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Rsun 弘陽

Redsun Properties Group Limited

弘陽地產集團有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：1996)

(「本公司」)

發行於2023年到期金額為200,000,000美元的9.50%優先綠色票據

(「票據」)

(股份代號：40848)

刊登發售備忘錄

本公告乃根據上市規則第37.39A條刊發。

請參閱隨附之日期為2021年9月13日有關票據發行的發售備忘錄(「發售備忘錄」)。除另有界定者外，否則本公告所用詞彙與發售備忘錄所界定者具有相同涵義。

誠如發售備忘錄所披露，該等票據擬僅供專業投資者(定義見上市規則第37章)購買，並已按該基準在聯交所上市。

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發售備忘錄不應被視為勸誘認購或購買本公司任何證券，亦不旨在進行該等勸誘。概不應根據發售備忘錄所載資料作出任何投資決定。

代表董事會
弘陽地產集團有限公司
曾煥沙
主席

香港，2021年9月21日

截至本公告日期，曾煥沙先生、袁春先生、曾俊凱先生及雷偉彬先生為本公司執行董事；及李國棟先生、梁又穩先生及歐陽寶豐先生為本公司獨立非執行董事。

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum (the “offering memorandum”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this offering memorandum. In accessing this 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 ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THIS OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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

The following offering memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (and any amendments thereto) as implemented in member states of the European Economic Area (the “EU Prospectus Regulation”). The following offering memorandum has been prepared on the basis that all offers of the securities described herein made to persons in the European Economic Area 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 described herein.

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, you must comply with the following provisions. By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to the Issuer, Deutsche Bank AG, Singapore Branch, Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch, Merrill Lynch (Asia Pacific) Limited, BOCI Asia Limited, The Bank of East Asia, Limited, China CITIC Bank International Limited, Chong Hing Bank Limited, CLSA Limited, CMB International Capital Limited and Seazen Resources Securities Limited (the “Initial Purchasers”) that (i) you and any customers you represent are outside the United States, that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and to the extent you purchase the securities described in the attached offering memorandum, you will be doing so in an offshore transaction pursuant to and in compliance with Regulation S under the Securities Act; and (ii) you consent to delivery of such offering memorandum by electronic transmission.

Within the United Kingdom, this offering memorandum is being directed solely at and may only be communicated to persons: who (i) fall within Article 19(5) or Article 49(2)(a)-(d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; (ii) are outside the United Kingdom; or (iii) are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise be lawfully communicated or caused to be communicated (all such persons collectively 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. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. Any person who is not a Relevant Person should not act or rely on the offering memorandum or any of its contents.

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

The 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 (the “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 (the “EUWA”); (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 the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Section 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time) (together, the “SFA”), the Issuer (as defined herein) has determined, and hereby notifies all relevant persons (as defined in 309A of SFA) that the securities are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) 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).

You are reminded that this offering memorandum has been delivered to you on the basis that you are a “professional investor” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or, if you are outside Hong Kong, 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. You may not, nor are you authorized to, deliver or disclose the contents of 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, as the case may be, 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 the Initial Purchasers, the Trustee, the Agents or any person who controls or is otherwise affiliated with any of them, or any of their respective directors, officers, employees, advisors or agents accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

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

OFFERING MEMORANDUM

US\$200,000,000 9.50% Senior Green Notes due 2023



Redsun Properties Group Limited

弘陽地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

Issue Price: 97.976%

The US\$200,000,000 senior green notes (the “Notes”) will bear interest at a rate of 9.50% per annum from and including September 20, 2021 (the “Original Issue Date”). Interest will be paid on the Notes semi-annually and in arrears on March 20 and September 20, commencing March 20, 2022. Unless previously repurchased, canceled or redeemed, the Notes will mature on September 20, 2023. The Notes will be the unsubordinated senior obligations of Redsun Properties Group Limited (弘陽地產集團有限公司) (the “Issuer” or the “Company”) and will be irrevocably and unconditionally guaranteed by certain of our subsidiaries (the “Subsidiary Guarantors”). We refer to the guarantees by the Subsidiary Guarantors as “Subsidiary Guarantees”. The Notes may also be guaranteed by certain of our future subsidiaries as described in the section entitled “Description of the Notes”.

At any time and from time to time prior to September 20, 2023, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price of 100% of the principal amount of the Notes plus a premium as set forth in this offering memorandum as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, the Issuer may at its option redeem the Notes at any time and from time to time prior to September 20, 2023 up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of certain capital stock of the Issuer in an equity offering at a redemption price of 109.50% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event or a Delisting Event (as defined in the indenture governing the Notes (the “Indenture”), the Issuer will be required to make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase. As more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if the Issuer would become obligated to pay certain additional amounts as a result of certain changes in tax laws or certain other circumstances. See the section entitled “Description of the Notes — Redemption for Taxation Reasons”. The Notes will be (i) general obligations of the Issuer; (ii) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (iii) at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law); (iv) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described under “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this offering memorandum; (v) effectively subordinated to the secured obligations of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (vi) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

For a more detailed description of the Notes, see “Description of the Notes” beginning on page 241. The Notes are being issued as “Green Financing Instruments” under our Green Financing Framework. See the section entitled “Green Financing Framework”.

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the Notes. See the section entitled “Risk Factors” beginning on page 19 and particularly pages 63 to 80 for risks relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees.

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

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

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resales and transfers, see “Plan of Distribution” and “Transfer Restrictions.” The Notes are expected to be rated “B+” by Fitch Ratings Services (the “Fitch”), “B3” by Moody’s Investors Service, Inc. (“Moody’s”) and “BB” from Lianhe Ratings Global Limited (“Lianhe Global”). In addition, we have been assigned a long-term foreign currency issuer default rating of “B+” with a stable outlook by Fitch, a corporate rating of “B2” with a positive outlook by Moody’s and a global scale long-term issuer credit rating of “BB” with a stable outlook by Lianhe Global. A rating does not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) promulgated by National Development and Reform Commission of the PRC (the “NDRC”) on September 14, 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated July 13, 2021 evidencing such registration. Pursuant to the registration certificate, the Issuer intends to provide the requisite information on the issuance of the Notes to the NDRC within 10 PRC Business Days after the issue date.

The Notes will be evidenced by a global note (the “Global Note”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances set forth herein, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Note. It is expected that delivery of the Notes will be made on September 20 or such later date as may be agreed by the Initial Purchasers and us.

Joint Bookrunners and Joint Lead Managers
(with respect to BofA Securities, BOC International, The Bank of East Asia, Limited, China CITIC Bank International, Chong Hing Bank, CLSA, CMB International and Seazen Resources, in alphabetical order)

Deutsche Bank	Credit Suisse	Haitong International	Guotai Junan International	China International Capital Corporation	UBS		
BofA Securities	BOC International	The Bank of East Asia, Limited	China CITIC Bank International	Chong Hing Bank	CLSA	CMB International	Seazen Resources

Green Finance Structuring Advisors

Deutsche Bank

Haitong International

The date of this offering memorandum is September 13, 2021.

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NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this offering memorandum and the offering of the Notes in certain jurisdictions. If you come into possession of this offering memorandum, Deutsche Bank AG, Singapore Branch, Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch, Merrill Lynch (Asia Pacific) Limited, BOCI Asia Limited, The Bank of East Asia, Limited, China CITIC Bank International Limited, Chong Hing Bank Limited, CLSA Limited, CMB International Capital Limited and Seazen Resources Securities Limited (collectively, the “Initial Purchasers,” and each, an “Initial Purchaser”) and we require that you inform yourself about and observe any such restrictions. See “Plan of Distribution” and “Transfer Restrictions.”

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

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

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

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “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 (the “EUWA”); (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 the Insurance Distribution Directive, where that customer would not

qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Section 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time) (together, the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of SFA) that the Notes are “prescribed capital markets products”(as defined in the Securities and Futures (Capital Markets Products) 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 INITIAL PURCHASERS (OTHER THAN CHINA CITIC BANK INTERNATIONAL LIMITED) APPOINTED AND ACTING IN ITS CAPACITY AS A STABILIZING MANAGER, OR ANY PERSON OR ENTITY ACTING ON THEIR BEHALF, MAY OVER-ALLOT NOTES OR EFFECT PURCHASES AND SALES OF THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY WILL BE CONDUCTED IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS AND MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE ALLOTMENT OF THE NOTES. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGERS (OR ANY PERSON OR ENTITY ACTING ON THEIR BEHALF) AND NOT FOR THE ISSUER OR ON ITS BEHALF.

