排。在此情況下，本集團決定將該等物業視為投資物業（並將其自待售已完工物業重新歸類為投資物業），乃因本集團擬將該等物業用作長期租金收入及／或資本升值。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(vii) Determining the deferred taxation on investment properties (Cont'd)

Under IAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2019, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

(viii) Determining the lease term

As explained in policy Note 1(l), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

2 會計判斷及估計 (續)

(b) 估計不確定因素的來源 (續)

(vii) 釐定投資物業之遞延稅項 (續)

根據國際會計準則第12號，遞延稅項須按企業預期收回有關資產賬面值之方式可能產生之稅務後果計量。就此而言，國際會計準則第12號引入一項可予駁回之假設：根據國際會計準則第40號「投資物業」，以公允值列賬之投資物業之賬面值將通過出售收回。此假設以單獨物業為基礎可被駁回，假如該投資物業是可以折舊及以一種業務模式持有，而該模式的目的是旨在假以時日消耗該投資物業大部分經濟收益，而非經出售。

就此而言，本集團已定期審核投資物業組合並得出結論，於2019年12月31日，本集團已確定持有各項物業所奉行之業務模式均為旨在假以時日消耗投資物業所包含之絕大部分經濟利益，故就該等物業駁回國際會計準則第12號中之假設。因此，本集團繼續採用將在透過使用而收回價值之情況下適用之稅率就該等其他物業計量遞延稅項。

(viii) 確定租賃期限

誠如附註1(l)的政策所釋，租賃負債按租賃期內應付租賃款的現值進行初始確認。在包含本集團可行使續期選擇權的租賃開始日確定租賃期限，本集團需評估行使續期期權的可能性，同時需考慮所有相關可能會經濟激勵本集團行使續期選擇權的事實和情況，包括優惠條件、所進行的租賃改良以及該標的資產對本集團經營的重要性。當在本集團控制範圍內，本集團發生重大事件或本集團的環境發生重大變化時，需重新評估租賃期。租賃期的增加或減少都將影響未來幾年確認的租賃負債和使用權資產的金額。

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3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centers and residential properties in the Mainland China.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍內的客戶合約收益		
– Sales of properties	– 物業銷售	1,422,946	2,712,484
– Property management services	– 物業管理服務	63,588	57,458
– Others	– 其他	40,620	32,537
		1,527,154	2,802,479
Revenue from other sources	其他來源的收益		
– Gross rental income from investment properties	– 來自於投資性物業的租金總收入	13,964	15,927
– Other rental income	– 其他租金收入	42,190	23,796
		56,154	39,723
		1,583,308	2,842,202

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the Mainland China. The Group does not operate in any other geographical or business segment during the year.

3 收益及分部報告

本集團的主要業務為在中國內地進行商貿物流中心及住宅物業的開發、銷售及經營。

收入指扣除任何貿易折扣後的銷售物業，物業管理服務收入及銷售相關稅項的租金收入後的收入。

(a) 收益分解

客戶合約收益按主要產品或服務類型分解如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍內的客戶合約收益		
– Sales of properties	– 物業銷售	1,422,946	2,712,484
– Property management services	– 物業管理服務	63,588	57,458
– Others	– 其他	40,620	32,537
		1,527,154	2,802,479
Revenue from other sources	其他來源的收益		
– Gross rental income from investment properties	– 來自於投資性物業的租金總收入	13,964	15,927
– Other rental income	– 其他租金收入	42,190	23,796
		56,154	39,723
		1,583,308	2,842,202

本集團的客戶群呈多元化，沒有一名客戶的交易額佔本集團收益的10%以上。

為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，本集團會定期向最高行政管理層提供財務數據及資料，而從該等數據及資料中可識別經營分部及於合併財務報表報告的各分部項目金額。由於本集團於中國內地主要從事一個分部，故並無呈列本集團的經營分部資料。年內本集團並無於任何其他地區或業務分部經營。

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at 31 December 2019 and 31 December 2018:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:	餘下履約責任預計於以下 期限履行：		
Within 1 year	1年內	2,645,940	1,030,138
Within 1 year to 2 years	1至2年	426,450	454,479
Within 2 years to 3 years	2至3年	327,440	628,109
		3,399,830	2,112,726

These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. These amounts include the significant financing components of the pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(w)(i)).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its property management service contracts such that the above information does not include information about revenue that the Group will be entitled to when it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

3 收益及分部報告(續)

(b) 因報告日期存續的客戶合約而導致預期於日後確認的收益

下表載列有關2019年12月31日和2018年12月31日尚未履行的履約責任預期於日後確認的收益。

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:		
Within 1 year	2,645,940	1,030,138
Within 1 year to 2 years	426,450	454,479
Within 2 years to 3 years	327,440	628,109
	3,399,830	2,112,726

該等金額指來自客戶與本集團就在建物業訂立的預完成銷售合約預期於日後確認的收益。該等金額包括預完成物業銷售合約的重大融資部份，本集團據此從客戶取得重大融資利益(見附註1(w)(i))。

本集團已對其物業管理服務合約應用國際財務報告準則第15號第121段的實際權益方法，故而上述資料不包括本集團有權開發票時有權取得的收益相關資料，而有關收益與本集團迄今完成的履約對客戶的價值直接相關。

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4 OTHER INCOME

4 其他收入

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net gain on disposal of subsidiaries (i)	出售子公司的收益淨額 (i)	187,099	6,570
Net realised and unrealised fair value gain from financial assets measured at fair value through profit and loss ("FVPL")	按公允值計量且其變動計入當期損益的金融資產的已實現與未實現公允值收益淨額	18,924	49,529
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨額	2,125	164
Net loss on disposal of investment property and investment properties classified as held for sale	出售投資物業及分類為持作出售投資物業的淨虧損	(12,752)	-
Government grants (ii)	政府補助 (ii)	1,717	31,798
Others	其他	6,576	4,299
		203,689	92,360

(i) In 2019, the Group disposed its 100% equity interest in Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司) and Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司) (collectively "Yingchuang") to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (北京融創毅德企業管理有限公司). A net gain of RMB181,920,000 was resulted from such disposal (note 24(e)(i)). Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司) is a direct wholly owned subsidiary of Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司).

In 2019, the Group disposed its entire equity interest in Yulin Jingde Real Estate Company Limited (玉林景德房地產開發有限公司) to the non-controlling shareholder, Guangxi Junjing Real Estate Company Limited (廣西駿景房地產開發有限公司). A net gain on disposal of RMB5,179,000 was resulted from such disposal (note 24(e)(ii)).

(ii) In 2018, the Group has transferred certain properties under development for sale to investment properties (note 11). The related government grants of RMB29,601,000 previously recorded as deferred income (note 31) were recognised in profit or loss as other income. During this year, there is no transfer from inventory to investment properties.

(i) 於2019年，本集團出售其於北京毅德盈創企業管理有限公司及蘭州毅德盈創置業有限公司(統稱「盈創」)的100%權益予本集團的聯營公司北京融創毅德企業管理有限公司，通過此次處置產生處置淨收益人民幣181,920,000元(附註24(e)(i))。蘭州毅德盈創置業有限公司是一家由北京毅德盈創企業管理有限公司全資控股的子公司。

於2019年，本集團出售其於玉林景德房地產開發有限公司的全部股權予非控股股東廣西駿景房地產開發有限公司，通過此次處置產生處置淨收益人民幣5,179,000元(附註24(e)(ii))。

(ii) 2018年，本集團將若干持作出售在建物業轉撥至投資物業(附註11)。先前入賬列為遞延收入(附註31)的相關政府補助人民幣29,601,000元年內於損益表內確認為其他收入。本年，沒有投資性物業從存貨轉入。

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5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs:

		2019	2018
		RMB'000	(Note) RMB'000
		人民幣千元	(附註) 人民幣千元
Finance income	財務收入		
Bank interest income	銀行利息收入	(12,785)	(16,186)
Other interest income	其他利息收入	(30,270)	(19,101)
		(43,055)	(35,287)
Net foreign exchange gain	匯兌收益淨額	(4,726)	-
		(47,781)	(35,287)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸的利息	121,515	142,656
Interest on corporate bonds	公司債券的利息	21,009	21,583
Interest on senior notes	優先票據利息	172,361	248,560
Interest on lease liabilities	租賃負債利息	3,934	-
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部份應計利息	48,822	16,497
		367,641	429,296
Less: interest expense capitalised into properties under development *	減：資本化撥入在建物業的利息開支*	(139,300)	(105,712)
		228,341	323,584
Net foreign exchange loss	匯兌虧損淨額	-	15,786
		228,341	339,370

* The borrowing costs have been capitalised at rates ranging from 4.99% – 9.60% per annum (2018: 5.15% – 9.60%).

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

5 除稅前(虧損)/利潤

除稅前(虧損)/利潤經(計入)/扣除下列各項後得出：

(a) 財務收入及融資成本：

* 借貸成本已按年利率4.99%至9.60% (2018年：5.15%至9.60%)資本化。

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號。根據此方法，比較資料不予重列。請見附註1(c)。

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5 (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

(b) Staff costs:

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	251,323	217,536
Contributions to defined contribution retirement plans	定額供款退休計劃	9,688	10,683
		261,011	228,219

5 除稅前(虧損)/利潤(續)

(b) 員工成本：

(c) Other items:

		2019	2018
		RMB'000	Note (i) 附註(i) RMB'000
		人民幣千元	人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment(note 10)	– 物業、廠房及設備(附註10)	23,630	14,823
– right-of-use assets(note 10)	– 使用權資產(附註10)	14,031	12,170
– intangible assets (note 12)	– 無形資產(附註12)	2,218	2,042
		39,879	29,035
Total minimum lease payments for leases previously classified as operating leases under IAS 17 (note (i))	根據國際會計準則第17號分類為經營租賃的最低租賃付款總額(附註(i))	–	18,670
Impairment losses provided/(reversed)	減值虧損計提/(轉回)		
– trade and other receivables	– 貿易及其他應收款項	17,683	33,634
– finance lease receivables	– 融資租賃應收款項	(183)	13,006
– loans to the third parties	– 應收第三方貸款	3,758	–
		21,258	46,640
Auditor's remuneration	核數師酬金		
– audit service	– 審計服務	3,150	3,050
– other service	– 其他服務	2,000	1,050
		5,150	4,100
Rentals income from investment properties less direct outgoings of nil (2018: RMB8,362,000)	投資性物業租金收入減直接開支人民幣零 (2018：人民幣8,362,000元)	13,964	7,565
Cost of properties sold (ii)	已售物業成本(ii)	931,331	1,621,033

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5 (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

(c) Other items: (Cont'd)

Note:

- (i) The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).
- (ii) Cost of properties sold is after netting off of utilisation of deferred income in respect of government grants of RMB237,221,000 for the year ended 31 December 2019 (2018: RMB160,230,000) (note 31).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT") (iii)	中國企業所得稅 (「中國企業所得稅」) (iii)	86,100	167,990
PRC LAT (iv)	中國土地增值稅 (iv)	53,026	122,542
		139,126	290,532
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 16(b))	暫時性差額的產生及撥回 (附註 16(b))	(6,202)	16,201
		132,924	306,733

5 除稅前(虧損)/利潤(續)

(c) 其他項目：(續)

附註：

- (i) 本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號及調整了2019年1月1日的期初餘額，以確認於之前根據國際會計準則第17號分類為經營租賃的相關租賃的使用權資產。在2019年1月1日對使用權資產進行初始確認後，本集團作為承租人需要確認使用權資產的折舊，而不是按照之前的政策在租賃期內以直線法確認經營租賃產生的租賃費用。根據此方法，比較資料不予重列。請見附註1(c)。
- (ii) 截至2019年12月31日止年度，已售物業成本經扣除使用政府補助的遞延收入人民幣237,221,000元後得出(2018年：人民幣160,230,000元)(附註31)。

6 合併損益表內的所得稅

(a) 合併損益表內的稅項指：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(a) Taxation in the consolidated statement of profit or loss represents: (Cont'd)

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2018: Nil).

(iii) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") was approved to enjoy a preferential PRC CIT rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the Mainland China.

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指：(續)

- (i) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。
- (ii) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(2018年：零)。

(iii) 中國企業所得稅

本集團的中國子公司須就其應課稅利潤按25%的法定稅率繳稅。

2013年7月，贛州毅德商貿物流園開發有限公司(「贛州商貿物流園」)根據地方稅務局頒佈的稅務通知獲批自2012年至2020年享受15%的優惠中國企業所得稅稅率。

2015年12月，梧州毅德商貿物流城開發有限公司(「梧州商貿物流城」)根據地方稅務局頒佈的稅務通知亦獲批自2015年至2020年享受15%的優惠中國企業所得稅稅率。

該稅務優惠是基於與中國政府鼓勵中國內地若干地區投資及發展商貿物流業的政策有關的多項稅務規則及法規。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(a) Taxation in the consolidated statement of profit or loss represents: (Cont'd)

(iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指：(續)

(iv) 中國土地增值稅

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

此外，本集團的若干子公司根據相關的地方稅務局批准的核定計稅方法，基於收益的6%至8%計算中國土地增值稅。

本公司董事認為，其獲准採用的核定計稅方法是中國內地認可的計稅方法之一，而本集團中國子公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

6 合併損益表內的所得稅(續)

(b) Reconciliation between income tax and accounting (loss)/profit at applicable tax rates:

(b) 所得稅與按適用稅率計算的會計(虧損)/利潤的對賬：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit before taxation	除稅前(虧損)/利潤	(144,361)	416,620
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	按有關國家適用於利潤的稅率計算的除稅前(虧損)/利潤的名義稅項	31,891	191,223
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	4,815	4,754
Tax effect of non-taxable income	毋須課稅收入的稅務影響	(4,026)	(2,098)
Tax effect of unused tax losses not recognised	未確認未動用稅項虧損的稅務影響	59,038	29,077
Tax effect of temporary differences not recognised	未確認暫時性差異的稅務影響	975	3,504
Utilisation of previously unrecognised tax losses	使用先前未經確認的稅項虧損	(1,655)	(6,224)
PRC LAT (note 6(a)(iv))	中國土地增值稅(附註6(a)(iv))	53,026	122,542
Tax effect on PRC LAT	中國土地增值稅稅務影響	(12,589)	(29,299)
Tax concessions (note 6(a)(iii))	稅務優惠(附註6(a)(iii))	1,449	(6,746)
Total income tax	所得稅總額	132,924	306,733

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7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

7 董事薪酬

董事薪酬根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露如下：

		2019			
		Directors' fee	Salaries allowances and benefits in kind	Retirement scheme contributions	Total
		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
Executive directors:	執行董事：				
Wang Dewen	王德文	100	15,732	79	15,911
Wong Choi Hing (appointed on 12 October 2019)	王再興(2019年10月12日獲委任)	22	1,002	-	1,024
Cai Hongwen (appointed on 12 October 2019)	蔡鴻文(2019年10月12日獲委任)	-	-	-	-
Zeng Yunshu (appointed on 12 October 2019)	曾雲樞(2019年10月12日獲委任)	-	-	-	-
Wang Jianli (resigned on 12 October 2019)	王健利(2019年10月12日辭任)	78	3,542	-	3,620
Huang Dehong (resigned on 12 October 2019)	黃德宏(2019年10月12日辭任)	78	1,240	60	1,378
Non-executive director:	非執行董事：				
Yuan Bing (resigned on 12 October 2019)	袁兵(2019年10月12日辭任)	206	-	-	206
Independent non-executive directors:	獨立非執行董事：				
Zhao Lihua	趙立華	100	140	-	240
Lam Chi Yuen Nelson	林智遠	264	-	-	264
Yue Zheng (appointed on 20 March 2019)	岳嶢(2019年3月20日獲委任)	207	-	-	207
Wang Lianzhou (retired on 20 March 2019)	王連洲(2019年3月20日退任)	21	31	-	52
		1,076	21,687	139	22,902

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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7 DIRECTORS' EMOLUMENTS (Cont'd)

7 董事薪酬(續)

		2018			
		Directors'	Salaries allowances and benefits in kind	Retirement scheme contributions	Total
		fee	薪金、 津貼及 實物福利	退休 計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Wang Dewen	王德文	100	4,087	89	4,276
Wang Jianli (resigned on 12 October 2019)	王健利(2019年10月 12日辭任)	100	4,224	-	4,324
Huang Dehong (resigned on 12 October 2019)	黃德宏(2019年10月 12日辭任)	100	2,105	63	2,268
Non-executive director:	非執行董事：				
Yuan Bing (resigned on 12 October 2019)	袁兵(2019年10月 12日辭任)	254	-	-	254
Independent non-executive directors:	獨立非執行董事：				
Zhao Lihua	趙立華	100	140	-	240
Lam Chi Yuen Nelson	林智遠	254	-	-	254
Wang Lianzhou (retired on 20 March 2019)	王連洲(2019年3月 20日退任)	100	140	-	240
		1,008	10,696	152	11,856

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2018: two) are directors. The emoluments of these directors are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2018: three) individuals are as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Retirement scheme contributions	退休計劃供款	58	70
Salaries, allowances and other benefits in kind	薪金、津貼及其他實物福利	15,121	9,271
		15,179	9,341

The emoluments of the three (2018: three) individuals with the highest emoluments are within the following bands:

		2019 Number of individuals 人數	2018 Number of individuals 人數
HK\$2,500,001–HK\$3,000,000	2,500,001 港元至 3,000,000 港元	–	1
HK\$3,000,001–HK\$3,500,000	3,000,001 港元至 3,500,000 港元	1	–
HK\$3,500,001–HK\$4,000,000	3,500,001 港元至 4,000,000 港元	1	1
HK\$4,000,001–HK\$4,500,000	4,000,001 港元至 4,500,000 港元	–	1
HK\$10,000,001–HK\$10,500,000	10,000,001 港元至 10,500,000 港元	1	–

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB271,221,000 (2018: gain of RMB106,995,000) and the weighted average of 4,014,844,000 ordinary shares (2018: 4,014,844,000 ordinary shares).