This offering memorandum is strictly confidential. We are furnishing this offering memorandum solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this offering memorandum, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. 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 or The Bank of New York Mellon, London Branch (the “**Trustee**”) or The Bank of New York Mellon, London Branch (the “**Paying Agent**”) or The Bank of New York Mellon SA/NV, Dublin Branch (the “**Note Registrar**” and the “**Transfer Agent**,” together with the Paying Agent, collectively, the “**Agents**”) or any person affiliated with the Initial Purchasers or the Trustee or the Agents in connection with any investigation of the accuracy of such

information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us and our subsidiaries, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) other than as contained herein.

Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

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

The contents of this offering memorandum have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Notes. If Investors are in any doubt about any of the contents of the offering memorandum, they should obtain independent professional advice.

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

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

Neither the Initial Purchasers nor the Trustee nor the Agents has independently verified any of the information contained in this offering memorandum and they make no representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this

offering memorandum as a promise or representation by the Initial Purchasers or the Trustee or the Agents. To the fullest extent permitted by law, none of the Initial Purchasers or the Trustee or the Agents or any of their respective directors, officers and affiliates accept any responsibility or liability in relation to information contained in this offering memorandum, statement made or purported to be made by any of the Initial Purchasers or the Trustee or the Agents or on its behalf or any other information provided by us in connection with the Issuer, the Subsidiary Guarantors, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) or the issue and offering of the Notes. This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Subsidiary Guarantors, the Initial Purchasers or the Trustee or the Agents that any recipient of this offering memorandum should purchase the Notes.

You should not reproduce or distribute this offering memorandum, in whole or in part, and should not disclose any contents or use any information in this offering memorandum for any purpose other than considering an investment in the Notes. None of the Initial Purchasers, the Trustee or the Agents or any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer, the Subsidiary Guarantors, JV Subsidiary Guarantors (if any) or our Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Initial Purchasers, the Trustee or the Agents or their respective affiliates. By accepting delivery of this offering memorandum, you agree to these terms.

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

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

In this offering memorandum, the term “Issuer,” “Company,” “we,” “our,” “us,” “Redsun Properties” and “the Group” refers to Redsun Properties Group Limited (弘陽地產集團有限公司) itself or Redsun Properties Group Limited (弘陽地產集團有限公司) and its consolidated subsidiaries, as the context requires.

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

We prepare and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi to U.S. dollars and from Hong Kong dollars to U.S. dollars have been made at the rates of RMB6.4566 to US\$1.00 and HK\$7.7658 to US\$1.00, respectively, the noon buying rate in effect on June 30, 2021 set forth in the H.10 statistical release of the Federal Reserve Board. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or Hong Kong dollar amounts, as the case may be, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

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

References to “Existing Notes” means (i) US\$300 million 9.95% senior notes due 2022 issued by the Issuer pursuant to an indenture dated as of April 11, 2019 (as such may be amended, supplemented or modified from time to time) (the “**Original 2022 I Senior Notes**”), and consolidated with an additional US\$150,000,000 principal amount of 9.95% senior notes due 2022 issued by the Issuer on November 13, 2019 (the “**Additional 2022 I Senior Notes**”) forming a single class (together, the “**2022 I Senior Notes**”); (ii) US\$250 million 10.5% senior notes due 2022 issued by the Issuer pursuant to an indenture dated as of July 3, 2019 (as such may be amended, supplemented or modified from time to time) (the “**2022 II Senior Notes**”); (iii) the US\$100 million 13.0% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of October 30, 2019 (as such may be amended, supplemented or modified from time to time) (the “**2021 II Senior Notes**”); (iv) the US\$300 million 9.70% senior notes due 2023 issued by the Issuer pursuant to an indenture dated January 16, 2020 (as such may be amended, supplemented or modified from time to time) (the “**Original 2023 Senior Notes**”), and consolidated with an additional US\$155,000,000 principal amount of 9.70% senior notes due 2023 issued by the Issuer on July 21, 2020 (the

“**Additional 2023 Senior Notes**”) forming a single class (together, the “**2023 Senior Notes**”); (v) the US\$350 million 7.3% senior notes due 2025 issued by the Issuer pursuant to an indenture dated as of January 13, 2021 (as such may be amended, supplemented or modified from time to time) (the “**2025 Senior Notes**”) and (vi) the US\$210 million 7.3% senior green notes due 2024 issued by the Issuer pursuant to an indenture dated as of May 21, 2021 (as such may be amended, supplemented or modified from time to time) (the “**2024 Senior Notes**”).

References to the “2019 Term Loan Facilities” is to the term loan facilities of up to US\$70,000,000 (with the option to increase the total commitments by not exceeding US\$80,000,000 (or its equivalent in HKD)) that we entered into with, *inter alia*, several financial institutions as lenders and Hang Seng Bank Limited (as agent and security agent) on December 17, 2019.

Unless otherwise specified, all site area and gross floor area data presented in this offering memorandum for any project represents the site area and GFA of the entire project, respectively, including such amount attributable to our shareholding interests in our non-wholly owned project companies.

In this offering memorandum, contracted sales represent the total purchase price of formal purchase contracts we enter into with purchasers of our properties within a specified period, as disclosed to us by our project companies nationwide, aggregated at our headquarters, and recorded in our internal records on a monthly basis, which has not been reviewed or audited by our auditors.

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

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

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. All statements other than statements of historical facts contained in this offering memorandum, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology are forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not a guarantee of future performance and may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “Risk Factors” in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section. Important factors that could cause our actual performance or achievements to differ materially from those expressed or implied by the forward-looking statements include, among other things, the following:

- our business and operating strategies;
- our acquisition strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our property development projects;
- the regulatory environment of our industry in general, including but not limited to the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;

- the performance and future developments of the property market in China or any region in China in which we may engage in property development and commercial operation;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the region where we operate, which affect land supply, availability and cost of financing, and pre-sale, pricing and volume of our property development projects;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- significant delay in obtaining various permits, proper legal titles or approvals for our properties;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in currency exchange rates; and
- other factors beyond our control.

ENFORCEMENT OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability, and each Subsidiary Guarantor and JV Subsidiary Guarantor (if any) is also incorporated or may be incorporated, as the case may be, outside the United States, such as the 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.

Substantially all of our businesses, assets and operations are located outside the United States. In addition, all of our directors, supervisors and executive officers are residents of countries other than the United States and substantially all of the assets of such persons are located outside the United States. Therefore, it may be difficult for investors to effect service of process upon the Issuer, the Subsidiary Guarantors, or such persons, or to enforce against the Issuer, the Subsidiary Guarantors, our directors, supervisors, officers, or such person judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view towards developing a comprehensive system of commercial law. In particular, legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. As a result of the activities to develop the legal system, the system of laws in the PRC continues to evolve. However, even where adequate law exists, the enforcement of existing laws or contracts may be uncertain and sporadic. The PRC legal system is based on written statutes and their interpretations, and prior court decisions may be cited for reference but have limited weight as precedent. We have been advised by Fangda Partners, our PRC legal advisor, that it is uncertain whether the courts of the PRC would (i) enforce judgments of U.S. courts obtained against us or our directors, supervisors and officers predicated solely upon the civil liability provisions of the U.S. federal or state securities laws, or (ii) entertain original actions brought in the PRC against us or such persons predicated solely upon the U.S. federal or state securities laws. There is no treaty for reciprocal recognition or enforcement of judgments between PRC and the United States.

Ogier, our British Virgin Islands legal advisor, has advised that although there is no statutory enforcement in the British Virgin Islands of judgments or orders obtained in the United States courts, the courts of the British Virgin Islands will recognize and enforce such foreign judgment or order, without re-examination or re-litigation of the matters adjudicated upon, if the judgment or order (i) is given by a foreign court of competent jurisdiction; (ii) is final and conclusive; (iii) is not in respect of punitive damages, taxes or other charges of a like nature or in respect of a fine or other penalty; (iv) was not obtained by fraud or in breach of the rules of natural justice of the British Virgin Islands; and (v) is not of a kind, the enforcement of which is contrary to public policy in the British Virgin Islands. The courts of the British Virgin Islands will apply the rules of British Virgin Islands private international law to determine whether the foreign court is a court of competent jurisdiction. Subject to these limitations, the courts of the British Virgin Islands will recognize and enforce a foreign judgment for a liquidated sum and may also give effect in the British Virgin Islands to other kinds of foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions. The Notes, the Subsidiary Guarantees,

the JV Subsidiary Guarantees (if any) and the Indenture are each governed by the laws of the State of New York. Under the Notes and the Indenture, we will irrevocably submit to the non-exclusive jurisdiction of any state or United States federal court located in the Borough of Manhattan, the City of New York, New York in any suit, action or proceeding arising out of or relating to the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture.

Ogier, our counsel as to Cayman Islands laws, has advised us that the courts of the Cayman Islands would recognize, as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts in the United States against the Issuer under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, a final and conclusive in personam judgment for non-monetary relief, and would give a judgment based thereon, provided that: (i) such courts had proper jurisdiction over the parties subject to such judgment; (ii) such courts did not contravene the rules of natural justice of the Cayman Islands; (iii) such judgment was not obtained by fraud; (iv) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; (vi) such judgment is not inconsistent with a Cayman Islands judgment or order in respect of the same matter; (vii) such judgment is enforced within six years of the date of such judgment; and (viii) there is due compliance with the correct procedures under the laws of the Cayman Islands.

We have been advised by our Hong Kong legal advisors, Paul Hastings, that Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon United States federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment based on the strength of the foreign judgment, *provided* that the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment: (a) was obtained by fraud; (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules); (c) is contrary to public policy or natural justice; (d) is for a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or is penal in nature; or (e) is barred from enforcement by or in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong).

The Notes and the Indenture are each governed by the laws of the State of New York. Under the Notes and the Indenture, each of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably submit to the non-exclusive jurisdiction of any state or United States federal court located in the Borough of Manhattan, the City of New York, New York in any suit, action or proceeding arising out of or relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) and the Indenture.

Each of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), expects to appoint Cogency Global Inc. as its respective agent to receive service of process with respect to any action brought against it in the United States federal courts

located in the Borough of Manhattan the City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against it in the courts of the State of New York in the Borough of Manhattan, the City of New York under the securities laws of the State of New York.

PRESENTATION OF FINANCIAL INFORMATION

This offering memorandum contains our combined financial information, which have been prepared and presented in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

The consolidated financial data of the Group as of and for the years ended December 31, 2018 and 2019 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2019. The consolidated financial data of the Group as of and for the year ended December 31, 2020 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2020. The Group’s financial statements are audited by Ernst & Young (“**EY**”), our independent certified accountants, and are included elsewhere in this offering memorandum.

The consolidated interim financial data of the Group as of and for the six months ended June 30, 2020 and 2021 set forth in this offering memorandum (except for EBITDA data) have been derived from our consolidated financial statements as of and for the six months ended June 30, 2021, as reviewed by EY, and are included elsewhere in this offering memorandum. Such financial statements as of and for the six months ended June 30, 2021 should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending December 31, 2021.

Our reporting currency is Renminbi.

GLOSSARY OF TECHNICAL TERMS AND DEFINITIONS

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

“Articles of Association” or “Articles”	the amended and restated articles of association of our Company conditionally adopted on June 25, 2018 which took effect on July 12, 2018, as amended, supplemented or otherwise modified from time to time
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CIRC”	China Insurance Regulatory Commission (中國保險監督管理委員會)
“commodity properties”	Residential properties, commercial properties and other buildings that are developed by real estate developers for the purposes of sale or lease after their completion
“commodity residential properties”	residential properties developed by a property developer for sale
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“completion certificate”	the construction project planning inspection and clearance certificate (建設工程竣工驗收備案) issued by various local bureaus in China including the fire protection department, planning department, environmental protection department and air defense department with respect to the completion of property projects subsequent to their on-site examination and inspection
“construction land planning permit” . . .	the construction land planning permit (建設用地規劃許可證) issued by a local urban zoning and planning bureau or some other relevant government authority

“construction permit” .	the construction works commencement permit (建設工程施工許可證) issued by a local governmental construction committee or some other relevant government authority
“construction work commencement permit”	construction work commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Zeng, Redsun Properties Group (Holdings), Hong Yang Group (Holdings), Hong Yang International and Hong Yang Group Company
“GDP”	gross domestic product
“GFA”	gross floor area
“IAS”	International Accounting Standards, which is endorsed and amended by the International Accounting Standards Board
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	a person or persons, or entity or entities who/which is/are not a connect person(s) of our Company under the Listing Rules
“land grant contract” .	the state-owned land use right grant contract (國有土地使用權出讓合同) entered into with a land administration bureau or some other relevant government authority in respect of the grant of state-owned land use rights
“land reserve”	the total amount of: (i) completed properties that have not been sold or delivered, in terms of saleable GFA, (ii) rentable GFA held for property investment, (iii) properties under development, in terms of total GFA, and (iv) properties held for future development (including those for which we have entered into a land grant contract but have not obtained the land use rights certificate)
“land use right certificate”	the state-owned land use right certificate (國有土地使用證) issued by a local land and resources bureau or some other relevant government authority

“LAT”	Land Appreciation Tax (土地增值稅), as defined in 《中華人民共和國土地增值稅暫行條例》 ((the Provisional Regulations of the PRC on Land Appreciation Tax) and its implementation rules, as described in the section headed “Regulation” in this offering memorandum
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zeng”	Mr. Zeng Huansha, founder of our Group and a Controlling Shareholder
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“occupancy rate”	refers to the ratio of leased GFA to rentable GFA held for property investment of a property development project on a given date
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	《中華人民共和國公司法》 ((the PRC Company Law) which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the generally accepted accounting principles in the PRC
“pre-sale”	sales of properties prior to the completion of their construction, after the satisfaction of certain conditions under PRC laws and regulations
“pre-sale permit”	the commodity property pre-sale permit (商品房預售許可證) issued by a local land and resources and/or housing administration bureau or some other relevant government authority
“property ownership certificate”	the property ownership certificate (房地產權證) issued by a local land and resources and/or housing administration bureau or some other relevant government authority

“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“saleable/rentable GFA”	the amount of GFA that a property developer intends to sell or rent and that does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the projects
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

SUMMARY

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

OVERVIEW

We are a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. We focus on residential property development, commercial property investment and operations as well as hotel operating management. Adhering to the core values of “professionalism and building credibility for the long term”, we strictly implement the investment strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities” (做透大江蘇、深耕都市圈、做強中心城), achieving the dual-driven coordinated development in property development and commercial real estate. Since the incorporation of Nanjing Redsun in 1999, we have worked in the sector of property development and sales for over 20 years, established the Hong Yang brand and received widespread recognition for our development capacity and industry position. We have maintained steady growth in recent years. Our net profit increased from RMB1,412.3 million in 2018 to RMB1,467.6 million in 2019, and further increased to RMB1,661.0 million in 2020 and our net profit for the six months ended June 30, 2020 and 2021 amounted to RMB677.4 million and RMB739.3 million (USD114.5 million), respectively. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our total assets amounted to RMB67,922.1 million, RMB95,397.1 million, RMB119,045.2 million and RMB129,607.8 million (US\$20,073.7 million), respectively.

We have established the *Hong Yang* brand, which enjoyed a high reputation and recognition in the Yangtze River Delta region. Sales of the Group for the first half of 2021 increased its rank to 45th nationwide according to the statistics of CRIC (克而瑞研究中心). Our Nanjing Hong Yang Plaza was also recognized as “2021 Commercial Property Benchmarking Project” by the China Index Academy. In 2020, we were ranked 47th among China’s Top 500 property developers and 2nd in terms of growth rate among China’s Top 10 property developers by the China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal. In 2019, we were ranked TOP 500 China Real Estate Developers by China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal and TOP 50 New and Vigorous Chinese Listed Companies by Brand Value by National Business Daily and Tsinghua SEM, and we also received the award of “2019 Top 30 Brand of China Real Estate Companies (mixed all 11–30) (2019中國房地產公司品牌價值TOP 30 (混合所有11–30)) in the 2019 China Real Estate Brand Value Research Results Release Conference cum 16th China Real Estate Brand Development Summit (2019年中國房地產品牌價值研究成果發布會暨第十六屆中國房地產品牌發展高峰論壇) held in Beijing in 2019.

Designing and developing customer-tailored products and implementing high standards of quality control are the lifeline of us. We conducted an intensive study of customer needs and launched four product lines, from properties with the best improvement, to high-quality rigid demand housing, namely, Times Series (時光系), Sunrise Series (昕悅系), Chenhui Series (宸暉系) and Hongzhu Series (弘著系), to meet the needs of different consumer groups. We use high-quality materials and accessories for

construction and decoration and critically review the work of contractors. We use the internal standard of “millimetric quality error” for product quality control. We strive to meet the needs of our customers through fine workmanship and quality control measures.