(b) Diluted earnings per share

All options granted under the Company's pre-IPO share option scheme had expired on 31 December 2018. There is no effect of deemed issue of the share option scheme in 2019.

8 最高薪人士

五名最高薪人士中有兩名(2018年：兩名)為董事。該等董事的薪酬披露於附註7。其他三名(2018年：三名)人士的薪酬總計如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Retirement scheme contributions	退休計劃供款	58	70
Salaries, allowances and other benefits in kind	薪金、津貼及其他實物福利	15,121	9,271
		15,179	9,341

三名(2018年：三名)最高薪人士的薪酬介乎以下範圍：

		2019 Number of individuals 人數	2018 Number of individuals 人數
HK\$2,500,001–HK\$3,000,000	2,500,001 港元至 3,000,000 港元	–	1
HK\$3,000,001–HK\$3,500,000	3,000,001 港元至 3,500,000 港元	1	–
HK\$3,500,001–HK\$4,000,000	3,500,001 港元至 4,000,000 港元	1	1
HK\$4,000,001–HK\$4,500,000	4,000,001 港元至 4,500,000 港元	–	1
HK\$10,000,001–HK\$10,500,000	10,000,001 港元至 10,500,000 港元	1	–

9 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利按本公司權益股東應佔虧損人民幣271,221,000元(2018年：盈利人民幣106,995,000元)及普通股加權平均數4,014,844,000股(2018年：4,014,844,000股)計算。

(b) 每股攤薄盈利

根據本公司首次公開售股前購股權計劃授予的所有購股權已於2018年12月31日失效。2019年度不存在該購股權計劃視作發行股份的影響。

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10 PROPERTY, PLANT AND EQUIPMENT

10 物業、廠房及設備

		Ownership interests in land and buildings held for own use carried at cost 按成本列賬 持作自用的 租賃土地 及樓宇的 擁有權權益	Other properties leased for own use carried at cost 按成本列賬 持作自用 租賃的 其他物業	Motor vehicles and other fixed assets 汽車及其他 固定資產	Office equipment 辦公設備	Total 總計
	Note 附註	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
Cost:	成本：					
At 1 January 2018	於2018年1月1日	422,271	-	137,312	47,082	606,665
Additions	添置	-	-	7,946	2,770	10,716
Disposals	出售	-	-	(1,960)	(395)	(2,355)
Disposal of subsidiaries	出售子公司	-	-	(9,547)	(2,176)	(11,723)
At 31 December 2018	於2018年12月31日	422,271	-	133,751	47,281	603,303
Impact on initial application of IFRS 16 (Note)	首次應用國際財務報告準則第16號的影響(附註)	-	5,257	-	-	5,257
At 1 January 2019	於2019年1月1日	422,271	5,257	133,751	47,281	608,560
Additions	添置	-	631	11,211	4,537	16,379
Disposals	出售	-	-	(25,862)	(633)	(26,495)
Disposal of subsidiaries	出售子公司	-	-	(412)	(206)	(618)
	24(e)					
At 31 December 2019	於2019年12月31日	422,271	5,888	118,688	50,979	597,826
Accumulated depreciation:	累計折舊：					
At 1 January 2018	於2018年1月1日	18,888	-	80,906	40,679	140,473
Charge for the year	年內支出	12,170	-	10,984	3,839	26,993
Written back on disposals	出售時撤回	-	-	(1,708)	(287)	(1,995)
Disposal of subsidiaries	出售子公司時撤回	-	-	(2,502)	(876)	(3,378)
At 31 December 2018	於2018年12月31日	31,058	-	87,680	43,355	162,093
Charge for the year	年內支出	12,143	1,888	20,043	3,587	37,661
Written back on disposals	出售時撤回	-	-	(23,807)	(531)	(24,338)
Disposal of subsidiaries	出售子公司時撤回	-	-	(17)	(15)	(32)
	24(e)					
At 31 December 2019	於2019年12月31日	43,201	1,888	83,899	46,396	175,384

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

10 物業、廠房及設備(續)

	Ownership interests in land and buildings held for own use carried at cost 按成本列賬持作自用的租賃土地及樓宇的擁有權權益	Other properties leased for own use carried at cost 按成本列賬持作自用租賃的其他物業	Motor vehicles and other fixed assets 汽車及其他固定資產	Office equipment 辦公設備	Total 總計	
Note	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	
Accumulated impairment:	累計減值：					
At 1 January 2018	於2018年1月1日	-	-	7,045	1,251	8,296
Disposal of subsidiaries	出售子公司時撤回	-	-	(7,045)	(1,251)	(8,296)
At 31 December 2018 and 1 January 2019 and 31 December 2019	於2018年12月31日及2019年1月1日及2019年12月31日	-	-	-	-	-
Net book value:	賬面淨值：					
At 31 December 2019	於2019年12月31日	379,070	4,000	34,789	4,583	422,442
At 31 December 2018	於2018年12月31日	391,213	-	46,071	3,926	441,210

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 1(c).

附註：本集團採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的期初結餘以確認與先前根據國際會計準則第17號歸類為經營租賃的租賃項目相關的使用權資產。見附註1(c)。

The leasehold buildings are all situated on land in the Mainland China.

該等租賃樓宇全部位於中國內地。

Certain bank loans granted to the Group were jointly secured by property, plant and equipment with a book value of RMB347,036,000 (2018:RMB357,053,000) (note 27).

本集團獲授的若干銀行貸款由賬面值人民幣347,036,000元(2018年：人民幣357,053,000元)的物業、廠房及設備共同作抵押(附註27)。

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

10 物業、廠房及設備(續)

使用權資產

按相關資產類別劃分的使用權資產賬面淨值分析如下：

		31 December 2019 2019年 12月31日	1 January 2019 2019年 12月31日
		Note 附註	RMB'000 人民幣千元
Included in "Property, plant and equipment":	計入「物業、廠房及設備」：		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	按折舊成本列賬持作自用的租賃土地及樓宇的擁有權權益	(i)	
– 50 years or more	– 五十年或以上	32,034	34,160
– between 10 and 50 years	– 十年至五十年	347,036	357,053
		379,070	391,213
Other properties leased for own use, carried at depreciated cost	按折舊成本列賬持作自用租賃的其他物業	(ii)	
		4,000	5,257
		383,070	396,470
Included in "Investment properties":	計入「投資物業」：		
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of:	按公允值列賬於租賃投資物業的擁有權權益		
– Less than 10 years	– 少於十年	29,700	–
– between 10 and 50 years	– 十年至五十年	2,554,400	2,664,137
		2,584,100	2,664,137
Included in "Inventories and other contract costs":	計入「存貨及其他合約成本」：		
Leasehold land held for future development for sale	待售未來待開發租賃土地	888,809	1,090,240
Property under development for sale	待售在建物業	893,868	949,656
Completed properties held for sale	持作待售已完工物業	530,794	617,674
		2,313,471	2,657,570
		5,280,641	5,718,177

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets (Cont'd)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

		2019	2018
		RMB'000	(Note) RMB'000
		人民幣千元	(附註) 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,143	12,170
Other properties leased for own use	持作自用租賃的其他物業	1,888	-
		14,031	12,170
Interest on lease liabilities (note 5(a))	租賃負債利息 (附註 5(a))	3,934	-
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	於2019年12月31日或之前到期的短期租賃及其他租賃的相關費用	5,194	-
Total minimum lease payments for leases previously classified as operating leases under IAS 17	此前被列為國際會計準則第17號下的經營租賃的最低租賃付款總額	-	18,670

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).

During the year, additions to right-of-use assets were RMB631,000. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(d) and 28, respectively.

10 物業、廠房及設備(續)

使用權資產(續)

反映於損益表的與租賃有關的費用項目分析如下：

		2019	2018
		RMB'000	(Note) RMB'000
		人民幣千元	(附註) 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,143	12,170
Other properties leased for own use	持作自用租賃的其他物業	1,888	-
		14,031	12,170
Interest on lease liabilities (note 5(a))	租賃負債利息 (附註 5(a))	3,934	-
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	於2019年12月31日或之前到期的短期租賃及其他租賃的相關費用	5,194	-
Total minimum lease payments for leases previously classified as operating leases under IAS 17	此前被列為國際會計準則第17號下的經營租賃的最低租賃付款總額	-	18,670

附註：本集團採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的期初結餘以確認與先前根據國際會計準則第17號歸類為經營租賃的租賃項目相關的使用權資產。在2019年1月1日對使用權資產進行初步確認後，本集團作為承租人需要確認使用權資產的折舊，而不是之前的政策，即在租賃期內以直線方式確認經營性租賃產生的租金費用。在這種方法下，不重述比較信息。見附註1(c)。

當年新增使用權資產63.1萬元。這筆款項主要與新租約下應付的資本化租金有關。

租賃的現金流出總額及租賃負債的到期分析詳情分別載於附註24(d)及28。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets (Cont'd)

- (i) **Ownership interests in leasehold land and buildings held for own use**

The Group holds several buildings as its office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land.

Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

- (ii) **Other properties leased for own use**

The Group has obtained the right to use other properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Lease payments are usually increased by each year to reflect market rentals.

10 物業、廠房及設備(續)

使用權資產(續)

- (i) **持作自用的租賃土地及樓宇的擁有權權益**

本集團擁有幾棟樓宇作為其辦公室。本集團是這些物業權益的註冊擁有人，包括有關土地的全部或部分未分割份數。

一次性付款是為了從以前的註冊業主那里獲得這些財產權益，而根據土地租賃條款，不需要進行付款。

- (ii) **持作自用租賃的其他物業**

集團通過租賃協議，獲得了使用其他物業作為辦公室和宿舍的權利。租期一般為2至5年。租金通常每年都會增加，以反映市場租金。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

(a) Reconciliation of carrying amount of investment properties

11 投資物業及分類為持作出售的投資物業

(a) 投資物業賬面值對賬

		Completed properties	Properties under development	Other properties leased for own use carried at fair value	Total
		已完工物業 RMB'000 人民幣千元	在建物業 RMB'000 人民幣千元	按公允價值 列賬持作 自用租賃的 其他物業 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2018	於 2018 年 1 月 1 日	1,831,900	428,000	–	2,259,900
Transferred from inventories	轉自存貨	5,268	283,798	–	289,066
Fair value adjustments	公允值調整	(12,161)	112,795	–	100,634
Classified as assets held for sale (b)	分類為持作出售的資產 (b)	(26,463)	–	–	(26,463)
Transfer upon completion	完工後轉撥	437,000	(437,000)	–	–
At 31 December 2018	於 2018 年 12 月 31 日	2,235,544	387,593	–	2,623,137
Impact on initial application of IFRS 16 (Note)	首次應用國際財務報告準則第 16 號的影響 (附註)	–	–	41,000	41,000
At 1 January 2019	於 2019 年 1 月 1 日	2,235,544	387,593	41,000	2,664,137
Additions	添置	–	25,354	–	25,354
Fair value adjustments	公允值調整	(54,407)	(11,747)	(11,300)	(77,454)
Disposals	出售	(27,937)	–	–	(27,937)
Transfer upon completion	完工後轉撥	401,200	(401,200)	–	–
At 31 December 2019	於 2019 年 12 月 31 日	2,554,400	–	29,700	2,584,100
Representing	指				
Valuation – 2019	估值 – 2019 年	2,554,400	–	29,700	2,584,100
Valuation – 2018	估值 – 2018 年	2,235,544	387,593	–	2,623,137
Book value	賬面值				
At 31 December 2019	於 2019 年 12 月 31 日	2,554,400	–	29,700	2,584,100
At 31 December 2018	於 2018 年 12 月 31 日	2,235,544	387,593	–	2,623,137

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(a) Reconciliation of carrying amount of investment properties (Cont'd)

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 1(c).

(b) Reconciliation of carrying amount of investment properties classified as held for sale

11 投資物業及分類為持作出售的投資物業 (續)

(a) 投資物業賬面值對賬 (續)

附註：本集團採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的期初結餘以確認與先前根據國際會計準則第17號歸類為經營租賃的租賃項目相關的使用權資產。見附註1(c)。

(b) 分類為持作出售的投資物業賬面值對賬

		RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	-
Transferred from investment properties	轉撥自投資物業	26,463
At 31 December 2018 and 1 January 2019	於2018年12月31日及2019年1月1日	26,463
Disposals	出售	(26,463)
At 31 December 2019	於2019年12月31日	-
Book value	賬面值	
At 31 December 2019	於2019年12月31日	-
At 31 December 2018	於2018年12月31日	26,463

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(c) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment for sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

11 投資物業及分類為持作出售的投資物業(續)

(c) 投資物業的公允值計量

(i) 公允值層級

下表呈列於報告期末以經常性原則計量的本集團投資物業公允值，並按國際財務報告準則第13號公允值計量所界定分類為三個公允值級別。公允值計量參考以下估值方法所使用的輸入數據之可觀察性及重要性而分類及釐定級別：

第一級估值：僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價

第二級估值：使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據

第三級估值：使用不可觀察的重要數據計量的公允值

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(c) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

11 投資物業及分類為持作出售的投資物業 (續)

(c) 投資物業的公允值計量 (續)

(i) 公允值層級 (續)

		Fair value measurement as at 31 December 2019	Fair value measurement as at 31 December 2018
		RMB'000 人民幣千元	RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties and investment properties under development	投資物業及在建投資物業	2,584,100	2,584,100
		Fair value as at 31 December 2018	Fair value as at 31 December 2018
		RMB'000 人民幣千元	RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties and investment properties under development	投資物業及在建投資物業	2,623,137	2,623,137

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(c) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties and investment properties under development carried at fair value were revalued as at 31 December 2019. The valuations were carried out by an independent firm of surveyors, Savills, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

11 投資物業及分類為持作出售的投資物業(續)

(c) 投資物業的公允值計量(續)

(i) 公允值層級(續)

截至2019年12月31日止年度，第一級與第二級之間概無轉移，及亦無轉入或轉出第三級(2018年：無)。本集團的政策是於轉移發生的報告期末確認公允值各層級之間的轉移。

於2019年12月31日，本集團所有以公允值列賬之投資物業及在建投資物業由獨立測量師第一太平戴維斯(其員工具備香港測量師學會資深會員之資格，且對所估價值物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物業經理及高級管理層已於各中期及年度報告日期進行估值時與測量師討論有關估值假設及估值結果。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(c) Fair value measurement of investment properties (Cont'd)

(ii) Information about Level 3 fair value measurements

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Investment properties and investment properties under development 投資物業及在建投資物業	Income capitalisation method 收益資本法	Yield 收益 (2018: 4.5% to 5.5%)	4.5% to 5.8%
		Market monthly rental rate (RMB/sq.m.) 市場每月租值 (人民幣元/平方米)	17.0 – 112.0 (2018: 20.0 – 111.0)

The fair value of investment properties and investment properties under development is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB688,300,000 (31 December 2018: RMB683,900,000) (note 27).