We have balanced property development and operation abilities. While developing residential properties, we also operate commercial complexes covering shopping malls, amusement parks and community centers, hotels and office buildings. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects. Looking ahead, we will continue to adhere to the “Property + Commercial” dual-driven strategy. In 2018, 2019 and 2020, our commercial properties accounted for a revenue of RMB359.0 million, RMB411.4 million and RMB505.2 million, respectively. In the six months ended June 30, 2021, revenue from commercial operations increased by 37.1% to RMB291.8 million (US\$45.2 million) as compared to RMB212.8 million in the corresponding period of 2020.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China, and have gradually extended our reach to the Greater Bay Area, the Chengdu-Chongqing region, Central Plains, Midstream of Yangtze River and the Shandong Peninsula. As at June 30, 2021, we had a total of 168 projects under construction with an aggregate planned gross floor area of 18,696,674 sq.m. Keeping abreast of the pace of urban development, we seized the investment opportunities with diversified investment channels and actively enlarged our land bank. As of June 30, 2021, we had land reserves with a total GFA of approximately 21,005,050 sq.m., representing an increase of 4.7% from that of 20,057,380 sq.m. as at December 31, 2020. Our land reserves comprise of (i) completed properties with a saleable GFA of approximately 1,470,311 sq.m., (ii) investment properties with a rentable GFA of approximately 838,065 sq.m., and (iii) properties under development with an aggregate GFA of approximately 18,696,674 sq.m.. We believe our existing land reserves can provide sufficient support for our future development.

We launched our head office in Shanghai in February 2019 to form a dual headquarters’ operation in Shanghai and Nanjing. Shanghai, which has a large property market, is one of our key expansion regions in future. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in the future to provide support for our further business expansion.

We have been successfully listed on the Stock Exchange of Hong Kong since July 12, 2018 and our shares are listed under the stock code “1996”. We believe our listing has provided us an important opportunity for leapfrog development. Starting from 2019, our shares were included in the Hang Seng Composite Index and the southbound Stock Connect, which we believe will further strengthen our influence in the capital markets.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths are the key to our many achievements and distinguish us from our competitors:

- Establishing the Hong Yang brand and becoming a comprehensive property developer;

- Accurate product positioning, leading quality control system and customer-tailored products;
- High-quality land reserves and stable and reliable land acquisition ability;
- Excellent commercial property assets and strong operational abilities, forming synergistic effect in residential property development;
- An efficient and modern management model that focuses on investment, financing, management and exit to maximize returns on property projects; and
- Experienced senior management and team of employees with strong execution ability.

OUR STRATEGIES

We endeavor to become the premier and trusted comprehensive property developer in the country. For this end, we will implement the following strategies:

- Continue to proactively explore markets in the Yangtze River Delta region and selectively develop new markets at the same time to form a regional pattern of “1 + 3 + X”;
- Continue to adopt diversified land acquisition strategies to enrich and optimize our land reserves;
- Further improve product quality and design based on customer and created value for customer;
- Expand the business sector primarily based on the asset-light mode to promote “Hong Yang” brand and form a synergistic effect with the residential property development sector;
- Improve operation efficiency, pursue rapid turnover and increase capital use efficiency; and
- Accelerate talent system building to attract high-quality talents in the industry.

RECENT DEVELOPMENTS

Co-operation Development Agreement in relation to Guangzhou Zhaoying Real Estate Co., Ltd.

On 10 June 2021, Guangzhou Hongyu Real Estate Development Co., Ltd (廣州市弘裕房地產開發有限公司) (“**Guangzhou Hongyu**”), an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Development Agreement with Guangzhou Merchants Property Development Limited (廣州招商房地產有限公司) (“**Guangzhou Merchants**”), Wuhan Dabenying Commercial Management Co., Ltd. (武漢大本營商業管理有限公司) (“**Wuhan Dabenying**”) and Guangzhou Zhaoying Real Estate Co., Ltd. (廣州招贏房地產有限責任公司) (the “**Project Company**”), pursuant to which Wuhan Dabenying agreed to acquire an aggregate of 33% of the equity interest in the Project Company by way of transfer and contribution to the registered capital and the capital reserve of the Project Company. Upon completion of the transfer, the Project Company will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 60%, 34% and 6%, respectively. Pursuant to the Cooperation Development Agreement, each of Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying will contribute to the registered capital and the capital reserve of the Project Company in the amount of not less than MB594,000,000, RMB612,000,000 and RMB594,000,000, respectively. Upon completion of the capital increase, (i) the registered capital of the Project Company will be increased from RMB10,000,000 to not less than RMB100,000,000, which will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 33%, 34% and 33%, respectively; and (ii) the Project Company will become a subsidiary (instead of an associate) of the Company as Guangzhou Hongyu will control the composition of the majority of the board of directors of the Project Company.

Contracted sales

The accumulated contracted sales of the Company, together with its subsidiaries and associated companies from January 2021 to August 2021 amounted to approximately RMB62.03 billion.

The COVID-19 Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected our business operation and financial condition. However, the PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details, please see “Risk Factors — Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC”.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), see “Description of the Notes.” The information contained in “Description of the Notes” shall prevail to the extent of any inconsistency with the information set forth in this section. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	Redsun Properties Group Limited (弘陽地產集團有限公司)
Subsidiary Guarantors .	Subject to “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees or JV Subsidiary Guarantees,” Redsun Properties Investment (Holdings) Limited (弘陽地產投資(控股)有限公司) and Hong Yang Properties Investment Limited (弘陽地產投資有限公司) shall initially be the Subsidiary Guarantors.
Notes Offered	US\$200,000,000 9.5% senior green notes due 2023.
Issue Price	97.976% of the principal amount of the Notes.
Issue Date	September 20, 2021.
Maturity Date	September 20, 2023.
Interest Rate	The Notes will bear interest from and including the Original Issue Date at the rate of 9.5% per annum, payable in arrears.
Interest Payment Dates	March 20 and September 20 of each year commencing March 20, 2022.
Ranking of the Notes . .	The Notes are: <ul style="list-style-type: none">● general obligations of the Issuer;● senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;● at least <i>pari passu</i> in right of payment with the Existing Notes and all other unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);

- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this offering memorandum;
- effectively subordinated to the secured obligations of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

**Subsidiary Guarantees
and JV Subsidiary
Guarantees (if any) . .**

Each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. None of the existing Restricted Subsidiaries will provide any JV Subsidiary Guarantee on the Original Issue Date.

The Issuer will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries, the Finance Subsidiaries and the Listed Subsidiaries), as soon as practicable after such Person becomes a Restricted Subsidiary, and each Exempted Subsidiary that ceases to be an Exempted Subsidiary, as soon as practicable after it ceases to be an Exempted Subsidiary, and each Finance Subsidiary that ceases to be a Finance Subsidiary, as soon as practicable after it ceases to be a Finance Subsidiary, and each Listed Subsidiary that ceases to be a Listed Subsidiary, as soon as practicable after it ceases to be a Listed Subsidiary, as the case may be, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such entity will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Issuer may elect to have (i) any future Subsidiary Guarantor or JV Subsidiary Guarantor, (ii) any future Restricted Subsidiary organized under laws outside the PRC, at the time such entity becomes a Restricted Subsidiary, (iii) any Exempted Subsidiary, at the time that such entity ceases to be a Exempted Subsidiary, (iv) any Finance Subsidiary, at the time such entity ceases to be a Finance Subsidiary, or (v) any Listed Subsidiary, at the time such entity ceases to be a Listed Subsidiary not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (Restricted Subsidiaries that are so elected not to provide Subsidiary Guarantee or JV Subsidiary Guarantee, together with each of the Initial Non-Guarantor Subsidiaries (other than W Ocean), to the extent that such Initial Non-Guarantor Subsidiary is not an Exempted Subsidiary, Finance Subsidiary or Listed Subsidiary, the “Other Non-Guarantor Subsidiaries”); provided that, at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Finance Subsidiary or a Listed Subsidiary, as the case may be, after giving effect to the consolidated assets of such entity, the Consolidated Assets of all Other Non-Guarantor Subsidiaries do not account for more than 20% of the Total Assets.

If, at any time, the Consolidated Assets of all Other NonGuarantor Subsidiaries account for more than 20% of the Total Assets, the Issuer must cause one or more Other Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Other NonGuarantor Subsidiaries will Guarantee the payment of the Notes such that the 20% limitation is complied with, provided that, such supplemental indenture shall be executed and delivered as soon as practicable from the date of the most recent fiscal quarter for which the consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile on a timely basis and which may be internal consolidated financial statements) become available.

None of the existing or future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. None of the existing or future Exempted Subsidiaries, Listed Subsidiaries or Finance Subsidiaries (for so long as they maintain the relevant status) will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

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 Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees or 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 the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least *pari passu* with the subsidiary guarantee for the Existing Notes and the other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

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 the 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 the unsecured and 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 intend to use the net proceeds for refinancing our existing medium to long term offshore indebtedness which will become due within one year.

Green Bonds The Notes are being issued as “Green Financing Instruments” under our Green Financing Framework. Pursuant to our Green Financing Framework, we will allocate an amount equal to the net proceeds received from the Offering to finance or refinance eligible green projects in accordance with the Green Financing Framework. See the section entitled “Green Financing Framework”.

Optional Redemption . . . At any time and from time to time prior to September 20, 2023, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to September 20, 2023, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Issuer in an Equity Offering at a redemption price of 109.50% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date; provided that at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Repurchase of Notes

Upon a Change of Control Triggering Event

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

Repurchase of Notes

Upon a Delisting Event

Upon the occurrence of a Delisting Event, the Issuer will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date. See “Description of the Notes — Delisting Put Right.”

Redemption for

Taxation Reasons . . . Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Issuer or a Surviving Person, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or a Surviving Person, as the case may be, for redemption, if the Issuer or a Surviving Person would become obliged to pay certain Additional Amounts as a result of changes in certain tax laws. See “Description of the Notes — Redemption for Taxation Reasons.”

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

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

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

Transfer Restrictions . . . The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) 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 Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one global note registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

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

Delivery of the Notes. . . The Issuer expects to make delivery of the Notes against payment in same-day funds on or about September 20, 2021, which will be the fifth business day following the date of this offering memorandum referred to as “T + 5”. You should note that initial trading of the Notes may be affected by the T + 5 settlement. See “Plan of Distribution.”

Trustee The Bank of New York Mellon, London Branch.

Paying Agent The Bank of New York Mellon, London Branch.

Note Registrar and Transfer Agent. The Bank of New York Mellon SA/NV, Dublin Branch.

Listing and Trading. . . Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only as described in this offering memorandum.

Ratings The Notes are expected to be rated “B +” by Fitch, “B3” by Moody’s and “BB” from Lianhe Global. A rating does not constitute a recommendation to purchase, hold or sell the Notes and may be subject to suspension, reduction or withdrawal at any time. See “Ratings”.

Governing Law The Notes, Subsidiary Guarantees and JV Subsidiary Guarantees (if any), and the Indenture are governed by and will be construed in accordance with the laws of the State of New York.

ISIN/Common Code . .	ISIN	Common Code
	XS2384273475	238427347

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

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SUMMARY FINANCIAL DATA

The following table presents our summary financial and other data. The consolidated financial data as of and for the years ended December 31, 2018 and 2019 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2019. The consolidated financial data as of and for the year ended December 31, 2020 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2020. The Group's financial statements are audited by EY, our independent certified accountants, and are included elsewhere in this offering memorandum. The consolidated interim financial data of the Group as of and for the six months ended June 30, 2020 and 2021 set forth below (except for EBITDA data) have been derived from our consolidated financial statements as of and for the six months ended June 30, 2021, as reviewed by EY, and are included elsewhere in this offering memorandum. Such financial statements as of and for the six months ended June 30, 2021 should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending December 31, 2021. Our financial statements have been prepared and presented in accordance with IFRS. The summary financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

Summary Income Statement

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	2020 (RMB'000) (unaudited)	2021 (RMB'000) (unaudited)	2021 (US\$'000) (unaudited)
Revenue	9,238,741	15,169,506	20,158,701	9,623,812	12,964,452	2,007,938
Cost of sales	<u>(6,351,656)</u>	<u>(11,356,243)</u>	<u>(15,650,959)</u>	<u>(7,189,382)</u>	<u>(10,234,286)</u>	<u>(1,585,089)</u>
Gross Profit	2,887,085	3,813,263	4,507,742	2,434,430	2,730,166	422,849
Other income and gains	235,973	331,217	632,630	179,188	222,919	34,526
Selling and distribution expenses	(341,771)	(651,982)	(927,623)	(319,716)	(416,723)	(64,542)
Administrative expenses	(686,271)	(1,089,711)	(990,669)	(543,059)	(403,745)	(62,532)
Other expenses	(48,159)	(36,560)	(39,356)	(50,488)	(35,318)	(5,470)
Fair value gains on investment properties	260,803	310,456	258,949	57,302	87,690	13,581
Finance costs	(499,297)	(634,309)	(725,412)	(425,186)	(494,616)	(76,606)
Share of gains/(losses) of:						
Joint ventures	387,008	97,724	(85,034)	(26,237)	(123,195)	(19,080)
Associates	<u>(19,993)</u>	<u>595,285</u>	<u>528,110</u>	<u>259,141</u>	<u>158,469</u>	<u>24,544</u>
Profit before tax	2,175,378	2,735,383	3,159,337	1,565,375	1,725,647	267,269
Income tax expense	(852,253)	(1,099,523)	(1,304,397)	(670,307)	(735,678)	(113,942)
Profit for the year	<u>1,323,125</u>	<u>1,635,860</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>
Attributable to:						
Owners of the parent	1,412,264	1,467,555	1,660,967	677,418	739,311	114,505
Non-controlling interests	<u>(89,139)</u>	<u>168,305</u>	<u>193,973</u>	<u>217,650</u>	<u>250,658</u>	<u>38,822</u>
Profit for the year	<u>1,323,125</u>	<u>1,635,860</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018	2019	2020	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
OTHER COMPREHENSIVE INCOME						
Gains on property revaluation:						
Change in use from an owner-occupied property to an investment property carried at fair value.	—	27,896	—	—	—	—
Income tax effect	—	(6,974)	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX.						
	—	20,922	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR.						
	<u>1,323,125</u>	<u>1,656,782</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>
Attributable to:	—	—	—	—	—	—
Owners of the parent	1,412,264	1,488,477	1,660,967	677,418	739,311	114,505
Non-controlling interests.	(89,139)	168,305	193,973	217,650	250,658	38,822
	<u>1,323,125</u>	<u>1,656,782</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>

Other Financial Data

	As at December 31,			As at June 30,	
	2018	2019	2020	2020	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA (RMB in million) ⁽¹⁾	3,010	4,115	5,839	2,814	3,460
EBITDA Margin ⁽²⁾	33%	27%	29%	29%	27%

Notes:

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

Summary Balance Sheet Data

	As of December 31,			As of June 30, 2021	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Non-current assets					
Property, plant and equipment	988,556	807,938	820,826	798,559	123,681
Investment properties	9,397,000	11,572,037	12,973,827	13,100,420	2,028,997
Right-of-use assets	—	157,721	99,437	96,158	14,893
Prepaid land lease payments	28,903	—	—	—	—
Other intangible assets	11,998	12,426	11,180	10,121	1,568
Investments in joint ventures	1,026,466	2,236,978	1,977,217	2,126,390	329,336
Investments in associates	1,712,839	5,584,394	9,572,816	11,580,469	1,793,586
Deferred tax assets	443,060	727,598	1,045,864	1,152,389	178,482
Loan receivables	—	—	211,721	—	—
Total non-current assets	<u>13,608,822</u>	<u>21,099,092</u>	<u>26,712,888</u>	<u>28,864,506</u>	<u>4,470,543</u>
Current assets					
Properties under development	29,702,386	36,280,854	48,499,979	48,370,726	7,491,671
Completed properties held for sale	1,162,901	3,327,897	3,795,722	5,578,339	863,975
Trade receivables	23,728	6,767	7,067	3,118	483
Due from related companies	6,949,865	8,454,905	8,801,141	12,188,228	1,887,716
Prepayments, other receivables and other assets	2,643,862	7,705,396	11,601,756	15,567,814	2,411,147
Tax recoverable	239,800	516,753	630,969	864,566	133,904
Financial assets at fair value through profit or loss	1,130,607	1,148,390	428,521	545,250	84,448
Inventories	4,054	12,613	42,046	49,976	7,740
Restricted cash	2,644,723	2,304,586	2,862,288	2,522,740	390,723
Pledged deposits	3,578,720	5,848,309	3,253,741	1,083,760	167,853
Cash and cash equivalents	6,232,596	8,691,522	12,409,052	13,968,826	2,163,496
Total current assets	<u>54,313,242</u>	<u>74,297,992</u>	<u>92,332,282</u>	<u>100,743,343</u>	<u>15,603,156</u>