11 投資物業及分類為持作出售的投資物業 (續)

(c) 投資物業的公允值計量 (續)

(ii) 有關第三級公允值計量之資料

投資物業及在建投資物業的公允值一般採用收益資本法釐定。此估值方法乃基於通過採用適當之資本化比率，將收入及潛在復歸收入撥充資本，而資本化比率乃通過對銷售交易及估值師分析當時投資者之要求或期望而得出。估值時所採用的市值租金乃根據該物業的近期租賃情況及其他可資比較物業已觀察的估計租金增加而釐定。

本集團獲授的若干銀行貸款以賬面值人民幣688,300,000元(2018年12月31日：人民幣683,900,000元)的投資物業作抵押(附註27)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE (Cont'd)

(d) Investment property

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased each year to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 1 year	一年內	5,498	3,730
After 1 year but within 2 years	一年後但兩年內	1,516	-
After 2 year but within 3 years	兩年後但三年內	1,511	-
		8,525	3,730

11 投資物業及分類為持作出售的投資物業(續)

(d) 投資物業

本集團以經營租賃方式出租投資物業。租約的最初期限一般為1至3年，並可選擇在所有條款重新協商的日期之後續簽租約。租金通常每年都會增加，以反映市場租金。這些租賃不包括可變的租賃付款。

在報告日期已生效的不可取消經營租賃項下的未貼現租金，本集團將在上述未來各段時間內收取：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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(除另有指明外，均以人民幣列示)

12 INTANGIBLE ASSETS

12 無形資產

		Software and franchises granted 軟件及授予 特許經營權 RMB'000 人民幣千元
Cost:	成本：	
At 1 January 2018	於 2018 年 1 月 1 日	22,790
Additions	添置	121
Disposals	出售	(31)
Disposal of subsidiaries	出售子公司	(313)
<hr/>		
At 31 December 2018 and 1 January 2019	於 2018 年 12 月 31 日及 2019 年 1 月 1 日	22,567
Additions	添置	1,081
<hr/>		
At 31 December 2019	於 2019 年 12 月 31 日	23,648
<hr style="border-top: 1px dashed black;"/>		
Accumulated amortisation:	累計攤銷：	
At 1 January 2018	於 2018 年 1 月 1 日	2,992
Charge for the year	年內支出	2,042
Disposals	出售	(31)
Disposal of subsidiaries	出售子公司	(70)
<hr/>		
At 31 December 2018 and 1 January 2019	於 2018 年 12 月 31 日及 2019 年 1 月 1 日	4,933
Charge for the year	年內支出	2,218
<hr/>		
At 31 December 2019	於 2019 年 12 月 31 日	7,151
<hr style="border-top: 1px dashed black;"/>		
Accumulated impairment:	累計減值：	
At 1 January 2018	於 2018 年 1 月 1 日	243
Disposals of subsidiaries	出售子公司	(243)
<hr/>		
At 31 December 2018, 1 January 2019 and 31 December 2019	於 2018 年 12 月 31 日、2019 年 1 月 1 日及 2019 年 12 月 31 日	-
<hr style="border-top: 1px dashed black;"/>		
Net book value:	賬面淨值：	
At 31 December 2019	於 2019 年 12 月 31 日	16,497
<hr/>		
At 31 December 2018	於 2018 年 12 月 31 日	17,634
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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(除另有指明外，均以人民幣列示)

13 GOODWILL

13 商譽

RMB'000
人民幣千元

Cost:	成本：	
At 31 December 2018, 1 January 2019 and 31 December 2019	於 2018 年 12 月 31 日、2019 年 1 月 1 日及 2019 年 12 月 31 日	2,252
Carrying amount:	賬面值：	
At 31 December 2018, 1 January 2019 and 31 December 2019	於 2018 年 12 月 31 日、2019 年 1 月 1 日及 2019 年 12 月 31 日	2,252

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount of the cash generating units ("CGU") is determined. The CGU related to the goodwill comprises the Company's knowledge and expertise of the management and existing customers. The directors determined that no significant provision for impairment of goodwill is necessary as at 31 December 2019 and 2018.

本集團於各報告期末對商譽進行減值測試。在評估商譽減值時，會確定現金產生單位（「現金產生單位」）的可收回金額。與商譽有關的現金產生單位包括本公司有關管理及現有客戶的知識及專長。董事認為，於 2019 年及 2018 年 12 月 31 日毋須對商譽減值作出重大撥備。

14 INTEREST IN AN ASSOCIATE

The following list contains the particulars of an associate, which is unlisted corporate entity whose quoted market price is not available:

14 於聯營企業的權益

下表載列聯營企業的詳情，此聯營企業為非上市公司，無法提供市場報價：

Name 名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued and paid up capital 已發行及 已繳足股本詳情	Proportion of ownership interest 所有權比例			Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Beijing Sunac Hydoo Corporate Management Company Limited 北京融創毅德企業管理有限公司	China 中國	RMB3,000,000/ RMB: nil 人民幣 3,000,000 / 人民幣：零	30.00%	-	30.00%	Investment management 投資管理

The associate is accounted for using the equity method in the consolidated financial statements.

該聯營企業於綜合財務報表內使用權益法入賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

14 INTEREST IN AN ASSOCIATE (Cont'd)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

14 於聯營企業的權益(續)

根据會計政策的任何差异進行調整，並与合並財務報表中的賬面金進行核對的重要聯營公司匯總財務信息披露如下：

		2019 RMB'000 人民幣千元
Gross amounts of the associate	該聯營公司總額	
Current assets	流動資產	2,236,417
Non-current assets	非流動資產	722
Current liabilities	流動負債	(1,743,005)
Non-current liabilities	非流動負債	(590,000)
Equity	權益	(95,866)
Revenue	收入	-
Loss from continuing operation	連續性經營的虧損	(90,538)
Post-tax loss from continued operations	連續性經營的稅後虧損	(90,408)
Other comprehensive income	其他全面收入	-
Total comprehensive income	全面收入總額	(90,408)

Information of an associate that is not individually material:

個別非主要聯營公司的資料：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Carrying amount of an individually immaterial associate in the consolidated financial statements	個別非主要聯營公司於合併財務報表的賬面總值	-	2,820
Aggregate amounts of the Group's share of an associate's	本集團應佔該聯營公司總額		
Loss for the year	年度虧損	(1,253)	(880)
Total comprehensive income	全面收益總額	(1,253)	(880)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

15 INTEREST IN JOINT VENTURES

Details of the Group's interest in the joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name 名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued and paid up capital 已發行及 已繳足股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hydoo Best Group Co., Ltd. ("Hydoo Best")	Thailand	Baht2,196,003,600/ Baht2,196,003,600	36.43%	-	36.43%	Property development
Hydoo Best Group Co., Ltd. ("Hydoo Best")	泰國	2,196,003,600 銖/ 2,196,003,600 銖	36.43%	-	36.43%	房地產開發
Shenzhen Tiandihui Hydoo Road Port Management Limited	China	RMB5,000,000/ RMB2,000,000	25.00%	-	25.00%	Logistics service
深圳天地匯毅德公路港管理有限公司	中國	人民幣 5,000,000 元/ 人民幣 2,000,000 元	25.00%	-	25.00%	物流服務
Shenzhen Yinling Century Technology Company Limited	China	RMB5,000,000/ RMB: nil	50.00%	-	50.00%	Investment management
深圳市引領世紀科技有限公司	中國	人民幣 5,000,000 元/ 人民幣：零	50.00%	-	50.00%	投資管理
Huagai South Investment Management (Shenzhen) Co., Ltd	China	RMB10,000,000/ RMB10,000,000	30.00%	-	30.00%	Investment management
華蓋南方投資管理(深圳)有限公司	中國	人民幣 10,000,000 元/ 人民幣 10,000,000 元	30.00%	-	30.00%	投資管理
Beijing Hydoo North Enterprise Management Co., Ltd.	China	RMB10,000,000/ RMB9,100,000	30.00%	-	30.00%	Investment management
北京毅德北方企業管理有限公司	中國	人民幣 10,000,000 元/ 人民幣 9,100,000 元	30.00%	-	30.00%	投資管理
Huizhou Dayawan Hydoo Yingtai Investment Co., Ltd	China	RMB10,000,000/ RMB: nil	67.00%	-	67.00%	Consulting Service
惠州大亞灣毅德盈泰投資有限公司	中國	人民幣 10,000,000 元/ 人民幣：零	67.00%	-	67.00%	諮詢服務

The Group and the other shareholders of the above joint ventures agree to share control of the arrangement, and have rights to the net assets of the arrangement based on the composition of governing bodies.

15 於合營企業的權益

本集團於合營企業的權益(按權益法於合併財務報表列賬)詳情如下：

本集團及以上合營企業的其他股東在合約上協定分享此項安排的控制權，並有權基於主管部門的組成擁有上述安排的淨資產。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

15 INTEREST IN JOINT VENTURES (Cont'd)

Aggregate information of joint ventures that are not individually material:

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	134,783	132,672
Aggregate amounts of the Group's share of those joint ventures'	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(3,507)	(19,904)
Total comprehensive income	全面收益總額	(3,507)	(19,904)

As at 31 December 2019, the Group's interest in Hydo Best amounted to RMB125,818,000 (31 December 2018: RMB126,200,000).

In 2018, Hydo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydo Best was obligated to repurchase certain shares in Hydo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydo Best by applying public auction of the land pieces still held by Hydo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydo Best and a specific loss allowance of RMB19,613,000 on the amount due from Hydo Best in 2018. Based on the fair value of the land pieces assessed as at 31 December 2019, the directors considered that no further provision for impairment loss was necessary during the year.

15 於合營企業的權益(續)

個別非主要合營企業的總體資料：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	134,783	132,672
Aggregate amounts of the Group's share of those joint ventures'	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(3,507)	(19,904)
Total comprehensive income	全面收益總額	(3,507)	(19,904)

於2019年12月31日，本集團對Hydo Best的股東權益為人民幣125,818,000元(於2018年12月31日：人民幣126,200,000元)。

在2018年，Hydo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydo Best的合營夥伴有義務從本集團購回持有的Hydo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydo Best的投資損失。

董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過申請公開拍賣Hydo Best仍持有的土地以收回其在Hydo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就對Hydo Best的權益作出減值虧損撥備人民幣19,752,000元及就應收該合營公司的款項作出特定虧損撥備人民幣19,613,000元。基於該等土地於2019年12月31日的公允價值，董事認為本年無需進一步的減值虧損撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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15 INTEREST IN JOINT VENTURES (Cont'd)

The fair value of the land pieces still held by Hydo Best was revalued as at 31 December 2019. The valuations were carried out by an independent firm of surveyors, Savills, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the reporting date.

15 於合營企業的權益(續)

Hydo Best 仍持有的土地於2019年12月31日的公允價值由獨立測量師行第一太平戴維斯(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團的管理層已與測量師討論有關於年度報告日期進行估值時的估值假設及估值結果。

	Valuation techniques	Unobservable input	Range
Land 土地	Direct market comparison approach 直接市場比較法	Average market price 平均市場價(人民幣/平方米)	RMB600/sq.m to RMB1,456/sq.m (2018: RMB475/ sq.m to RMB1,450/ sq.m) 人民幣600元/平 方米至人民幣 1,456元/平方 米(2018: 人民 幣475元/平方 米至人民幣1,450 元/平方米)

The fair value of properties located in Thailand is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of Hydo Best's land pieces compared to the recent sales. Higher premium for higher quality land pieces will result in a higher fair value measurement.

位於泰國的房地產的公允價值採用市場比較法，參照可比房地產最近的銷售價格，以每平方英尺的價格為基礎，根據Hydo Best的土地質量與最近的銷售相比的溢價或折扣進行調整。高質量地塊的較高溢價將導致較高的公允價值計量。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

16 合併財務狀況表內的所得稅

(a) 合併財務狀況表內的即期稅項指：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Prepaid tax:	預付稅項：		
PRC CIT	中國企業所得稅	33,615	9,180
PRC LAT	中國土地增值稅	131,471	44,174
		165,086	53,354
Current tax liabilities:	即期稅項負債：		
PRC CIT	中國企業所得稅	311,856	356,764
PRC dividend withholding tax	中國股息預扣稅	33,038	33,038
PRC LAT	中國土地增值稅	350,326	413,849
		695,220	803,651

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

		Fair value adjustment for investment properties	Tax losses	Advertising expenses	Amortisation of capitalised contract costs	Credit loss allowance	Deferred income	Provision for PRCLAT	Provision for construction cost	Fair value adjustment for other financial liabilities and other assets	Total
		投資物業的公允價值調整	稅項虧損	廣告費	資本化合約成本攤銷	信用虧損撥備	遞延收入	中國土地增值稅撥備	建設成本撥備	金融負債的公允價值調整	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2017	於2017年12月31日	(211,791)	52,846	1,157	-	-	170,145	56,406	2,217	-	70,980
Impact on initial application of IFRS 15	首次應用國際財務報告準則第15號的影響	-	-	-	(560)	-	-	-	-	-	(560)
At 1 January 2018	於2018年1月1日	(211,791)	52,846	1,157	(560)	-	170,145	56,406	2,217	-	70,420
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)/計入(附註6(a))	(27,930)	29,782	(567)	(670)	4,012	(24,120)	14,855	(2,217)	(9,346)	(16,201)
At 31 December 2018	於2018年12月31日	(239,721)	82,628	590	(1,230)	4,012	146,025	71,261	-	(9,346)	54,219
At 1 January 2019	於2019年1月1日	(239,721)	82,628	590	(1,230)	4,012	146,025	71,261	-	(9,346)	54,219
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)/計入(附註6(a))	16,213	64,483	248	(3,700)	6,294	(36,603)	(34,150)	3,949	(10,532)	6,202
At 31 December 2019	於2019年12月31日	(223,508)	147,111	838	(4,930)	10,306	109,422	37,111	3,949	(19,878)	60,421

16 合併財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產及負債：

(i) 遞延稅項資產及負債各組成部分變動

於合併財務狀況表確認的遞延稅項(負債)/資產的組成部分及年內的變動如下：

遞延稅項由以下各項產生：

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(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

(b) Deferred tax assets and liabilities recognised: (Cont'd)

- (ii) Reconciliation to the consolidated statement of financial position

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	169,345	157,568
Net deferred tax liabilities recognised in the consolidated statement of financial position	(108,924)	(103,349)
	60,421	54,219

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries of RMB710,269,000 as at 31 December 2019 (2018: RMB561,065,000). The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

The unrecognised tax losses will expire by the end of the following years, if unused:

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
2019	–	78,124
2020	118,752	119,491
2021	125,503	128,561
2022	113,722	118,583
2023	116,141	116,306
2024	236,151	–
Total	710,269	561,065

16 合併財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產及負債：(續)

- (ii) 與合併財務狀況表對賬

(c) 未確認遞延稅項資產

根據附註1(u)所載的會計政策，於2019年12月31日，本集團並未就若干子公司的累計稅項虧損人民幣710,269,000元(2018年：人民幣561,065,000元)確認遞延稅項資產。董事認為不大可能在有關稅務司法權區及實體獲得可用於抵銷虧損的未來應課稅利潤。

倘未經使用，未確認的稅項虧損將於以下年份結束時屆滿：

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16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

(d) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2019, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB3,059,115,000 (2018: RMB2,830,433,000). Deferred tax liabilities of RMB152,956,000 (2018: RMB141,522,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

16 合併財務狀況表內的所得稅(續)

(d) 未確認遞延稅項負債

誠如附註6(a)所載，向香港公司派付中國子公司溢利產生的股息會收預扣稅。由於本集團能控制本集團中國內地子公司派發利潤的數額及時間，故本集團僅在該等利潤預期將於可預見未來派發的情況下計提遞延稅項負債。

於2019年12月31日，子公司未分派利潤的暫時差額為人民幣3,059,115,000元（2018年：人民幣2,830,433,000元）。本集團未就於分派該等保留利潤應付的稅項確認遞延稅項負債人民幣152,956,000元（2018年：人民幣141,522,000元），因為本集團控制該等子公司的股息政策且已釐定可能不會於可預見未來分派利潤。

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17 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

17 於子公司的投資

下表僅載列對本集團業績、資產或負債有重大影響的主要子公司的詳情。除非另有說明，否則所持有股份的類別為普通股。

Name of company 公司名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hong Kong Hydo Holding Limited 香港毅德控股有限公司	Hong Kong 香港	HK\$100,000 100,000 港元	100%	100%	-	Investment management 投資管理
Hong Kong Hydo Group Investment Company Limited 香港毅德集團投資有限公司	Hong Kong 香港	HK\$100,000 100,000 港元	100%	100%	-	Investment management 投資管理
Hydo Estate (Ganzhou) Company Limited ("Hydo Estate (Ganzhou)") 毅德置業(贛州)有限公司* (「毅德置業(贛州)」)	The PRC 中國	US\$32,050,000 32,050,000 美元	100%	-	100%	Property development and investment holding 房地產開發及投資控股
Ningxiang Hydo Guangcai Trade Center Development Company Limited ("Ningxiang Trade Center") 寧鄉毅德光彩貿易廣場開發有限公司* (「寧鄉貿易廣場」)	The PRC 中國	RMB60,000,000 人民幣 60,000,000 元	100%	-	100%	Property development 房地產開發
Jining Hydo Logistics Center Development Company Limited ("Jining Logistics Center") 濟寧毅德物流城開發有限公司* (「濟寧物流城」)	The PRC 中國	RMB200,000,000 人民幣 200,000,000 元	100%	-	100%	Property development 房地產開發
Mianyang West Modern Trade Center Development Company Limited ("Mianyang Trade Center") 綿陽西部現代物流城開發有限公司* (「綿陽物流城」)	The PRC 中國	RMB200,000,000 人民幣 200,000,000 元	100%	-	100%	Property development 房地產開發
Guangxi Yulin Modern Trade Center Development Company Limited ("Yulin Trade Center") 廣西玉林現代物流城開發有限公司* (「玉林物流城」)	The PRC 中國	RMB220,000,000 人民幣 220,000,000 元	100%	-	100%	Property development 房地產開發