	As of December 31,			As of June 30, 2021	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Current liabilities					
Trade and bills payables	2,885,646	4,845,588	6,244,841	7,060,716	1,093,566
Other payables and accruals . .	3,752,834	7,040,888	8,376,013	8,335,019	1,290,930
Contract liabilities	16,639,157	24,974,641	29,383,224	30,842,533	4,776,900
Due to related companies	4,941,489	5,387,256	8,068,242	12,402,221	1,920,859
Interest-bearing bank and other borrowings	8,233,697	10,516,391	8,766,941	6,845,651	1,060,256
Senior notes	2,592,868	1,894,998	2,671,726	3,571,310	553,125
Tax payable	1,603,664	2,169,259	2,904,848	2,970,750	460,111
Lease liabilities	—	46,809	35,509	45,336	7,022
Total current liabilities	40,649,355	56,875,830	66,451,344	72,073,536	11,162,769
Net current assets	13,663,887	17,422,162	25,880,938	28,669,807	4,440,387
TOTAL ASSETS LESS					
CURRENT LIABILITIES	27,272,709	38,521,254	52,593,826	57,534,313	8,910,930
Non-current liabilities					
Interest-bearing bank and other borrowings	11,092,804	9,755,355	13,285,233	15,176,110	2,350,480
Senior Notes	—	7,379,644	7,581,168	8,281,029	1,282,568
Deferred tax liabilities	2,330,160	2,428,329	2,377,861	2,247,906	348,156
Lease liabilities	—	911,477	1,745,635	1,397,780	216,489
Other payable accruals	—	—	200,345	208,420	32,280
Total non-current liabilities	13,422,964	20,474,805	25,190,242	27,311,245	4,229,973
NET ASSETS	13,849,745	18,046,449	27,403,584	30,223,068	4,680,957
Equity					
Equity attributable to owners of the parent					
Share capital	28,254	28,254	28,275	28,354	4,391
Share premium	2,931,914	2,628,301	2,257,437	1,876,314	290,604
Other reserves	9,734,737	11,231,190	12,894,625	13,625,343	2,110,297
	12,694,905	13,887,745	15,180,337	15,530,011	2,405,292
Non-controlling interests	1,154,840	4,158,704	12,223,247	14,693,057	2,275,665
TOTAL EQUITY	13,849,745	18,046,449	27,403,584	30,223,068	4,680,957

Summary Cash Flows Statement

	For the year ended 31 December		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Net cash (used in)/from operating activities	(2,627,998)	989,727	(5,566,793)
Net cash (used in)/from investing activities	(3,980,233)	(6,483,960)	(818,987)
Net cash from financing activities	10,362,764	7,884,700	10,238,182
Net increase/(decrease) in cash and cash equivalents	3,754,533	2,390,467	3,852,402
Cash and cash equivalent as at the beginning of the year	2,478,063	6,232,596	8,691,522
Effect of foreign exchange rate changes, net	—	68,459	(134,872)
Cash and cash equivalent as at the end of the year	6,232,596	8,691,522	12,409,052

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS

Our business and prospects are dependent on the economic conditions in the PRC and the performance of the PRC property market, and in particular on the performance of the markets in the Yangtze River Delta, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in this region, could have a material adverse effect on our business, financial condition and results of operations.

We principally develop and sell properties in the Yangtze River Delta. As of June 30, 2021, we had 168 property projects under construction in the PRC in various stages of development. Our business therefore is heavily dependent on the property markets in the Yangtze River Delta. These property markets may be affected by local, regional, national and global factors, including economic and financial developments, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and the availability of capital. Any adverse developments in the PRC property market generally or in this region in particular, could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, private ownership of property in China is still at a relatively early stage of development. Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how significantly demand will develop.

Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. In addition, the limited amounts and types of mortgage financing available to individuals may also inhibit demand for residential property. The risk of over-supply is also increasing in parts of China where property investment, trading and speculation have become more active.

Due to an increase in demand for residential properties in the PRC in the last few years, the PRC Government adopted measures to limit the price level of properties in order to prevent the market from becoming overheated. Such austerity measures may affect property price level, market demand and supply and our business performance.

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

Although we have generally experienced increase in revenue and net profit for the three years ended December 31, 2020 and the six months ended June 30, 2021, investors should be cautioned that past performance is not indicative of future performance.

We had negative net operating cash flow for the year ended December 31, 2018 and 2020 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments, our business operation or repayment of our indebtedness whether through bank loans, corporate bonds, trust financing or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the land acquisition and construction period. During the years ended December 31, 2018, 2019 and 2020, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans, corporate bonds, shareholder's equity injection and trust and other financing arrangements. We expect to continue to fund our projects through these sources and will look for additional financing opportunities, such as debt offerings.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the years ended December 31, 2018 and 2020, we recorded negative net cash flow from operating activities of approximately RMB2,628.0 million and RMB5,566.8 million, respectively. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. See "Management Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Cash Flow." Although we recorded positive net cash flow from operating activities of approximately RMB989.7 million for the year ended December 31, 2019, we cannot assure you that we will not experience negative net cash flow again or achieve positive cash flow from our operating activities in the future. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. Accordingly, if we fail to obtain sufficient external financing, there could be a default under the terms of these debt obligations which could cause repayment of our debt to be accelerated and our business operation and financial conditions may be materially and adversely affected. See "— We have significant indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to

satisfy our existing and future debt obligations” and “— Risks Relating to the Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees — If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.” Meanwhile, if adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect our business, financial condition, results of operations and prospects.

The growth and success of our business depend on our ability to continue acquiring land reserves located in desirable locations at commercially reasonable prices. Our ability to acquire land depends on a variety of factors that we cannot control, such as general economic conditions, government land policies, our effectiveness in identifying and acquiring land parcels suitable for development and the competition among property developers for such land parcels. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, a majority of our completed projects were developed on land obtained through public tender, auction or listing-for-sale process organized by government authorities, and we may continue to acquire land for our property development projects through such methods. The PRC Government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Local governments control the land acquisition process through government-organized public tender, auction or listing-for-sale process. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. See “Regulation.” Furthermore, the rapid development of the cities of Jiangsu and other parts of the Yangtze River Delta in recent years has resulted in a shortage in the supply of undeveloped land in desirable locations and increased land acquisition costs, which is one of the largest components of our cost of sales. Any increase in our land costs resulting from shortages of supply or our inability to procure land could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to obtain adequate financing to fund our future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.

Property development is capital intensive. We are expected to continue to incur a high level of capital expenditure for land acquisition and construction for the foreseeable future. For information on our capital expenditure for the years ended December 31, 2018, 2019 and 2020 and our capital commitments as of December 31, 2018, 2019 and 2020, see “Management Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness” in this offering memorandum.

During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we financed our property projects primarily through a combination of internally generated funds, including proceeds from pre-sales and sales of our properties, borrowings from financial institutions, such as CBRC-licensed commercial banks and trust

financing companies, and bonds. See “Business — Project Financing — Trust and Other Financing Arrangements.” Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

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

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

- the PBOC has adjusted the Renminbi deposit reserve ratio for major banks several times since 2010, first upward (to a peak of 21.5%) and more recently downward (to its present level of 14.5%). Effective on October 15, 2018, the PBOC would make downward adjustment of the Renminbi deposit reserve ratio for large commercial banks, joint stock commercial banks, city commercial banks, non-county rural commercial banks and foreign-funded commercial banks by 1.0%;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008. In particular, in 2015 the PBOC lowered the benchmark one-year bank lending rate to 5.35% on March 1, 2015, to 5.00% on May 11, 2015, to 4.85% on June 27, 2015, to 4.6% on August 26, 2015, and further lowered it to 4.35% on October 24, 2015;
- starting from August 20, 2019, the PBOC introduced the one-year loan prime rate (the “LPR”) and suggested PRC commercial banks to adopt the LPR as the pricing benchmark in the floating rate loan contracts. In addition, PRC commercial banks shall no longer enter into floating rate loan contracts based on the benchmark one-year lending rate since January 1, 2020;
- requiring that at least (i) 20% of total investment in property projects is for affordable housing or commodity housing; and (ii) 25% of the total investment for all other types of property projects is funded by the developer’s own capital, and the highest percentage had been at 30% during the years ended December 31, 2016, 2017 and 2018;
- restricting commercial banks from granting loans to property developers which will be used to pay land premium;

- restricting trust companies from providing financing to property developers that have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permit or construction work commencement permits, or to projects that fail to meet project capital ratio requirements;
- restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have second-level or above qualification;
- prohibiting PRC commercial banks from extending any existing loans or granting any new or revolving credit facilities in any form to property developers with non-compliance records in relation to, among other things, holding and speculating idle lands, using the land outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;
- prohibiting PRC commercial banks from taking commodity properties that have been vacant for more than two years as security for loans to property developers; and
- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside.

In addition, on March 13, 2018, the PRC State Council submitted the Reform Plan on State Council Agencies for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee. In April 2018, CBRC and CIRC were merged as CBIRC, covering the regulation of banking and insurance sectors in the PRC. This reform will lead to uncertainties in regulatory environment of the finance market, which may indirectly affect the real property industry. Further, on December 31, 2020, PBOC and CBRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain requirements for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). These financial institutions, based on the statistical data on December 31, 2020, will be given a business adjustment transition period of 2 or 4 years, which depends on whether they exceed 2% of the legal proportion, to legitimate their loan structures. PBOC and CBRC shall take measures, such as additional capital requirements and weight adjustments of risk of real estate assets for these banking financial institutions that fail to implement proportional rectification within certain period. For further information, see “Regulation.” The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans, trust and other financing arrangements to finance our property projects. Should the PRC Government introduce similar additional initiatives, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all.

We are a holding company and will rely on dividends paid by the PRC Subsidiaries to fund our cash and financing requirements, and any limitation on the ability of the PRC Subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct business.

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our Subsidiaries in China. We will be financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

The PRC laws and regulations require that dividends be paid only out of distributable profits, which are net profit of our PRC Subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC Subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating Subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC Subsidiaries. Failure by our operating Subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, some of our PRC Subsidiaries, including Mingliu Properties Wuhan Co., Ltd. (名流置業武漢有限公司), Nanjing Hong Run Real Estate Development Co., Ltd. (南京弘潤房地產開發有限公司) and Nanjing Rui Sheng Real Estate Development Co., Ltd. (南京銳晟房地產開發有限公司), which are our material PRC Subsidiaries, are restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities, to which they are subject. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct business.

We are subject to risks associated with certain covenants or restrictions under our bank borrowings, bonds issuance, trust and other financing arrangements which may adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants in the loan contracts between us and certain banks and the trust and other arrangements entered into by us. For instance, some of our loan agreements with certain commercial banks may restrict our operating Subsidiaries from paying dividends to their shareholders without prior consent from the lenders, including Mingliu Properties Wuhan Co., Ltd. (名流置業武漢有限公司), Nanjing Hong Run Real Estate Development Co., Ltd. (南京弘潤房地產開發有限公司) and Nanjing Rui Sheng Real Estate Development Co., Ltd. (南京銳晟房地產開發有限公司), which are our material PRC Subsidiaries, are restricted from making any dividend or distribution to us. Our loan agreements with certain banks may also contain cross-default clauses. If any cross-default occurs, such banks are entitled under these agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. We may be required to seek the consent of the banks in order to carry out any mergers, restructurings, spin-offs, reductions in registered share capital, material asset transfers, liquidations, changes in shareholding or management structures or the

establishment of any joint ventures. Furthermore, as long as such loans are outstanding, some of our relevant operating Subsidiaries may not be able to provide guarantees to any third parties. In addition, our trust and other financing arrangements may have covenants that, among other things, the project company is required to notify and obtain written consent from the trust financing companies and other financing institutions in advance if, during the term of the trust financing, it is involved in any operational decisions which would lead to any material changes to the trust and other financing arrangement's interests, or if we need to provide guarantees for other external loans if there are circumstances which may affect our ability to repay loans. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of the relevant loans, in which case our business, financial condition and results of operations could be materially and adversely affected.

Hong Seng Limited, a company incorporated in the British Virgin Islands and wholly owned by Hong Yang Group Company, a limited liability company incorporated in Hong Kong and a controlling shareholder of the Company, which is not part of our Group, issued US\$275 million senior notes in February 2020, which bears an interest rate of 9.875% per annum and due August 2022 ("**Hong Seng 2022 Senior Notes**"). The Hong Seng 2022 Senior Notes are irrevocably and unconditionally guaranteed by Hong Yang Group Company.

According to the indenture or the constituent document governing the Hong Seng 2022 Senior Notes, Hong Yang Group Company and all of its restricted subsidiaries, which include the Company and our Subsidiaries, are subject to customary high-yield covenants (the "**Hong Yang Notes Covenants**") and other terms in the relevant indenture and constituent document. The Hong Yang Notes Covenants, subject to the permitted exceptions, carve-outs and materiality qualifications contained therein, limit Hong Yang Group Company's and its restricted subsidiaries' ability to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness by restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;

- engage in any business other than those which are the same as or related, ancillary or complementary to property development and commercial property operation, furniture and construction material wholesaling and retailing as well as property management businesses; and
- effect a consolidation or merger.

In addition, the Existing Notes and the 2019 Term Loan Facilities contain a number of restrictive covenants that, subject to certain permitted exceptions, carve-outs and materiality qualifications, impose limitations and restrictions on the Company and our Subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness by restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- engage in any business other than those which are the same as or related, ancillary or complementary to property development and commercial property operation, furniture and construction material wholesaling and retailing as well as property management businesses; and
- effect a consolidation or merger.

After we have issued the Notes offered under this offering memorandum, we and our restricted subsidiaries will be required to comply with the covenants under the Notes.

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

We currently have, and will continue to require, a substantial amount of indebtedness. Our bank loans and other borrowings, including both current and non-current borrowings, as of December 31, 2018, 2019 and 2020 and June 30, 2021 were RMB19,326.5 million, RMB20,271.7 million, RMB22,052.2 million and RMB22,021.8 million (US\$3,410.7 million), respectively. As of the date of this offering memorandum, we have issued an aggregate principal amount of US\$2,700 million Existing Notes, of which an aggregate

principal amount of US\$1,815 million remain outstanding. Please see “Description of Other Material Indebtedness — Offshore Debt Securities” for further details. Our gearing ratio was 158.3%, 163.7%, 117.9% and 112.1%, respectively, as of December 31, 2018, 2019 and 2020 and June 30, 2021. Our indebtedness and gearing could have significant implications, including, among others:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limiting our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds; and
- increasing our cost of additional financing.

Pursuant to certain trust financing agreements, trust companies and asset management companies have veto rights over some of our above corporate actions, which will further limit our flexibility of operation and ability to raise additional funding. Moreover, our trust and other financings are generally secured by our equity interests in the PRC Subsidiaries or lien of land use rights or development projects. If we default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these PRC Subsidiaries, our proportionate share of the asset value of the relevant land use rights or our development projects. See “Business — Project Financing — Trust and Other Financing Arrangements.”

In the future, we may from time to time require substantial additional indebtedness and contingent liabilities. Our ability to generate sufficient cash to satisfy our existing and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in a material and adverse effect on our business, results of operations and financial condition.

Our results of operations largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, our revenue generated from property development and sales amounted to 95.7%, 97.0%, 97.3% and 97.6%, respectively, of our total revenue. Our results of operations may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of property construction. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA, may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

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

Fluctuations in the price of construction materials and labor costs could affect the construction fees charged by our construction contractors which could adversely affect our business and financial performance.

The cost of construction materials, such as steel and cement, and labor costs, are subject to a high degree of volatility. The risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts. However, our contracts with construction companies

contain price adjustment mechanism which requires us to bear the extra costs if the market price of the raw material deviates more than 5% of its contract price. In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require it to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be adversely affected. Our gross profit margin decreased from 25.3% for the six months ended June 30, 2020 to 21.1% for the same period in 2021, primarily due to the relatively higher land costs of the property projects delivered during the period as compared to their average selling prices.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals to carry out our property development and management operations.

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must also apply to relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for property developers, land use right certificates, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any certificate or permit, we must meet the relevant requirements. Some of our PRC subsidiaries are currently in the process of renewing their qualification certificates. If we fail to obtain or renew the certificates in a timely manner, the relevant government authorities may impose administrative penalties on us and our operations may be adversely affected. Those who engage in real estate development without obtaining qualification certificates will be ordered to cease development activities. The illegal profits will be confiscated and a fine of five times of the illegal profits or less may be imposed. See “Regulation.”

There can be no assurance that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates and/or government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

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

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from

30% to 60% on the appreciation of land value. We paid RMB159.7 million, RMB496.5 million, RMB601.8 million and RMB340.3 million for LAT for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020, respectively. In accordance with a circular issued by the SAT, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project.

We make provisions for LAT by reference to our sales recognized and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the years ended December 31, 2018, 2019 and 2020, we made LAT provisions of RMB441.4 million, RMB564.8 million and RMB651.6 million, respectively. For the six months ended 30 June 2021, the LAT provision made by the Group was RMB164.0 million (US\$25.4 million), while that for the corresponding period in 2020 was RMB275.7 million. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition.

The appraised value of our properties is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that we will develop and complete the projects in a timely manner in accordance with our latest development proposals provided to our property valuer; we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects, which do not allow for any delays, such as those that may be caused by weather or natural disasters, or delays in the timely completion of demolition and relocations; and we have paid all the land premium and demolition and resettlement costs and obtained all land use right certificates and transferable land use rights without any obligation to pay additional land premium or demolition and resettlement costs.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by our property valuer in appraising the value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of our property holdings.

We may not be able to complete our development projects on time, which may affect our cash flow.

Property development projects require substantial capital expenditure prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before a positive net cash flow may be generated through pre-sales, sales, leasing or rentals. As a result, our cash flows and results of operations may be affected by our project development schedules and any changes to those schedules. The schedules of our project developments depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction. Other specific factors that could adversely affect our project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns and decreases in business and consumer sentiments in general;
- failure to obtain necessary licenses, permits and approvals from relevant government authorities in a timely manner;
- changes in relevant regulations, government policies and government planning;
- relocation of existing residents and/or demolition of existing structures;
- shortages of raw materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents; and
- errors in judgment on the selection and acquisition of potential sites.