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17 INTEREST IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行股本詳情	Group's effective interest 本集團 實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Shenzhen Hydoo Investment Management Company Limited ("Shenzhen Hydoo") 深圳市毅德投資管理有限公司* (「深圳毅德」)	The PRC 中國	RMB30,000,000 人民幣30,000,000元	100%	-	100%	Investment management 投資管理
Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") 贛州毅德商貿物流園開發有限公司* (「贛州商貿物流園」)	The PRC 中國	RMB800,000,000 人民幣800,000,000元	100%	-	100%	Property development 房地產開發
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") 梧州毅德商貿物流城開發有限公司* (「梧州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Heze Hydoo Commercial and Trade Center Company Limited ("Heze Trade Center") 菏澤毅德商貿物流城有限公司* (「菏澤商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Yantai Hydoo International Commercial and Trade Center Company Limited ("Yantai Trade Center") 煙台毅德國際商貿城有限公司* (「煙台商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Lanzhou Hydoo Commercial and Trade Center Company Limited ("Lanzhou Trade Center") 蘭州毅德商貿城有限公司* (「蘭州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發

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17 INTEREST IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務
			Group's effective interest 本集團 實際權益	Held by the Company 本公司所持	
Ganzhou Jiuzhi Property Management Services Company Limited ("Ganzhou Jiuzhi") 贛州市久治物業管理有限公司* (「贛州久治」)	The PRC 中國	RMB5,200,000 人民幣5,200,000元	70%	-	70% Property management services 物業管理服務
Heze Hydoo Industrial Company Limited ("Heze Industrial") 菏澤毅德城實業有限公司* (「菏澤實業」)	The PRC 中國	US\$45,000,000 45,000,000美元	100%	-	100% Property development 房地產開發
Shenzhen Qianhai Hydoo Financial Leasing Company Limited 深圳前海毅德融資租賃有限公司*	The PRC 中國	RMB320,000,000 人民幣320,000,000元	100%	-	100% Finance lease 融資租賃
Liuzhou Hydoo Commercial and Trade Center Company Limited ("Liuzhou Trade Center") 柳州毅德商貿物流城有限公司* (「柳州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100% Property development 房地產開發
Shenzhen Hydoo Microfinance Company Limited 深圳市毅德小額貸款有限公司*	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100% Finance 融資

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

* 該等實體均為中國有限公司。該等公司的英文翻譯名僅供參考。該等公司的中文名稱為官方名稱。

The directors consider that no individual non-controlling interest is considered material to the Group as at 31 December 2019 and 2018.

於2019年及2018年12月31日，董事認為，概無個別對本集團屬重大的非控股權益。

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18 FINANCE LEASE RECEIVABLES

18 融資租賃應收款項

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Finance lease receivables	融資租賃應收款項	74,520	85,002
Less: due within one year (note 22)	減：1年內到期(附註22)	(58,828)	(57,608)
		15,692	27,394

As at 31 December 2019, the total future minimum lease payments receivable under finance leases were as follows:

於2019年12月31日，根據融資租賃應收未來最低租金總額如下：

		2019				2018			
		Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount	Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount
		應收租金	未賺取	虧損撥備	賬面值	應收租金	未賺取	虧損撥備	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year (inclusive)	1年內(包括該年)	75,699	(4,397)	(12,474)	58,828	76,129	(6,071)	(12,450)	57,608
After 1 year but within 5 years (inclusive)	1至5年(包括首尾兩年)	18,101	(2,060)	(349)	15,692	32,514	(4,564)	(556)	27,394
		93,800	(6,457)	(12,823)	74,520	108,643	(10,635)	(13,006)	85,002

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19 OTHER NON-CURRENT ASSETS

19 其他非流動資產

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Financial assets measured at amortised cost	按攤餘成本計量的金融資產		
- Loans to the third parties (i)	- 應收第三方貸款 (i)	61,608	-
Financial assets measured at FVPL	按公允價值計量且其變動計入當期損益的金融資產		
- Unlisted equity investments not held for trading	- 並非持作買賣的非上市權益投資	191,398	118,594
- Derivative financial instrument	- 衍生金融工具	-	2,409
- Amount due from an associate (ii)	- 應收一間聯營公司款項 (ii)	77,936	-
		269,334	121,003
Deposit and prepayment (iii)	押金及預付款項 (iii)	73,876	-
		404,818	121,003

(i) As at 31 December 2019, loans to the third parties are interest-bearing from 14% to 16% per annum, unsecured and to be recovered more than one year.

(ii) As at 31 December 2019, the amount due from an associate measured at FVPL included consideration receivables of disposed entities amounted RMB45,756,000 and the amount due from disposed entities of RMB32,180,000 as set out in note 24(e)(i). The amount due from an associate measured at FVPL will be recovered according to the development progress of the underlying projects in the disposed project company (note 24(e)(i)).

(iii) As at 31 December 2019, deposit and prepayment mainly included an earnest payments for a development project which is interest bearing and expected to be settled by 2021.

(i) 於2019年12月31日，提供給第三方的貸款計息年利率為14%至16%，無擔保，將於一年後收回。

(ii) 於2019年12月31日，按公允價值計量且其變動計入當期損益的應收一間聯營公司款項包括載於附註24(e)(i)出售附屬公司的應收代價人民幣45,756,000元，及應收出售實體的款項人民幣32,180,000元。按公允價值計量且其變動計入當期損益的應收一間聯營公司款項將根據該等出售附屬公司的相關項目的發展進度結付(附註24(e)(i))。

(iii) 於2019年12月31日，押金及預付款項主要包括為開發項目而支付的計息誠意金，預計將於2021年收回。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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20 INVENTORIES AND OTHER CONTRACT COSTS

20 存貨及其他合約成本

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Inventories	存貨		
Property development	物業開發		
– Leasehold land held for further development for sale	– 待售未來待開發租賃土地	888,809	1,090,240
– Property under development for sale	– 待售在建物業	3,849,462	3,247,891
– Completed properties held for sale	– 待售已完工物業	2,620,154	3,140,175
		7,358,425	7,478,306
Others	其他	993	1,189
		7,359,418	7,479,495
Other contract costs	其他合約成本	24,313	5,052
		7,383,731	7,484,547

As at 31 December 2019, certain properties under development for sale, completed properties held for sale and leasehold land held for future development for sale were pledged for certain bank loans granted to the Group (note 27).

於2019年12月31日，若干待售在建物業、待售已完工物業及待售未來待開發租賃土地用作本集團獲授若干銀行貸款的抵押(附註27)。

(a) The analysis of carrying amount of leasehold land included in properties development for sale is as follows:

(a) 計入物業開發的租賃土地的賬面值分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
In the Mainland China, with remaining lease term of	於中國內地剩餘租賃期內		
50 years or more	50年或以上	200,983	206,337
between 10 and 50 years	10年到50年	2,112,488	2,451,233
		2,313,471	2,657,570

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

(b) Properties held for future development for sale in the consolidated statement of financial position comprise:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Expected to be recovered after more than one year	預期於一年以後收回	888,809	1,090,240
		888,809	1,090,240

(c) Properties under development for sale in the consolidated statement of financial position comprise:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	1,765,072	664,157
Expected to be recovered after more than one year	預期於一年以後收回	2,084,390	2,583,734
		3,849,462	3,247,891

(d) Completed properties held for sale in the consolidated statement of financial position comprise:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	769,758	1,144,338
Expected to be recovered after more than one year	預期於一年以後收回	1,850,396	1,995,837
		2,620,154	3,140,175

20 存貨及其他合約成本(續)

(b) 合併財務狀況表內的待售未來待開發物業包括：

(c) 合併財務狀況表內的待售在建物業包括：

(d) 合併財務狀況表內待售已完工的物業包括：

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

(e) Other contract costs

Contract costs capitalised as at 31 December 2019 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB1,023,000 (2018: RMB3,733,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

As at 31 December 2019, all of the capitalised contract costs are expected to be recovered within one year. At 31 December 2018, the amount of capitalised contract costs that is expected to be recovered after more than one year is RMB3,909,000.

21 OTHER FINANCIAL ASSETS

Financial assets measured at FVPL	按公允價值計量且其變動計入 當期損益的金融資產		
- Derivative financial instrument	- 衍生金融工具	10,340	-
- Wealth management products	- 理財產品	800	-
		11,140	-

20 存貨及其他合約成本(續)

(e) 其他合約成本

於2019年12月31日資本化的合約成本與支付予物業代理的增量銷售佣金有關，該等物業代理的銷售活動導致客戶就本集團於報告日期仍在建的物業訂立買賣協議。合約成本於確認相關物業銷售收益期間在損益表確認為「銷售和分銷成本」的一部分。年內於損益確認的資本化成本金額為人民幣1,023,000元(2018年：人民幣3,733,000元)。資本化成本的年初結餘或年內資本化的成本並無發生減值。

本集團利用香港財務報告準則第15號第94段的實際權益方法，並且認可當資產在攤銷期間發生時獲得與銷售已完工物業以及服務相關的合同的增量成本作為一項支出，否則，本集團將在簽訂合同之日的同一報告期內確認。

於2019年12月31日，所有資本化合約成本金額預期於一年內可以收回。於2018年12月31日，預期於一年以後收回的資本化合約成本金額為人民幣3,909,000元。

21 其他金融資產

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Financial assets measured at FVPL	按公允價值計量且其變動計入 當期損益的金融資產		
- Derivative financial instrument	- 衍生金融工具	10,340	-
- Wealth management products	- 理財產品	800	-
		11,140	-

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22 TRADE AND OTHER RECEIVABLES

22 貿易及其他應收款項

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables (a)	貿易應收款項 (a)	243,289	243,070
Less: loss allowance	減：虧損撥備	(6,322)	(2,691)
		236,967	240,379
Finance lease receivables (note 18)	融資租賃應收款項 (附註 18)	71,302	70,058
Less: loss allowance (note 18)	減：虧損撥備 (附註 18)	(12,474)	(12,450)
		58,828	57,608
Amount due from joint ventures(c)	應收合營公司款項 (c)	41,013	19,613
Less: loss allowance (note 15)	減：虧損撥備 (附註 15)	(19,613)	(19,613)
		21,400	-
Amount due from an associate	應收聯營公司款項	-	4,000
Other debtors, net of loss allowance (b)	其他應收款項抵減虧損撥備 後淨額 (b)	119,210	344,855
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	436,405	642,842
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	281,940	139,199
Deposits and prepayments (d)	定金及預付款項 (d)	643,344	990,237
		1,361,689	1,772,278

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22 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) based on the date the relevant trade receivables recognised, is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 1 month	1個月內	18,483	214,980
1 to 3 months	1至3個月內	11,588	14,544
3 to 6 months	3至6個月內	3,207	4,056
Over 6 months (note)	6個月以上(附註)	203,689	6,799
		236,967	240,379

Note: As at 31 December 2019, included in the trade receivables was RMB210,011,000, net of provision for loss allowance of RMB6,322,000, which was aged over one year and mainly due from a government authority.

The details on the Group's credit policy are set out in note 35(a).

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

(b) The balance included loans provided by the Group to the third parties of RMB51,225,000 (2018: RMB76,500,000), which are interest-bearing from 10% to 36% (2018: 8% to 36%) per annum, unsecured and to be recovered within one year.

(c) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms, the Group has fully provided loss allowance on the amount due from Thailand Joint Venture amounted to RMB19,613,000 in 2018 (see note 15).

(d) The balance included prepayments and deposits for purchase of leasehold land of RMB416,484,000 (2018: RMB644,783,000).

22 貿易及其他應收款項(續)

(a) 賬齡分析

於報告期末，按相關貿易應收款項確認日期劃分的貿易應收款項(扣除虧損撥備)的賬齡分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within 1 month	1個月內	18,483	214,980
1 to 3 months	1至3個月內	11,588	14,544
3 to 6 months	3至6個月內	3,207	4,056
Over 6 months (note)	6個月以上(附註)	203,689	6,799
		236,967	240,379

附註：賬齡超過一年的扣除虧損撥備後的應收賬款金額為人民幣210,011,000元，其中計提虧損撥備金額為人民幣6,322,000元，這部分主要來自於一家政府機構。

本集團信貸政策的詳情載於附註35(a)。

貿易應收款項主要與物業銷售所得款項有關。物業銷售所得款項根據相應合約條款一次性支付或分期支付。

(b) 該結餘包括本集團提供給第三方的無抵押及於一年內收回的貸款人民幣51,225,000元(2018年：人民幣76,500,000元)，計息年利率為10%至36%(2018年：8%至36%)。

(c) 應收合營企業款項的結餘為無抵押、免息及無固定還款期，本集團對應收泰國合營企業的餘額已經於2018年全額計提減值虧損撥備人民幣19,613,000元(附註15)。

(d) 結餘包括預付租賃土地款項人民幣416,484,000元(2018年：人民幣644,783,000元)。

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23 PLEDGED AND RESTRICTED CASH

23 已抵押及受限制現金

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Pledged to banks for certain mortgage facilities	就若干按揭融資而抵押予銀行	283,641	496,583
Pledged for bank loans	就銀行貸款抵押	207,340	-
Pledged for bills payables	就應付票據抵押	97,741	89,000
Restricted cash (Note)	受限制貨幣資金(附註)	17,321	-
		606,043	585,583

Note: As at 31 December 2019, as request by certain commercial banks in Mainland China, the Group deposits cash in its bank accounts to secure the interest payments for certain bank loans.

附註：截至2019年12月31日，應中國大陸部分商業銀行的要求，本集團將現金存入其銀行帳戶，以確保部分銀行貸款的利息支付。

24 CASH AND CASH EQUIVALENTS

24 現金及現金等值物

(a) Cash and cash equivalents comprise:

(a) 現金及現金等值物包括：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash at bank and on hand	銀行存款及現金	1,571,204	1,123,145

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

24 現金及現金等值物 (續)

(b) 除稅前(虧損)/利潤與經營業務所得的現金的對賬：

			2019	2018
		Note	RMB'000	(Note)
		附註	人民幣千元	附註
				RMB'000
				人民幣千元
(Loss)/profit before taxation	除稅前(虧損)/利潤		(144,361)	416,620
Adjustments for:	就下列項目調整：			
Finance income	財務收入	5(a)	(47,781)	(35,287)
Finance costs	財務成本	5(a)	228,341	339,370
Fair value loss/(gain) on investment properties	投資物業公允價值虧損/(收益)	11	77,454	(100,634)
Impairment loss on financial assets measured at amortised cost	貿易及其他應收款項減值虧損	5(c)	21,258	46,640
Government grants related to investment properties recognised in other income	於其他收入確認投資物業相關的政府補助	31	-	(29,601)
Depreciation and amortisation	折舊及攤銷	5(c)	39,879	29,035
Net realized and unrealised fair value gain on financial assets measured at FVPL	按公允價值計量且其變動計入當期損益的金融資產已實現及未實現公允價值收益淨額	4	(18,924)	(49,529)
Net gain on disposal of subsidiaries	出售子公司的收益淨額	4	(187,099)	(6,570)
Share of losses of joint ventures	分佔合營企業虧損	15	3,507	19,904
Share of loss of an associate	分佔聯營企業虧損	14	1,253	880
Net loss on disposal of investment property and investment properties classified as held for sale	出售劃分為持有待售的投資性房地產的收益淨額	4	12,752	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備收益淨額	4	(2,125)	(164)
Changes in working capital:	營運資金變動：			
Decrease in inventories and other contract costs	存貨及其他合約成本減少		32,831	616,363
Decrease/(increase) in trade and other receivables	貿易及其他應收款項減少/(增加)		205,698	(776,049)
Decrease/(increase) in pledged and restricted cash	已抵押及受限制資金減少/(增加)		199,143	(53,338)
(Decrease)/increase in trade and other payables	貿易及其他應付款項(減少)/增加		(525,559)	201,953
Increase in contract liabilities	合約負債增加		1,145,864	338,784
Decrease in deferred income	遞延收益減少	31	(143,974)	(66,254)
Cash generated from operations	經營業務所得現金		898,157	892,123

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24 CASH AND CASH EQUIVALENTS (Cont'd)

- (b) Reconciliation of (loss)/profit before taxation to cash generated from operations: (Cont'd)

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets and lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Previously, cash payments under operating leases made by the Group as a lessee of RMB18,670,000 were classified as operating activities in the consolidated cash flow statement. Under IFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see note 24(c)) and classified as financing cash outflows. Under the modified retrospective approach, the comparative information is not restated. Further details on the impact of the transition to IFRS 16 are set out in note 1(c).

- (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

24 現金及現金等值物(續)

- (b) 除稅前(虧損)/利潤與經營業務所得的現金的對賬：(續)

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債。此前，本集團作為承租人的經營租賃現金支出1,867萬元在合併現金流量表中列為經營活動。根據國際財務報告準則第16號，除短期租賃付款、低價值資產租賃付款和不計入租賃負債計量的可變租賃付款外，其他所有的租賃付款現分為資本要素和利息要素（請見附註24(c)），並歸類為融資現金流出。因採用經修訂追溯法，故比較資料不予重列。關於過渡到國際財務報告準則第16號的影響的進一步詳情闡述於附註1(c)。

- (c) 融資活動產生的負債的對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量所確定的負債，在本集團合併現金流量表中歸類為融資活動產生的現金流量。

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(除另有指明外，均以人民幣列示)

24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

		Bank loans and other borrowings 銀行貸款及其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 29) (附註29) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 30) (附註30) RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 28) (附註28) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	1,266,911	1,465,981	261,334	-	2,994,226
Impact on initial application of IFRS 16 (Note)	初次應用16號準則的影響(附註)	-	-	-	47,975	47,975
Adjusted balance at 1 January 2019	於2019年1月1日調整後的餘額	1,266,911	1,465,981	261,334	47,975	3,042,201
Changes from financing cash flows:	融資現金流量變動：					
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	609,940	-	-	-	609,940
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	-	566,084	-	-	566,084
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(643,168)	-	-	-	(643,168)
Repayment of senior notes	償還優先票據	-	(425,274)	-	-	(425,274)
Repayment of corporate bonds	償還公司債券	-	-	(3,022)	-	(3,022)
Capital element of lease rentals paid	支付租賃租金的資本要素	-	-	-	(6,522)	(6,522)
Interest element of lease rentals paid	支付租賃租金的利息要素	-	-	-	(3,934)	(3,934)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(121,515)	(185,659)	(19,643)	-	(326,817)
Total changes from financing cash flows	融資現金流量變動總額	(154,743)	(44,849)	(22,665)	(10,456)	(232,713)
Exchange adjustments	匯率調整	-	31,329	(57)	-	31,272
Other changes:	其他變動：					
Increase in lease liabilities from entering into new leases during the period	本期新增租賃產生的租賃負債增加額	-	-	-	631	631
Interest expense (note 5(a))	利息開支(附註5(a))	121,515	172,361	21,009	3,934	318,819
Interest payable	應付利息	-	28,197	79	-	28,276
Total other changes	其他變動總額	121,515	200,558	21,088	4,565	347,726
At 31 December 2019	於2019年12月31日	1,233,683	1,653,019	259,700	42,084	3,188,486

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. See notes 1(c) and 24 (b).

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債。請見附註1(c)和24(b)。

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

24 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬(續)

		Bank loans and other borrowings 銀行貸款及 其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 29) (附註29) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 30) (附註30) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	2,063,629	1,433,863	266,435	3,763,927
Changes from financing cash flows:	融資現金流量變動：				
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	1,316,590	-	-	1,316,590
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	-	330,406	-	330,406
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(2,113,308)	-	-	(2,113,308)
Repayment of senior notes	償還優先票據	-	(423,500)	-	(423,500)
Repayment of corporate bonds	償還公司債券	-	-	(6,771)	(6,771)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(142,656)	(192,716)	(20,179)	(355,551)
Total changes from financing cash flows	融資現金流量變動總額	(939,374)	(285,810)	(26,950)	(1,252,134)
Exchange adjustments	匯率調整	-	88,350	221	88,571
Other changes:	其他變動：				
Interest expense (note 5(a))	利息開支(附註5(a))	142,656	248,560	21,583	412,799
Interest payable	應付利息	-	(18,982)	45	(18,937)
Total other changes	其他變動總額	142,656	229,578	21,628	393,862
At 31 December 2018	於2018年12月31日	1,266,911	1,465,981	261,334	2,994,226

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

		2019	2018
		RMB'000	(Note) RMB'000
		人民幣千元	(附註) 人民幣千元
Within operating cash flows	經營活動現金流	9,249	135,947
Within financing cash flows	融資活動現金流	10,456	-
		19,705	135,947

Note: As explained in the note to note 24(b), the adoption of IFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

These amounts relate to the following:

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease rentals paid	支付的租賃租金	15,650	18,670
Purchase of leasehold land	購買租約土地支出	4,055	117,277
		19,705	135,947

24 現金及現金等值物 (續)

(d) 租賃現金流出總額

包含在現金流量表中租賃支出的組成如下：

	2019	2018
	RMB'000	(Note) RMB'000
	人民幣千元	(附註) 人民幣千元
Within operating cash flows	9,249	135,947
Within financing cash flows	10,456	-
	19,705	135,947

附註：如附註24(b)所述，採用國際財務報告準則第16號會改變某些租賃租金支出的現金流量分類。比較金額尚未重述。

相關總額如下：

	2019	2018
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Lease rentals paid	15,650	18,670
Purchase of leasehold land	4,055	117,277
	19,705	135,947

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Disposal of subsidiaries

- (i) During the year, the Group disposed its entire interest in Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司), which has a direct wholly owned subsidiary of Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司), (collectively “Yingchuang”) with consideration of nil to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (北京融創毅德企業管理有限公司) (“Sunac Hydoo”), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd (北京融創建投房地產集團有限公司) (“Sunac”) and Mr Yi Jiming (collectively “Partners”).

Pursuant to the agreement entered into between the Group and Partners (the “Agreement”), the Group has a preferred dividend right with the amount of RMB255,390,000 (the fair value was RMB237,114,000 which was estimated with reference to the estimated date of settlements) from Yingchuang, and Yingchuang should pay the dividend to the Group according to the development progress of the underlying projects in Yingchuang. The preferred dividend was deemed as the consideration of disposal of Yingchuang. As at 31 December 2019, the Group has received RMB184,460,000 of the preferred dividend prepaid by Yingchuang. The fair value of the outstanding preferred dividend of RMB52,654,000 was classified as non-current assets according to the expected development progress. As at 31 December 2019, the fair value of the outstanding preferred dividend was RMB45,756,000 (note 19), and a fair value loss of RMB6,898,000 was recorded during 2019.

Pursuant to the Agreement, Yingchuang also has an amount due to the Group of RMB102,940,000 related to the initial land cost paid by the Group on behalf of Yingchuang, which would be settled by Yingchuang to the Group directly. As at 31 December 2019, amount of RMB70,760,000 has been settled by Yingchuang, and the outstanding amount due to the Group of RMB32,180,000 (note 19) is interest-bearing at 15% per annum and expected to be recovered upon the completion of the underlying project.

24 現金及現金等值物(續)

(e) 出售子公司

- (i) 本年內，本集團將其持有的北京毅德盈創企業管理有限公司(其擁有一家全資子公司蘭州毅德盈創置業有限公司，統稱「盈創」)的全部權益以零對價出售給其聯營公司北京融創毅德企業管理有限公司(「融創毅德」)(由本集團、北京融創建投房地產集團有限公司(「融創」)及伊繼明先生(統稱「合作方」)設立)。

根據本集團與各合作方訂立的協議(「協議」)，本集團自盈創處擁有優先分紅權，優先分紅金額為人民幣255,390,000元(公允價值為人民幣237,114,000元，為根據預計結算日期估算的)，且盈創應根據項目的發展進度向本集團支付優先分紅金額。該優先分紅金額被視為本集團出售盈創的對價。截止2019年12月31日，本集團已經收取盈創預付的優先分紅金額人民幣184,460,000，剩餘的優先分紅金額人民幣52,654,000元按照預期開發進度劃分為非流動資產。截至2019年12月31日，剩餘的優先分紅金額的公允價值為人民幣45,756,000元(附註19)，並於2019年內確認公允價值虧損人民幣6,898,000元。

根據協議，盈創持有應付本集團代墊初始土地成本款項為人民幣102,940,000元，將由盈創直接向本集團結付。截至2019年12月31日，盈創已經支付人民幣70,760,000元，剩餘的應付本集團款項人民幣32,180,000元(附註19)按15%的年利率計息，且預計將於工程竣工時結付。

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Disposal of subsidiaries (Cont'd)

(i) (Cont'd)

Pursuant to the Agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVPL. The fair value of this contingent consideration payable at 31 December 2019 was RMB15,250,000.

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 31 December 2019 was RMB55,588,000 and the Group recorded this amount as financial liabilities measured at FVPL.

As a result of the forgoing, a net gain of disposal of RMB181,920,000 was recognised by the Group in 2019 after considering the impact of estimated compensation to Sunac Hydo.

24 現金及現金等值物(續)

(e) 出售子公司(續)

(i) (續)

根據協議，倘本集團未能將有關初始土地成本的若干票據的所有權變更予盈創，本集團將需補償融創毅德將產生的相關未來稅費成本。鑒於潛在付款責任將基於未來事宜計量，故記錄或有應付對價為按公允值計量且變動計入當期損益的財務負債。於2019的12月31日，應付或有對價的公允價值為人民幣15,250,000元。

在項目交割完成後，盈創應當地政府要求額外土地成本，本集團同意就由於土地成本增加而導致的利潤減少對融創毅德進行補償。截至2019年12月31日，估計補償金額為人民幣55,588,000元，本集團將該金額按照公允價值變動且其變動計入當期損益的方式進行計量。

綜上所述，在考慮對融創毅德的預計補償影響後，2019年確認處置淨收益為人民幣181,920,000元。

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Disposal of subsidiaries (Cont'd)

(i) (Cont'd)

The Group's assets and liabilities disposed of and net cash inflow from the disposals are analysed below:

24 現金及現金等值物(續)

(e) 出售子公司(續)

(i) (續)

本集團出售的資產及負債及來自該等出售的淨現金流入分析如下：

		RMB'000 人民幣千元
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	523
Inventories	存貨	193,840
Trade and other receivables	貿易及其他應收款項	52,008
Cash and cash equivalents	現金及現金等值物	43
Trade and other payables	貿易及其他應付款項	(150,818)
Amounts due to the Group	應付本集團款項	(111,240)
Net liabilities of disposed subsidiaries	本集團應佔淨負債	(15,644)
Gain on disposal of subsidiaries (note 4)	出售附屬公司收益(附註4)	181,920
Net consideration	淨代價	166,276
Add:	增加：	
– Contingent consideration payable	– 應付或有對價	15,250
– Compensation payable due to additional land cost	– 由於額外的土地成本應付補償款	55,588
		70,838
Fair value of gross consideration at disposal date	於出售日總代價的公允價值	237,114
Cash and cash equivalents disposed of	已出售現金及現金等值物	(43)
Amount due from an associate measured at FVPL	按公允值計量且其變動計入當期損益的 應收一間聯營公司款項	(52,654)
Net cash inflow	淨現金流入	184,417

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Disposal of subsidiaries (Cont'd)

- (ii) Yulin Jingde Real Estate Company Limited ("Jingde") was previously a subsidiary of the Group. On 29 May 2019, the Group disposed its entire equity interest in Jingde to the non-controlling shareholder, Guangxi Junjing Real Estate Company Limited. The total consideration was RMB24,480,000 and a net gain on disposal of RMB5,179,000 was recognised in 2019.

The Group's assets and liabilities disposed of and net cash inflow from the disposal are analysed below:

		RMB'000 人民幣千元
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	63
Inventories	存貨	42,208
Trade and other receivables	貿易及其他應收款項	16,852
Cash and cash equivalents	現金及現金等值物	420
Trade and other payables	貿易及其他應付款項	(21,698)
Non-controlling interest	非控股權益	(18,544)
Net assets attributable to the Group	本集團應佔淨資產	19,301
Gain on disposal of the subsidiary	出售附屬公司收益	5,179
Considerations	代價	24,480
Cash and cash equivalents disposed of	已出售現金及現金等值物	(420)
Net cash inflow	淨現金流入	24,060

- (iii) On 10 August 2017, the Group entered into a share transfer agreement with an independent third party to dispose its entire 60% equity interest in Huaiyuan Hydo Commercial and Trade Center Company Limited at a consideration of RMB200,000,000. The Group received all of the remaining consideration of RMB51,000,000 in 2019 (2018: RMB109,000,000).

24 現金及現金等值物(續)

(e) 出售子公司(續)

- (ii) 玉林景德房地產開發有限公司(「景德」)之前為本集團的一間附屬公司。於2019年5月29日，本集團出售其於景德的全部股權予非控股股東廣西駿景房地產開發有限公司。總代價為人民幣24,480,000元，出售淨收益人民幣5,179,000元於2019年確認。

本集團出售的資產及負債及來自該等出售的淨現金流入分析如下：

- (iii) 於2017年8月10日，本集團與獨立第三方訂立股份轉讓協議，以作價人民幣200,000,000元出售其於懷遠毅德城發展有限公司的全部60%股權。本集團於2019年收取剩餘對價人民幣51,000,000元(2018年：人民幣109,000,000元)。

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25 TRADE AND OTHER PAYABLES

25 貿易及其他應付款項

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade and bills payables (i)	貿易應付款項及應付票據 (i)	1,569,041	2,007,677
Other payables and accruals	其他應付款項及應計費用	632,461	731,424
Financial liabilities measured at amortised cost	以攤餘成本計量的金融負債	2,201,502	2,739,101
Deposits (ii)	定金 (ii)	163,254	175,956
Receipts in advance	預收款項	3,104	8,471
		2,367,860	2,923,528

(i) As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

(i) 於報告期末，應付賬款及應付票據（該等已計入貿易及其他應付款項）按到期日期的賬齡分析如下：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Due within 1 month or on demand	於1個月內或按要求	232,775	293,081
Due after 1 month but within 3 months	1至3個月	171,324	208,607
Due after 3 months but within 6 months	於3個月後但於6個月內	531,301	322,785
Due after 6 months	於6個月後到期	633,641	1,183,204
		1,569,041	2,007,677

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones.

貿易應付款項主要指應付承包商款項。應付承包商款項按進度及協定里程碑分期付款。

The Group normally retains 2% to 10% as retention money. At 31 December 2019, included in trade payables are retention payables of RMB294,808,000 (2018: RMB300,137,000), which are expected to be settled after more than one year.

本集團通常保留2%至10%作為保留金。於2019年12月31日，貿易應付款項中包括應付保留金人民幣294,808,000元（2018年：人民幣300,137,000元），預期將於一年後結算。

(ii) At 31 December 2019, deposits of RMB34,487,000 (2018: RMB34,888,000) are expected to be settled after more than one year. All of the other payables and accrued expenses and deposits are expected to be settled within one year.

(ii) 於2019年12月31日，定金人民幣34,487,000元（2018年：人民幣34,888,000元），預期將於超過一年後結算。所有其他應付款項及應計開支及定金預期將於一年內結算。

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26 CONTRACT LIABILITIES

26 合約負債

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Contract liabilities	合約負債		
– Advances received for sale of property	– 銷售物業收取的墊款	2,978,834	1,834,647
– Property management fees received in advance	– 預收物業管理費	7,261	8,816
– Others	– 其他	3,232	–
		2,989,327	1,843,463

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Property development

Depending on market conditions, the Group requires the customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

對經確認合約負債金額構成影響的一般支付條款如下：

物業開發

視乎市況，本集團要求客戶在開發仍在進行期間，而不是在有關物業落成後，在協定時限內付清全部對價。該等墊付計劃導致合約負債於整個餘下物業開發期間就合約價悉數確認。此外，合約負債將因本集團應計的利息開支金額而增加，以反映付款日至交付物業予客戶的日期從客戶獲得的任何重大融資利益的影響。由於此應計項目增加開發期間的合約負債金額，已完工物業的控制權轉移至客戶時確認的收益金額亦會增加。

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26 CONTRACT LIABILITIES (Cont'd)

Movements in contract liabilities

26 合約負債(續)

合約負債變動

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Balance at 1 January	於1月1日的結餘	1,843,463	1,504,679
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	年內確認於年初計入合約負債收益導致合約負債減少	(838,894)	(577,349)
Increase in contract liabilities as a result of receiving advanced payments of sales of properties in respect of properties still under construction and advanced service fee of properties management during the year as at 31 December 2019	年內有關於2019年12月31日仍在建中物業的銷售物業預收款項及預收物業管理服務費導致合約負債增加	1,935,936	899,636
Increase in contract liabilities as a result of accruing interest expense on advances	墊款應計利息開支導致合約負債增加	48,822	16,497
Balance at 31 December	於12月31日的結餘	2,989,327	1,843,463

The amount of billings received advance payment of sales of properties expected to be recognised as income after more than one year is RMB567,499,000 (2018: RMB329,788,000).

預計一年以上確認為收入的預收物業銷售款項為人民幣567,499,000元(2018年：人民幣329,788,000元)。

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27 BANK LOANS AND OTHER BORROWINGS

At 31 December 2019, the Group's bank loans and other borrowings were repayable as follows:

27 銀行貸款及其他借貸

於2019年12月31日，本集團的銀行貸款及其他借貸的償還情況如下：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current	流動		
Secured	有抵押		
– short-term bank loans and other borrowings	– 短期銀行貸款及其他借貸	139,524	–
– current portion of non-current bank loans and other borrowings	– 非流動銀行貸款及其他借貸的流動部分	362,938	472,661
Unsecured	無抵押		
– short-term bank loans and other borrowings	– 短期銀行貸款及其他借貸	–	15,000
Guaranteed	有擔保		
– short-term bank loans and other borrowings	– 短期銀行貸款及其他借貸	3,000	–
		505,462	487,661
Non-current	非流動		
Secured	有抵押		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	366,512	498,750
– repayable after 2 years but within 5 years	– 兩年後但五年內還款	263,398	223,250
– repayable after 5 years	– 五年後還款	98,311	56,250
Unsecured	無抵押		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	–	1,000
		728,221	779,250
		1,233,683	1,266,911

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27 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 31 December 2019 and 2018, there is no advanced redemption requested by certain banks due to not complying with the imposed covenants as set out in the above.

- (b) Bank loans and other borrowings bear interest ranging from 3.38% to 9.60% per annum for the year ended 31 December 2019 (2018: 2.12% to 9.60% per annum), and are secured by the following assets:

27 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1)本集團若干營運附屬公司的財務狀況比率指標；(2)按其若干營運附屬公司分配股利限制；或(3)當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2019年12月31日和2018年12月31日，概無本集團的銀行貸款由於未遵守所施加的限制被某些銀行要求提前還款。

- (b) 於截至2019年12月31日止年度，銀行貸款及其他借貸分別按介乎3.38%至9.60%的年利率（2018年：2.12%至9.60%）計息，並以下列資產作抵押：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Completed properties held for sale	待售已完工物業	279,304	712,045
Properties held for future development for sale	待售未來待開發物業	615,847	441,523
Properties under development for sale	待售在建物業	754,190	214,354
Investment properties (note 11(c))	投資物業(附註11(c))	688,300	683,900
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	347,036	357,053
Pledged deposits (note 23)	已抵押現金(附註23)	207,340	-
		2,892,017	2,408,875

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28 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to IFRS 16:

28 租賃負債

下表顯示了本年度和以前年度報告期的期末以及過渡到國際財務報告準則第16號之日集團租賃負債的剩餘合同到期日：

		At 31 December 2019 2019年12月31日		At 1 January 2019 (Note) 2019年1月1日(附註)	
		Present value of the minimum lease payments 最低租賃付款額現值 RMB'000 人民幣千元	Total minimum lease payments 總計最低租賃付款額 RMB'000 人民幣千元	Present value of the minimum lease payments 最低租賃付款額現值 RMB'000 人民幣千元	Total minimum lease payments 總計最低租賃付款額 RMB'000 人民幣千元
Within 1 year	一年內	8,972	10,523	9,782	10,353
After 1 year but within 2 years	一年後但兩年以內	8,448	9,680	9,079	10,370
After 2 years but within 5 years	兩年後但五年以內	18,325	25,159	19,130	26,074
After 5 years	五年後	6,339	10,545	9,984	18,834
		33,112	45,384	38,193	55,278
		42,084		47,975	65,631
Less: total future interest expenses	減：總計未來利息費用		(13,823)		(17,656)
Present value of lease liabilities	租賃負債現值		42,084		47,975

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to IFRS 16 are set out in note 1(c).

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債。截至2018年12月31日的比較資料尚未重述。關於過渡到國際財務報告準則第16號的影響的進一步詳情闡述於附註1(c)。

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29 SENIOR NOTES

29 優先票據

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Current	流動		
US\$60 million senior notes due in 2019(i)	2019年到期的60百萬美元優先票據(i)	-	411,311
US\$157 million senior notes due in 2020	2020年到期的157百萬美元優先票據		
- Tranche 1 (ii)	- 第一期(ii)	260,272	-
- Tranche 2 (iii)	- 第二期(iii)	53,948	-
		314,220	411,311
Non-current	非流動		
US\$157 million senior notes due in 2020	2020年到期的157百萬美元優先票據		
- Tranche 1 (ii)	- 第一期(ii)	-	873,225
- Tranche 2 (iii)	- 第二期(iii)	-	181,445
US\$194 million senior notes due in 2021 (iv)	2021年到期的194百萬美元優先票據	1,338,799	-
		1,338,799	1,054,670
		1,653,019	1,465,981

(i) On 30 August 2016, the Company issued senior notes of US\$60 million (equivalent to RMB400,872,000) at par with a coupon rate of 11% per annum. The senior notes was due in 2019. The net proceeds from the senior notes, after deducting the transaction costs, of US\$59,720,000 (equivalent to RMB399,002,000) was received by the Company on 30 August 2016. Interest expense on the senior notes is calculated using the effective interest rate of 11.19% per annum. The senior notes was due on 30 August 2019 and the Company had redeemed all these senior notes on maturity on 30 August 2019.

(i) 於2016年8月30日，本公司按面值發行60百萬美元（相當於人民幣400,872,000元）的優先票據。該等優先票據的票面年息率為11%，已於2019年8月30日到期。經扣除交易成本後，本公司於2016年8月30日取得優先票據所得款項淨值59,720,000美元（相當於人民幣399,002,000元）。優先票據的利息開支按實際年利率11.19%計算。該等優先票據於2019年8月30日到期，公司已於2019年8月30日按期全數贖回該等優先票據。

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29 SENIOR NOTES (Cont'd)

- (ii) On 24 April 2018, the Company offered its 12% senior notes due May 2020 in an exchange offer to existing holders of the 13.75% senior notes with the principal amount of US\$160,000,000 due 2018 (the "2018 Senior Notes"). US\$98,400,000 (approximately 61.5%) of the 2018 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$25,893,000 of additional 2020 senior notes, which, together with the US\$104,107,000 of the 2020 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$130,000,000, 12% due 2020 senior notes (the "2020 Senior Notes"). The exchange offer and the concurrent new issue were completed on 9 May 2018, and the net proceeds from the new issue, after deducting the transaction costs, of US\$25,112,000 (equivalent to RMB159,826,000) was received by the Company on 10 May 2018. Interest expense on the 2020 Senior Notes is calculated using effective interest rate of 13.78% per annum.
- (iii) On 10 August 2018, the Company issued additional 2020 Senior Notes with an aggregate principal amount of US\$27,000,000 (equivalent to RMB184,667,000) at 98.44% of the principal amount plus accrued interest, which are consolidated and formed a single class with the US\$130,000,000 aggregate principal amount of 12% 2020 Senior Notes due 2020 issued by the Company on 9 May 2018. The net proceeds from the additional 2020 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$27,065,000 (equivalent to RMB186,605,000) was received by the Company on 16 August 2018. Interest expense on the additional 2020 Senior Notes is calculated using the effective interest rate of 13.74% per annum. On 19 December 2019, US\$111,673,000 (equivalent to RMB781,934,000) of the 2020 Senior Notes was validly tendered for exchange and accepted for the 2021 Senior Notes (as defined below) as further elaborated in the below note (iv). As a result of the completion of this exchange offer, there was an outstanding principal amount of US\$45,327,000 (equivalent to RMB317,380,000) 2020 Senior Notes.

29 優先票據(續)

- (ii) 於2018年4月24日，本公司向時任於2018年到期的本金總額為160,000,000美元的13.75%的優先票據(「2018年優先票據」)持有者發起於2020年5月到期12%優先票據之交換要約。2018年優先票據的98,400,000美元(約61.5%)已成功交換。與交換要約同時，本公司同時新發行25,893,000美元額外2020年優先票據，並與根據交換要約發行的104,107,000美元2020年優先票據構成總本金額130,000,000美元2020年到期的12%優先票據(「2020年優先票據」)。交換要約及同時進行的新發行已於2018年5月9日完成，而於扣除交易成本後的新發行所得款項25,112,000美元(相等於人民幣159,826,000元)由本公司於2018年5月10日收取。2020年優先票據的利息開支乃使用實際年利率13.78%計算。
- (iii) 於2018年8月10日，本公司按本金總額98.44%加應計利息發行本金總額27,000,000美元(相等於人民幣184,667,000元)的額外2020年優先票據，並與本公司於2018年5月9日發行的2020年到期12%本金總額130,000,000美元的2020年優先票據構成及組成單一系列。額外2020年優先票據的所得款項淨額於包括應計利息及扣除交易成本後為27,065,000美元(相等於約人民幣186,605,000元)已由本公司於2018年8月16日收取。2020年優先票據的利息開支乃使用實際年利率13.74%計算。於2019年12月19日，2020優先票據中的111,673,000美元(相等於人民幣781,934,000元)已成功交換並構成以下附註(iv)中詳盡描述的2021年優先票據(定義見下文)。交換完成後，2020年優先票據本金總額中尚未償付本金總額為45,327,000美元(相等於人民幣317,380,000元)。

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(除另有指明外，均以人民幣列示)

29 SENIOR NOTES (Cont'd)

- (iv) On 12 December 2019, the Company offered its 14% senior notes due December 2021 in an exchange offer to existing holders of 2020 Senior Notes. US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes, which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14% due 2021 senior notes (the "2021 Senior Notes"). The exchange offer and the concurrent new issue were completed on 12 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.

30 CORPORATE BONDS

- HK\$11.5 million corporate bonds (i) 11.5 百萬港元公司債券 (i)
RMB260 million corporate bonds (ii) 人民幣 260 百萬元公司債券 (ii)

2019	2018
RMB'000	RMB'000
人民幣千元	人民幣千元
–	2,944
259,700	258,390
259,700	261,334

- (i) In 2016, the Company issued certain unlisted bonds totalling HK\$11.5 million (equivalent to RMB10,287,000) with a coupon rate of 5.00% to 8.00% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of HK\$10,693,000 (equivalent to RMB9,565,000) was received by the Company. Interest expenses on these unlisted bonds are calculated with the effective interest rate of 8.41% to 13.78% per annum respectively. The corporate bonds were fully redeemed by the end of August 2019.
- (ii) In 2017, the Group issued certain non-public offering of corporate bonds totalling RMB260 million with a coupon rate of 7.50% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of RMB256,360,000 was received by the Group. Interest expenses on these non-public offering corporate bonds are calculated with the effective interest rate of 8.04% per annum. The corporate bonds will be redeemed by April 2020.

29 優先票據 (續)

- (iv) 於 2019 年 12 月 2 日，本公司向時任 2020 年優先票據持有者發起於 2021 年 12 月到期 14% 優先票據之交換要約。2020 年優先票據中的 111,673,000 美元 (約 71.1%) 已成功交換。與交換要約同時，本公司同時新發行 81,827,000 美元額外 2021 年優先票據，並與根據交換要約發行的 111,673,000 美元 2021 年優先票據構成總本金額 193,500,000 美元 2021 年到期的 14% 優先票據 (「2021 年優先票據」)。交換要約及同時進行的新發行已於 2019 年 12 月 19 日完成，而於扣除交易成本後的新發行所得款項 80,214,000 美元 (相等於人民幣 561,661,000 元) 由本公司於 2019 年 12 月 20 日收取。2021 年優先票據的利息開支乃使用實際年利率 14.49% 計算。

30 公司債券

- (i) 2016 年，本公司發行若干票面年利率為 5.00% 至 8.00% 的非上市債券合共 11.5 百萬港元 (相當於人民幣 10,287,000 元)。本公司已收取發行債券所得款項淨值 (經扣除交易成本) 10,693,000 港元 (相當於人民幣 9,565,000 元)。非上市債券的利息開支分別按 8.41% 至 13.78% 的實際年利率計算。該公司債券於 2019 年 8 月底全部贖回。
- (ii) 2017 年，本集團發行若干票面年利率為 7.50% 的非公開發行公司債券合共人民幣 260 百萬元。本集團已收取發行債券所得款項淨值 (經扣除交易成本) 人民幣 256,360,000 元。非公開發行公司債券的利息開支按 8.04% 的實際年利率計算。該公司債券將於 2020 年 4 月贖回。

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31 DEFERRED INCOME

31 遞延收入

		2019	2018
		RMB'000	(Note)
		人民幣千元	人民幣千元
Government grants	政府補助		
At 1 January	於1月1日	623,134	716,000
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助 (i)	93,247	96,965
– Utilisation	– 已使用	(237,221)	(160,230)
– Recognised in other income related to investment properties (note 4(ii))	– 與投資物業相關部分確認至其他收入 (附註4(ii))	–	(29,601)
		479,160	623,134
Sales and operating leaseback arrangement	銷售及經營售後租回		
At 1 January	於1月1日	815	3,804
Impact on initial application of IFRS 16 (Note)	首次應用國際會計準則第16號的影響 (附註)	(815)	–
Movement during the year	年內變動		
– Amortisation	– 攤銷	–	(2,989)
		–	815
		479,160	623,949
Included under:	列入：		
Current liabilities	流動負債	479,160	623,296
Non-current liabilities	非流動負債	–	653
		479,160	623,949

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 1(c).

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號。根據此方法，比較資料不予重列。請見附註1(c)。

The Group had sale and leaseback transaction accounted for as a sale and operating lease applying IAS 17 before the date of initial application. Under IFRS 16, the Group accounts for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use asset for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

本集團有首次應用日期前作為銷售及國際會計準則第17號下經營租賃進行的會計處理的售後租回交易。根據國際財務報告準則第16號，本集團按照首次應用日期存在的任何其他經營租賃相同的方法對租回進行會計處理；並就任何首次應用日期前的財務狀況表確認的市場外條款有關的任何遞延收益或虧損調整售後租回使用權資產。

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31 DEFERRED INCOME (Cont'd)

- (i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group, including Ganzhou Trade Center, Jining Logistics Center, Yantai Trade Center, Wuzhou Trade Center, Yulin Trade Center, Heze Trade Center, Lanzhou Trade Center, Ningxiang Trade Center, Heze Industrial and Mianyang Trade Center.

32 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans ranging from 10% to 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member’s retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

33 EQUITY SETTLED SHARE-BASED PAYMENTS

In order to enable the Company to grant options to the employees of the members of the Group and Directors who have contributed to the Group at the time of granting Options (the “Qualified Participants”) as incentives or to reward the Qualified Participants for their contribution to the growth of the Group, the Company approved and adopted the Share Option Scheme on 30 May 2019. As at the date of this report, the Board has not granted any options.

31 遞延收入(續)

- (i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設，包括贛州商貿物流園，濟寧物流城，煙台商貿物流城，梧州商貿物流城，玉林物流城，荷澤商貿物流城，蘭州商貿廣場，寧鄉商貿廣場，荷澤實業和綿陽物流城。

32 僱員退休福利

定額供款退休計劃

本集團按照香港強制性公積金計劃條例的規定為根據香港僱傭條例管轄範圍受僱的僱員設立一項強制性公積金計劃(「強積金計劃」)。強積金計劃是由獨立信託人管理的定額供款退休計劃。根據強積金計劃，僱主及僱員均須按照僱員相關收入的5%向計劃供款，惟每月相關收入上限為30,000港元。此計劃的供款即時歸屬。

中國法規規定，本集團須為其僱員參與省市級政府所組織的各種定額供款退休計劃。本集團須按僱員工資、花紅及若干津貼的10%至20%向退休計劃供款。參加計劃的員工有權獲得相當於按其退休時工資的固定比率計算的退休金。除上述年度供款外，本集團毋須就與此等計劃相關的退休金福利承擔其他重大付款責任。

33 以權益結算以股份為基礎的付款

為使本公司可向於本集團授出購股權時對本集團有貢獻的本集團成員公司僱員及董事(以下簡稱「合資格參與者」)授予購股權作為獎勵及/或獎勵合資格參與者對本集團增長的貢獻，本公司於2019年5月30日批准並通過了購股權計劃。截至本報告日期，董事會尚未授予任何購股權。

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34 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company		Share	Share	Capital	Capital	Equity	Exchange	Accumulated	Total
		capital	premium	redemption	reserve	settled			
						share-based			
						payment			
						reserve			
						以權益結算			
						以股份支付			
本公司		股本	股本溢價	贖回儲備	資本儲備	為基礎儲備	匯兌儲備	累計虧損	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		34(c)	34(d)(i)	34(c)	34(d)(v)	34(d)(iv)	34(d)(iii)		
Balance at 1 January 2018	於2018年1月1日	31,825	978,266	120	1,386,109	10,427	103,555	(513,865)	1,996,437
Changes in equity for 2018:	2018年權益變動								
Loss and total comprehensive	年內虧損及全面收入總額								
income for the year		-	-	-	-	-	31,367	(247,826)	(216,459)
Share options forfeited/lapsed	沒收/失效購股權	-	-	-	-	(10,427)	-	10,427	-
At 31 December 2018 and 1	於2018年12月31日								
January 2019 (Note)	及2019年1月1日								
	(附註)	31,825	978,266	120	1,386,109	-	134,922	(751,264)	1,779,978
Changes in equity for 2019:	2019年權益變動								
Loss and total comprehensive	年內虧損及全面收入總額								
income for the year		-	-	-	-	-	7,276	(191,483)	(184,207)
Balance at 31 December 2019	於2019年12月31日	31,825	978,266	120	1,386,109	-	142,198	(942,747)	1,595,771

Note: The Group, including the company, has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there is no net effect on the opening balance of the company's equity as at 1 January 2019. See note 1(c).

34 股本、儲備及股息

(a) 權益組成部分的變動

本集團合併權益各組成部分的年初與年終結餘的對賬載於合併權益變動表。本公司權益個別組成部分於年初至年末的變動詳情載列如下：

附註：本集團（包括本公司），於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號。根據此方法，比較資料不會重述，因此，對截至2019年1月1日的公司權益的年初結餘沒有淨影響。請見附註1(c)。

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34 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Dividends

For the year ended 31 December 2019, no final dividend in respect of the previous financial year was approved and paid (2018: Nil).

Subsequent to the end of reporting period, no final dividend is proposed (2018: Nil).

(c) Share capital

Authorised and issued share capital:

34 股本、儲備及股息(續)

(b) 股息

截至2019年12月31日止年度，概無批准及派付的上個財政年度的末期股息(2018年：零)。

於報告期末後擬不派末期股息(2018年：零)。

(c) 股本

法定及已發行股本：

		2019		2018	
		No. of shares	Amount	No. of shares	Amount
		股份數目	金額	股份數目	金額
		'000	HK\$'000	'000	HK\$'000
		千股	千港元	千股	千港元
Authorised:					
Ordinary shares of HK\$0.01 each	法定： 每股面值0.01港元的 普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid:

已發行及繳足普通股：

				Nominal value of ordinary shares 普通股面值	
		Par value	No. of shares	Par value	No. of shares
		面值	股份數目	面值	股份數目
		HK\$	'000	HK\$'000	RMB'000
		港元	千股	千港元	人民幣千元
At 1 January 2018,	於2018年1月1日、				
31 December 2018 and	2018年12月31日及				
31 December 2019	2019年12月31日	0.01	4,014,844	40,148	31,825

Note: There is no change in ordinary shares during 2019 and 2018.

附註：2019年至2018年普通股並無變動。

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34 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(iv) Equity settled share-based payment reserve

Equity settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(t)(ii).

34 股本、儲備及股息(續)

(d) 儲備

(i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可用於向股東支付分派或股息，惟須確保緊隨建議支付分派或股息日期後，本公司有能力支付日常業務過程中的到期債務。

(ii) 中國法定儲備

根據本集團中國子公司的組織章程細則及有關法定法規，須以按中國會計規則及法規釐定的除稅後利潤的10%向法定儲備金撥款，直至儲備結餘達到註冊資本的50%。該儲備金可用於抵銷中國子公司的累計虧損或增資，惟轉換後儲備金結餘不少於註冊資本的25%，且除於清盤時，不可用於分派。

(iii) 匯兌儲備

匯兌儲備包括因換算非人民幣的功能貨幣經營財務報表而產生的所有相關匯兌差額。該儲備按附註1(x)所載的會計政策處理。

(iv) 以權益結算以股份支付為基礎儲備

以權益結算以股份支付為基礎儲備指按附註1(t)(ii)所述根據就以股份付款採納的會計政策計算授予本集團僱員的未行使購股權實際或估計數目的公允值。

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34 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves (Cont'd)

(v) Capital reserve

Capital reserve is resulted from transactions with owners in their capacity as the equity owners. The balance comprises capital reserve surplus/deficit arising from the difference between the disposal/acquisition consideration and its net assets value at the respective date of disposal/acquisition, and the capital reserve transferring from the equity settled share-based payment reserve.

(vi) Reserve-transaction with non-controlling interests

The balance represents difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests.

(e) Distributability of reserves

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB1,563,946,000 (2018: RMB1,748,153,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

34 股本、儲備及股息(續)

(d) 儲備(續)

(v) 資本儲備

資本儲備來自與擁有人以其權益擁有人身份進行的交易。結餘包括出售／收購對價與相關出售／收購日期資產淨值的差額所產生資本儲備盈餘／虧絀，以及轉撥自以權益結算以股份支付為基礎儲備的資本儲備。

(vi) 儲備－與非控股權益的交易

結餘指可識別資產淨值與已付收購非控股權益之對價的差額。

(e) 可分派儲備

於2019年12月31日，根據開曼群島公司法計算的本公司可供分派儲備約為人民幣1,563,946,000元(2018年：人民幣1,748,153,000元)，該等儲備可作分派，惟緊隨建議派發股息日期後，本公司有能力償還日常業務過程中的到期債務。

(f) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以向其物業開發項目提供資金，以及藉著與風險水平及以合理成本取得融資掛鉤的方式為物業定價而為股東及其他利益相關者提供回報及利益。

本集團積極定期審核及管理其資本架構，以維持與高借貸水平可能有關的較高股東回報與穩健資本狀況帶來的優勢及擔保之間的平衡，並根據經濟狀況的變動調整資本架構。

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(除另有指明外，均以人民幣列示)

34 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as total interest-bearing liabilities (includes bank loans and other borrowings, senior notes, corporate bonds and lease liabilities) divided by total assets of the Group. At 31 December 2019 and 2018, the gearing ratio of the Group was calculated as follows:

		31 December 2019 2019年 12月31日	1 January 2019 2019年 1月1日 (Note) (附註)	31 December 2018 2018年 12月31日 (Note) (附註)
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	1,233,683	1,266,911	1,266,911
Corporate bonds	公司債券	259,700	261,334	261,334
Senior notes	優先票據	1,653,019	1,465,981	1,465,981
Lease liabilities	租賃負債	42,084	47,975	-
Total interest-bearing borrowings	計息借款	3,188,486	3,042,201	2,994,226
Total assets	總資產	14,848,822	14,617,317	14,571,060
Gearing ratio	資產負債比率	21.5%	20.8%	20.5%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 1(c).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34 股本、儲備及股息(續)

(f) 資本管理(續)

本集團根據資產負債比率監察其資本結構。本集團界定此比率為總計息負債(包括銀行貸款及其他借貸、優先票據及公司債券)除以本集團資產總值。於2019及2018年12月31日，本集團之資產負債比率如下：

附註：本集團首次應用經修訂追溯法的國際財務報告準則第16號，並調整於2019年1月1日的期初結餘以確認與先前根據國際會計準則分類為經營租賃的租賃負債。在這種方法下，不重述比較信息。見附註1(c)。

本公司或其任何子公司概不受外部施加的資本規定所限。

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks and equity price risk arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and other financial assets. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 37, the Group does not provide any other guarantees which would expose the group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 37.

Trade receivables and other receivables and other financial assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 85% (2018: 84%) of the total trade receivables was due from a customer in 2018 which is a government authority with good credibility. Although the aging of that related trade receivable is aged over one year, the Group considers that the credit risk is low. Normally, the Group does not obtain collateral from customers but the Group only assists the buyer to obtain the individual property ownership certificate upon the full settlement of receivables from the buyer.

35 金融風險管理及公允值

本集團於一般業務過程中面對信貸、流動性、利率、貨幣風險及權益投資價格風險。本集團亦面對持有其他實體的股權投資產生的股價風險。

本集團面對之風險及本集團為管理該等風險而採用之財務風險管理政策及慣例載述如下：

(a) 信用風險

信用風險指對手方將違反其合約義務而導致本集團產生財務虧損。本集團信貸風險主要歸因於貿易及其他應收款項。本集團設有明確的信用政策，並持續監察該等信用風險。因對手方為本集團視為信用風險較低的銀行及金融機構，故本集團現金及現金等價物產生的信用風險有限。本集團認為披露的對於信用風險敞口的金融機構信用風險較低。

除附註37所載本集團作出的財務擔保外，本集團並無給予任何其他擔保致使本集團將面臨信用風險。於報告期末該等財務擔保的最大信用風險於附註37中披露。

貿易應收款項及其他應收款項

本集團蒙受信用風險的程度主要受各客戶而非客戶營業所在行業或國家的個別特性影響，故信用風險高度集中主要在本集團蒙受重大個別客戶風險時發生。於報告期末，貿易應收款項總額的85%（2018年：84%）為應收2018年的客戶的款項，該客戶是一個有良好信譽的政府機構。儘管相關應收款項的賬齡已經超過一年，該集團認為該信用風險低。一般而言，本集團不會向客戶收取抵押品，但是，只有在買方完全付清房款後本集團才協助買方獲得個人房屋產權所有證。

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

In respect of loans to the third parties and other debtors, regular review and follow-up actions are carried out on long-aged other receivables and any default incurred, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade and other receivables and loans to the third parties included in other non-current assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables and loans to the third parties as at 31 December 2019:

		2019		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期不超過30日			
- trade receivables	- 貿易應收款項	-	30,071	-
- other receivables	- 其他應收款項	2.66%	122,467	(3,257)
- amount due from joint ventures (note 15)	- 應收合營企業款項(附註15)	48%	41,013	(19,613)
- finance lease receivables	- 融資租賃應收款項	2.11%	76,123	(1,603)
- loans to the third parties	- 應收第三方貸款	5.75%	65,366	(3,758)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	2.97%	213,218	(6,322)
- other receivables	- 其他應收款項	100%	22,125	(22,125)
- finance lease receivables	- 融資租賃應收款項	100%	11,220	(11,220)
			581,603	(67,898)

35 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

就向第三方貸款及其他應收款項而言，我們已對賬齡較長的其他應收款項進行定期審閱及採取跟進措施，倘發生任何拖欠現象，這將使管理層評估彼等的可收回性並盡量將信用風險敞口降至最低。最大信用風險敞口由綜合財務狀況表中的各項金融資產的賬面值表示。

本集團按相當於全期預期信用虧損的金額(用撥備矩陣計算)來計量貿易以及包含在其他非流動資產中應收第三方貸款的虧損撥備。

下表載列於2019年12月31日本集團所面臨信用風險敞口以及貿易應收款項及其他應收款項預期信用虧損的資料：

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

		2018		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期不超過30日			
- trade receivables	- 貿易應收款項	-	237,413	-
- other receivables	- 其他應收款項	3.22%	352,185	(11,330)
- amount due from a joint venture (note 15)	- 應收合營企業款項(附註15)	100%	19,613	(19,613)
- finance lease receivables	- 融資租賃應收款項	2.06%	86,788	(1,786)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	48%	5,657	(2,691)
- finance lease receivables	- 融資租賃應收款項	100%	11,220	(11,220)
			712,876	(46,640)

Except for the specified expected loss, other expected loss rates are based on historical experience and adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and other receivables during the year is as follows:

除特定預期虧損外，其他預期虧損率按過往歷史經驗計算並且為反映期內(往績數據已在期間收集)經濟狀況差異、目前狀況及本集團對應收款項預期存續期的經濟狀況之意見，而加以調整。

年內貿易應收款項及其他應收款項的虧損撥備賬變動如下：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Balance at 1 January	於1月1日的結餘	46,640	9,864
Disposal of subsidiaries	出售子公司	-	(9,864)
Reversal during the year	年內轉回	(9,504)	-
Impairment losses recognised during the year	年內確認的減值虧損	30,762	46,640
Balance at 31 December	於12月31日的結餘	67,898	46,640

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk

The Group management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities excluding receipts in advance, which the Group expects to provide rental services in the future. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

35 金融風險管理及公允值(續)

(b) 流動性風險

本集團管理層持續審核本集團的流動性狀況，包括審核預計現金流入及流出、各物業項目的銷售／預售業績、貸款及借貸到期情況以及計劃物業開發項目的進度，以監控本集團的短期及長期流動性需求。本集團的政策是定期監控流動性需求及有否遵守借貸契諾，以確保備有足夠的現金儲備，及向主要金融機構取得充足的已承諾資金，以應付長短期流動性需求。

下表載列本集團金融負債(不包括本集團預期交付已完工物業結算的預收款項)於各報告期末的餘下合約期限。合約期限是根據合約未貼現現金流量(包括以合約利率或(倘浮動)各報告期末現行的利率估算的利息付款)以及本集團需要還款的最早日期計算：

		2019					
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		Within 1	More than	More than	More than	Total	Carrying
		year or	1 year but	2 years but	5 years		amount
		on demand	less than	less than	5 years		
		一年內或	超過一年	超過兩年	超過五年	總計	賬面值
		按要求	但少於兩年	但少於五年	超過五年	總計	賬面值
		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
Bank loans and other borrowings	銀行貸款及其他借貸	539,016	458,414	381,293	143,285	1,522,008	1,233,683
Lease liabilities (Note)	租賃負債(附註)	10,523	9,680	25,159	10,544	55,906	42,084
Trade and other payables	貿易及其他應付款項	1,906,694	294,808	-	-	2,201,502	2,201,502
Corporate bonds	公司債券	279,500	-	-	-	279,500	259,700
Senior notes	優先票據	543,141	1,444,387	-	-	1,987,528	1,653,019
		3,278,874	2,207,289	406,452	153,829	6,046,444	5,389,988

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

		2018					
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		Within 1	More than	More than	More than	Total	Carrying
		year or	1 year but	2 years but	5 years	5 years	amount
		on demand	less than	less than	5 years	5 years	Total
		一年內或	超過一年	超過兩年	超過五年	超過五年	總計
		按要求	但少於兩年	但少於五年	超過五年	超過五年	賬面值
		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
Bank loans and other borrowings	銀行貸款及其他借貸	548,038	533,710	248,317	65,439	1,395,504	1,266,911
Trade and other payables	貿易及其他應付款項	2,438,964	300,137	-	-	2,739,101	2,739,101
Corporate bonds	公司債券	302,143	-	-	-	302,143	261,334
Senior notes	優先票據	563,743	1,142,174	-	-	1,705,917	1,465,981
		3,852,888	1,976,021	248,317	65,439	6,142,665	5,733,327

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債。因採用經修訂追溯法，故比較資料不予重列。請見附註1(c)。

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalents, pledged and restricted cash and borrowings issued at variable rates.

The Group does not anticipate significant impact on cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

(c) 利率風險

利率風險是指金融工具的公允價值或未來現金流量因市場利率變動而波動的風險。本集團利率風險主要來自現金及現金等值物、已抵押及受限制現金及浮動利率借款。

本集團預期現金及現金等值物及已抵押存款不會受重大影響，因為預期銀行存款利率不會有重大變動。

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

The interest rates and terms of repayment of bank loans of the Group are disclosed in note 27 to the financial statements. The Group does not carry out any hedging activities to manage its interest rate exposure.

(i) Interest rate profile

		2019		2018	
		Effective Interest rate		Effective Interest rate	
		實際利率	RMB'000	實際利率	RMB'000
		%	人民幣千元	%	人民幣千元
Fixed rate borrowings:	固定利率借貸：				
Lease liabilities (note)	租賃負債(附註)	8.35%	42,084	-	-
Bank loans and other borrowings	銀行貸款及其他借貸	8.37%	623,245	7.41%	526,000
Senior notes	優先票據	14.36%	1,653,019	13.05%	1,465,981
Corporate bonds	公司債券	8.04%	259,700	8.11%	261,334
			2,578,048		2,253,315
Variable rate borrowings:	浮動利率借貸：				
Bank loans and other borrowings	銀行貸款及其他借貸	6.64%	610,438	13.13%	740,911
Total borrowings	總借貸		3,188,486		2,994,226
Net fixed rate borrowings as a percentage of total borrowings	固定利率借貸淨額佔總借貸額的百分比		81%		75%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債。因採用經修訂追溯法，故比較資料不予重列。請見附註1(c)。

35 金融風險管理及公允值(續)

(c) 利率風險(續)

本集團銀行貸款的利率及償還條款披露於財務報表附註27。本集團並無就管理利率風險進行任何對沖活動。

(i) 利率情況

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 50 basis points (2018: 50 basis points) in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and decreased/increased total equity attributable to equity shareholders of the Company by approximately RMB2,289,000 (2018: decreased/increased the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,778,000), which has not taken into account of effect of interest capitalisation.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2018.

35 金融風險管理及公允值(續)

(c) 利率風險(續)

(ii) 敏感度分析

於2019年12月31日，在其他所有變量保持不變的情況下，倘利率整體上升／下降50個基點(2018年：50個基點)，在並無計及利息資本化的影響下，估計會增加／減少本集團的除稅後虧損及本公司權益股東應佔總權益將增加／減少約人民幣2,289,000元(2018年：本集團的除稅後利潤及本公司權益股東應佔總權益減少／增加約人民幣2,778,000元)。

上述敏感度分析顯示本集團的除稅後虧損(及保留利潤)以及合併權益的其他部分可能產生的即時變動。敏感度分析假設利率變動於報告期末已發生，並已用於重新計量本集團所持有並於報告期末使本集團面對公允值利率風險的金融工具。關於本集團於報告期末持有的浮動利率非衍生工具產生的現金流量利率風險，對本集團的除稅後虧損(及保留利潤)以及合併權益的其他組成部分的影響，以該利率變動對利息支出或收入的年度影響估計。有關分析乃按2018年的相同基準作出。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits and corporate bonds to which the transactions relate. The currencies giving rise to this risk are primarily US dollars and Hong Kong dollars. The currency option has been entered into to mitigate the foreign currency risk (note 21).

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of each reporting period.

		2019	2018	
		United States Dollars 美元 RMB'000 人民幣千元	United States Dollars 美元 RMB'000 人民幣千元	Hong Kong Dollars 港元 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等值物	74,539	49,256	17
Corporate bonds	公司債券	-	-	(3,022)
Net exposure arising from recognised assets and liabilities	已確認資產及負債 產生的風險淨值	74,539	49,256	(3,005)

35 金融風險管理及公允值(續)

(d) 貨幣風險

本集團面對外幣風險，主要來自與交易有關的銀行存款和公司債券。引致有關風險的貨幣主要為美元及港元。本集團的外匯期權可降低外匯風險(附註21)。

(i) 貨幣風險

下表詳述本集團於各報告期末面對以有關實體功能貨幣以外貨幣計值的已確認資產或負債產生的貨幣風險。就呈列而言，風險金額以人民幣列示，並於各報告期末使用現貨匯率換算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk (Cont'd)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

		2019		2018	
		Increase/ (decrease) in foreign exchange rates 外匯比率 上升/ (下降)	Effect on loss before tax 對除稅前 虧損的影響 RMB'000 人民幣千元	Increase/ (decrease) in foreign exchange rates 外匯比率 上升/ (下降)	Effect on profit before tax 對除稅前 利潤的影響 RMB'000 人民幣千元
United States Dollars	美元	5%/ (5%)	3,727 (3,727)	5%/ (5%)	2,463 (2,463)
Hong Kong Dollars	港元	5%/ (5%)	- -	5%/ (5%)	(150) 150

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the reporting date, assuming 5% shift of RMB against USD and HKD on the loss before tax and excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis as 2018.

(d) 貨幣風險(續)

(ii) 敏感度分析

倘於報告期末對本集團有重大影響的外匯比率於該日期發生變動，並假設所有其他風險變量保持不變，下表顯示本集團的除稅後虧損可能產生的即時變動。

外幣敏感度分析乃根據本集團於報告日期的主要外幣風險淨額計算(假設就除稅前虧損而言，人民幣兌美元及港元存在5%的變動)，及不包括將海外業務的財務報表換算為本集團的呈列貨幣引起的差額。有關分析乃按2018年的相同基準作出。

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading purposes classified as financial assets measured at FVPL (see note 19 and 21).

The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plan.

(f) Fair value measurement

(i) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 使用不可觀察的重要數據計量的公允值

35 金融風險管理及公允值(續)

(e) 權益投資價格風險

本集團面對為非貿易持有按公允值計量且其變動計入當期損益的金融資產的權益投資產生的價格變動風險(見附註19及21)。

本集團的未報價投資是持作長期策略用途。本集團會根據就同類上市實體表現可得的有限資料而對該等投資表現至少每兩年評估一次，連同評估彼等與本集團長期策略計劃的相關性。

(f) 公允值計量

(i) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號，公允值計量所界定分類為三個公允值級別。公允值計量是參考以下估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

35 金融風險管理及公允值(續)

(f) Fair value measurement (Cont'd)

(f) 公允值計量(續)

(i) Financial instruments measured at fair value (Cont'd)

(i) 按公允值計量的金融工具(續)

		Note 附註	Fair value measurements			Fair value measurements		
			Fair value at 31 December 2019 於2019年 12月31日 的公允值	Fair value as at 31 December 2019 於2019年12月31日 分類為以下級別的 公允值計量	Fair value as at 31 December 2019 於2019年12月31日 分類為以下級別的 公允值計量	Fair value at 31 December 2018 於2018年 12月31日 的公允值	Fair value as at 31 December 2018 於2018年12月31日 分類為以下級別的 公允值計量	Fair value as at 31 December 2018 於2018年12月31日 分類為以下級別的 公允值計量
			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
Recurring fair value measurements	經常性公允值計量							
Financial assets:	金融資產							
- Derivative financial instrument	- 衍生金融工具	21	10,340	10,340	-	2,409	2,409	-
- Wealth management products	- 財富管理產品	21	800	800	-	-	-	-
- Unlisted equity investments not held for trading	- 為非貿易持有的非上市權益投資	19	191,398	-	191,398	118,594	-	118,594
- Amount due from an associate	- 應收聯營公司款項	19	77,936	-	77,936	-	-	-
Financial liability:	金融負債:							
- Derivative financial instrument	- 衍生金融工具	24(e)(i)	(70,838)	-	(70,838)	-	-	-

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

截至2019年及2018年12月31日止年度，第一級與第二級之間並無任何轉移，亦無轉入或轉出第三級。本集團的政策為於發生公允值等級轉移的報告期間結束時，確認不同級別之間的轉移。

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 and 2018.

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2019年及2018年12月31日的公允值並無重大差異。

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of amount due from an associate measured at FVPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of disposal entity and applicable discount rate.

35 金融風險管理及公允值(續)

(f) 公允值計量(續)

(ii) 第二級公允值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允值為本集團於報告期末為終止權利將收到或結付的估值，已計入即期利率及現時掉期對手信貸評級。

(iii) 有關第三級公允值計量的資料

非上市股權工具的公允值以可比上市公司的價格／銷售比率判斷，為欠缺市場流通性作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

應收聯營公司款項是以公允價值計量且其公允價值變動將計入當期損益，其他金融負債的公允價值是通過預計收回／支付的未來現金流量、處置主體的未來利潤預測和適用的折現率三個因素確定

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35 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iii) Information about Level 3 fair value measurements (Cont'd)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

		2019 RMB'000 人民幣千元
Financial assets measured at Level 3 Fair value:	按第三等級計量的金融資產：	
At 1 January	於1月1日	118,594
Additions	增加	309,914
Settlement / disposal	結算／處置	(184,460)
Net unrealised gains recognised in profit or loss during the year	年內於損益確認的未變現收益淨額	25,286
At 31 December		269,334
Financial liabilities measured at Level 3 Fair value:	按第三等級計量的金融負債：	
At 1 January	於1月1日	-
Additions	增加	70,838
At 31 December		70,838
Total gains for the period included in profit or loss for assets held at the end of the reporting period		25,286

(iv) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 31 December 2018.

35 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iii) 有關第三級公允值計量的資料(續)

期內第三級公允值計量結餘變動情況如下：

(iv) 以非公允價值計量的金融資產和金融負債的公允價值

本集團以成本或攤餘成本計量的金融工具的帳面價值與其截至2019年12月31日和2018年12月31日的公允價值並無重大差異。

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36 COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2019 contracted but not provided for in the financial statements were as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	1,695,686	2,050,974

- (b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

		2018 RMB'000 人民幣千元
Within 1 year	一年以內	12,163
After 1 year but within 2 years	一年後但兩年內	10,464
After 2 years but within 5 years	兩年後但五年內	26,014
After 5 years	五年後	18,834
		67,475

The Group is the lessee in respect of a number of properties and items of plant and machinery and office equipment held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 1(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 1(l), and the details regarding the Group's future lease payments are disclosed in note 28.

36 承擔

- (a) 於2019年12月31日已訂約但於財務報表內無撥備的資本承擔如下：

- (b) 於2018年12月31日，根據不可撤銷經營租賃應付未來最低租金總值到期情況如下：

本集團是若干物業、廠房、機械和辦公設備的承租人，這些租賃先前根據國際會計準則第17號歸類為經營租賃。本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號，並調整於2019年1月1日的年初結餘，確認與先前根據國際會計準則第17號分類為經營租賃的租賃相關的使用權資產和租賃負債（見附註1(c)）。自2019年1月1日起，未來租賃付款根據附註1(l)規定的政策在財務狀況表中確認為租賃負債，有關本集團未來租賃付款的詳情，見附註28。

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37 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	2,757,903	2,204,505

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

37 或然負債

擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款（以較早者為準）時止。

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
	2,757,903	2,204,505

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

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38 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due from related parties as set out in note 19 and note 22, the other material related party transactions are disclosed as follows:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	44,854	26,874
Contribution to defined contribution retirement plans	定額供款退休計劃	412	404
		45,266	27,278

Total remuneration is included in "staff costs" (see note 5(b)).

In 2019, the Group acquired 60% equity interest in a former associate from a related party with a consideration of RMB2,500,000.

38 重大關聯方交易

除載於附註19和附註22應收關聯方款項外，其他重大關聯方交易披露如下：

主要管理人員薪酬

本集團主要管理人員薪酬包括附註7所披露向本公司董事支付的金額及附註8所披露向若干最高薪僱員支付的金額，載列如下：

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Wages, salaries and other benefits in kind	44,854	26,874
Contribution to defined contribution retirement plans	412	404
	45,266	27,278

薪酬總額載於「員工成本」(請參閱附註5(b))。

2019年，本集團以人民幣2.5百萬元的對價向一名前關聯方收購了一家聯營公司60%的股權。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

39 公司層面的財務狀況表

		Note	2019	2018
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current assets	非流動資產			
Interests in subsidiaries	於子公司的權益		1,512,231	1,498,048
Other non-current assets	其他非流動資產		104,668	2,409
			1,616,899	1,500,457
Current assets	流動資產			
Other receivables	其他應收款項		1,644,003	1,824,837
Other financial assets	其他金融資產		10,340	-
Cash and cash equivalents	現金及現金等值物		217,507	387
			1,871,850	1,825,224
Current liabilities	流動負債			
Other payables and accruals	其他應付及應計款項		51,950	76,778
Bank loans	銀行借款		188,009	-
Senior notes	優先票據	29	314,220	411,311
Corporate bonds	公司債券		-	2,944
			554,179	491,033
Net current assets	流動資產淨值		1,317,671	1,334,191
Total assets less current liabilities	總資產減流動負債		2,934,570	2,834,648
Non-current liabilities	非流動負債			
Senior notes	優先票據	29	1,338,799	1,054,670
NET ASSETS	資產淨值		1,595,771	1,779,978
Capital and reserves	股本及儲備	34(a)		
Share capital	股本		31,825	31,825
Reserves	儲備		1,563,946	1,748,153
TOTAL EQUITY	權益總額		1,595,771	1,779,978

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB347,250,000), which are consolidated and formed a single class with the US\$193,500,000 aggregate principal amount of 14% 2020 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,162,000 (equivalent to RMB349,580,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.
- (b) The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place a series of proactive contingency measures. The Group will keep the contingency measures under review as the situation evolves.

Almost all of the Group's assets are located in the Mainland China, which are also the most significant sources of revenue income. As far as the Group's businesses are concerned, the outbreak may mainly affect the Group's investment and development properties portfolios in relation to sales and rental revenues. However, it would be difficult to accurately determine the full impact of the outbreak on the Group given that the first quarter is the slack season of the Group's sales so that the impact of the outbreak on the Group's sales in 2020 is not as severe as expected, and the difficulties in predicting the adverse impact on the levels of rental income of the Group which would only be more accurately determined when current leases are due for renewal. These impacts have not been reflected in the financial information as of 31 December 2019. The full impacts on the businesses of the Group may be quantified as situation continues to evolve and further information may become available.

40 報告期後非調整事項

- (a) 於2019年12月27日，本公司按本金總額加應計利息發行本金總額50,000,000美元（相等於人民幣347,250,000元）的額外2021年優先票據，並與本公司於2019年12月19日發行的2021年到期14%本金總額193,500,000美元的2020年優先票據構成及組成單一系列。額外2021年優先票據的所得款項淨額於包括應計利息及扣除交易成本後為50,162,000美元（相等於人民幣349,580,000元）已由本公司於2020年1月7日收取。2021年優先票據的利息開支乃使用實際年利率14.20%計算。
- (b) 自2020年年初以來，新型冠狀病毒的爆發給本集團的經營環境帶來了額外的不確定性，並影響了本集團的經營和財務狀況。

本集團一直密切監察事態發展對本集團業務的影響，並已採取一系列積極的應急措施。隨著形勢的發展，本集團也將不斷審查應急措施。

本集團幾乎所有的資產都位於中國大陸，這也是最重要的收入來源。就本集團業務而言，本次新型冠狀病毒的爆發可能主要影響本集團在銷售收入和租賃收入方面的投資和開發物業組合。然而，鑒於在預測本次疫情對本集團而言第一季度原本是銷售淡季，以致於這次疫情對2020年的銷售的影響並不像預期影響嚴重，以及因租金收入水準只有在本期租約到期續期時才能更準確地確定，難以預測本次疫情對本集團租金收入水準的不利影響，很難準確確定本次疫情對本集團造成的全面影響。這些影響尚未反映在截至2019年12月31日的財務資訊中。隨著形勢的不斷發展和可能獲得的進一步資訊，本次疫情對本集團業務的全面影響將可以量化。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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41 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 1(c).

42 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

On 28 July 2019, Most Trend Holdings Limited, the former ultimate holding company of the Company, (the “Vendor”) and China Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Offeror”) entered into a sale and purchase agreement to sell 2,070,000,000 shares, representing approximately 51.56% of the entire issued share capital of the Company, at a total cash consideration of HK\$631,350,000 (equivalent to HK\$0.305 per share). On 11 October 2019, the Offeror further acquired 14.74% of the entire issued share capital of the Company through a mandatory unconditional cash offer as required under the Listing Rules. Immediately after the above transactions, the Offeror and parties acting in concert with it were interested in an aggregate of 2,661,956,801 shares, representing approximately 66.30% of the entire issued share capital of the Company and became the controlling shareholder of the Company. As at 31 December 2019, the directors consider the immediate parent and ultimate controlling party of the Group to be China Guangdong – Hong Kong Greater Bay Area Holdings Limited, which is incorporated in the British Virgin Islands with limited liability. This entity does not produce financial statements available for public use.

As at 31 December 2018, the directors consider the immediate parent and ultimate controlling party of the Group to be Most Trend Holdings Limited, which is incorporated in the British Virgin Islands with limited liability. This entity does not produce financial statements available for public use.

41 比較數字

本集團於2019年1月1日採用經修訂追溯法首次應用國際財務報告準則第16號。根據此方法，比較資料不會重列。見附註1(c)。

42 直接及最終控股方

於2019年7月28日，本公司前任最終控股公司至毅控股有限公司（「賣方」）和中國粵港灣區控股有限公司（「要約人」）簽訂了買賣協議，出售2,070,000,000股股份，相當於本公司全部已發行股本的51.56%，總現金代價為631,350,000港元（相等於每股0.305港元）。於2019年10月11日，根據上市規則的要求，要約人通過強制性無條件現金要約進一步收購了本公司全部已發行股本的14.74%。在上述交易之後，要約人及其一致行動人士合共擁有2,661,956,801股股份之權益，佔本公司全部已發行股本約66.30%，成為本公司的控股公司。截至2019年12月31日，董事認為本集團的直接母公司和最終控制方為中國粵港灣區控股有限公司，該公司於英屬維爾京群島註冊成立為有限公司。該實體並無編製作公開用途的財務報表。

於2018年12月31日，董事認為本集團直接母公司及最終控股方為至毅控股有限公司，該公司於英屬維爾京群島註冊成立為有限公司。該實體並無編製作公開用途的財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

43 於截至2019年12月31日止年度已頒佈但未生效的修訂、新準則及詮釋的可能影響

直至該等財務報表刊發日期，國際會計準則理事會已頒佈若干於截至2019年12月31日止年度尚未生效且並無於本財務報表採納的修訂及新準則。其中包括以下可能與本集團有關的事項。

Effective for
accounting
periods
beginning
on or after
於以下日期或
之後開始之
會計期間生效

Amendments to IFRS 3, Definition of a business

國際財務報告準則第3號(修訂本)，業務的定義

1 January 2020

於2020年1月1日

Amendments to IAS 1 and IAS 8, Definition of material

國際會計準則第1號及國際會計準則第8號(修訂本)，重要性的定義

1 January 2020

於2020年1月1日

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團正在評估這些準則變化對首次執行期間的影響。截至目前為止，本集團相信採納這些修訂不大可能會對合併財務報表產生重大影響。

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