Construction delays or failure to complete the construction of a project according to our planned specifications, schedule and budget may harm our reputation as a property developer, leading to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units of the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sales agreements and claim damages. There can be no assurance that we will not experience any significant delays in completion or delivery of any of our projects in the future or that we will not be subject to any liabilities for any such delays.

Our financing costs are subject to changes in interest rates.

We have incurred and are expected to continue to incur a significant amount of interest expense relating to our borrowings from banks, as well as from our trust and other financing arrangements. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because a majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. We recorded finance costs of RMB499.3 million, RMB634.3 million, RMB725.4 million,

RMB425.2 million and RMB494.6 million (US\$76.6 million) during the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our finance costs and thereby materially and adversely affect our business, financial condition, results of operations and prospects.

We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners.

We have entered into joint ventures and established associated companies with third parties and may continue to do so in the future. The performance of such joint ventures and associated companies has affected, and will continue to affect, our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associated companies until they start to generate revenue by delivering properties they develop. For the years ended December 31, 2018, 2019 and 2020, our share of profits of joint ventures and associates was RMB367.0 million, RMB693.0 million and RMB443.1 million, respectively. For the six months ended 30 June 2021, our share of profits of joint ventures and associates was approximately RMB35.3 million (US\$5.5 million), representing a decrease of 84.9% from approximately RMB232.9 million for the same period last year.

During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, our investments in joint ventures and associated companies increased significantly. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our investments in joint ventures amounted to RMB1,026.5 million, RMB2,237.0 million, RMB1,977.2 million and RMB2,126.4 million (US\$329.3 million), respectively. Our investments in associated companies amounted to RMB1,712.8 million, RMB5,584.4 million, RMB9,572.8 million and RMB11,580 million (US\$1,793.6 million), respectively, as of the same dates.

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

- we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures and associated companies if there is a disagreement between us and our joint venture partners;
- we may disagree with our joint venture and associated company partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our joint venture and associated company partners may be unable or unwilling to perform their obligations under the arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals or philosophies that are inconsistent with ours;

- our partners may take action contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investments; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture and associated company arrangements with us.

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

Furthermore, the ability of our joint venture and associated companies to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our joint ventures or associated companies incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations, to service our indebtedness and to pay dividends to our Shareholders. In addition, their declaration of dividends will be at the absolute discretion of the boards of our joint ventures and associated companies. Also, as we expect to continue to invest in joint ventures and associated companies for the development of property projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future joint ventures or associated companies, which could materially and adversely affect our ability to conduct our business. We cannot assure you that we will be able to achieve good returns on (or even recover) our investments in joint ventures and associates.

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

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions depend on a number of factors, including our ability to identify suitable targets, obtaining required financing on reasonable and favorable terms and governmental approval. In the event that we fail to identify suitable targets or are prevented from making such strategic investments or acquisitions due to financial, regulatory or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to (i) difficulties in integrating the operations and personnel of the acquired businesses; (ii) difficulties in maintaining uniform standards, controls and policies across the expanded group; (iii) liabilities associated with the acquired businesses that were unknown at the time of acquisition; and (iv) adverse impact on our results of operations due to amortization and/or impairment for goodwill associated with the acquisitions. Further, we cannot assure you that we will be able to make acquisitions or investments on favorable terms or within a desired time frame. There is also no assurance that such acquisitions or investments would

yield the expected level of return. In addition, we may require additional financing in order to make such acquisitions and investments. Debt financing may result in an increase in the level of our indebtedness while equity financing may result in dilution of ownership of existing Shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

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

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, utility connection, landscaping, equipment installation, elevator installation and decoration. We generally select third-party contractors through a tender process and endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. Our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently applying our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party service providers or contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to successfully manage the growth of our business and our historical results of operations may not be representative of our future performance.

Our revenue increased significantly during the years ended December 31, 2018, 2019 and 2020. Our revenue increased by 64.2% from RMB9,238.7 million in 2018 to RMB15,169.5 million in 2019, and further increased to RMB20,158.7 million in 2020, representing a further increase of 32.9% as compared to the revenue in 2019. For the six months ended June 30, 2021, our revenue amounted to RMB12,964.5 million (US\$2,007.9 million), representing an increase of 34.7% from RMB9,623.8 million for the corresponding period in 2020. Our gross profit increased by 32.1% from RMB2,887.1 million in 2018 to RMB3,813.3 million in 2019, and further increased to RMB4,507.7 million in 2020, representing a further increase of 18.2% as compared to the gross profit in 2019. For the six months ended June 30, 2021, our gross profit was RMB2,730.2 million (US\$422.8 million), representing an increase of 12.1% from approximately RMB2,434.4 million for the corresponding period in 2020. Our net profit increased by 3.92% from RMB1,412.3 million in 2018 to RMB1,467.6 million in 2019, and further increased by 13.2% to RMB1,661.0

million in 2020 as compared to 2019. For the six months ended June 30, 2021, our net profit was RMB739.3 million (US\$114.5 million), representing an increase of 9.1% from RMB677.4 million for the corresponding period in 2020. There can be no assurance that our revenue, gross profit or net profit will not decrease in the future. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and business opportunities.

We have established a set of policies, controls and procedures to manage our Subsidiaries, including personnel management policies, internal control policies and internal audit procedures. However, as our business continues to expand, there can be no assurance that these policies, controls and procedures will prove as effective as we hope. As a result, our past results of operations may not be indicative of our future performance.

As such, our financial performance from June 30, 2021 onwards may not be directly comparable to our historical financial performance.

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

The real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development and completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. For the years ended December 31, 2018, 2019 and 2020, we recorded impairment losses recognized for properties under development and completed properties held for sale in the amount of RMB116.8 million, RMB27.6 million and RMB19.3 million, respectively. We cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future. If we incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our available-for-sale investments and the possible impairment losses for such investments.

We may, from time to time and under limited circumstances, purchase low-risk available-for-sale investments for cash management purposes, which mainly included wealth management products with the underlying assets of PRC treasury bonds, commercial paper, interbank borrowings and bills issued by the PBOC. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our financial assets measured at fair value through profit or loss was RMB1,130.6 million, RMB1,148.4 million, RMB428.5 million and RMB545.3 million (US\$84.4 million), respectively. The values of certain available-for-sale financial assets are marked to market, and net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations.

If our management evaluates that the decline in value of available-for-sale financial assets is not temporary, such decline in the value can result in the recognition of impairment losses. This evaluation is a matter of judgment by the management, which includes the assessment of various factors. We did not make any impairment provisions for available-for-sale financial assets during the years ended December 31, 2018, 2019 and 2020 and the

six months ended June 30, 2021. However, we cannot assure you that we will not make any such impairment provisions in the future. If we make such impairment provisions, our results of operations, financial condition and prospects may be adversely affected.

The unaudited contracted sales figures included in this offering memorandum are provided for reference only and are based on the summary of internal information of the Company, which have not been audited or reviewed by our auditors. Our subsequent revenue recognized from such contracted sales may be materially different from such contracted sales.

Our contracted sales represent the total purchase price of formal purchase contracts we enter into with purchasers of our properties within a specified period, as disclosed to us by our project companies nationwide, aggregated at our headquarters, and recorded in our internal records on a monthly basis. The unaudited contracted sales figures included in this offering memorandum are provided for reference only and are based on the summary of internal information of the Company, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or interim basis due to various uncertainties during the process of collection and collating of such sales information.

As these sales and purchases contracts are subject to termination or variation under certain circumstances pursuant to their contractual terms, or subject to default by the relevant purchasers, they are not a guarantee of current or future contracted sales. Recipients should in no event treat such contracted sales information as an indication of our revenue or profitability. Our subsequent revenue recognized from such contracted sales may be materially different from such contracted sales. Accordingly recipients should not place undue reliance on this information.

The new and revised IFRSs and interpretive guidance on their application which are effective for accounting periods beginning on or after a specific date may render certain of the historical financial information before such date not directly comparable.

We have adopted new and revised IFRSs for the financial statements as of and for the year ended December 31, 2018, including but not limited to IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, Amendments to IFRS 2 and Amendments to IFRS 4.

- IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: We have recognized the transition adjustments against the applicable opening balances in equity at January 1, 2018, if any. Therefore, the comparative information was not restated and continues to be reported under IAS 39. As of January 1, 2018, we have classified our available-for-sale investments as financial assets measured at fair value through profit or loss as these financial instruments were held for trading.
- IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. The cumulative effect of the initial application of IFRS 15 was recognized as an adjustment to the opening balance of retained profits as of January 1, 2018.

We have adopted new and revised IFRSs for the financial statements as of and for the year ended December 31, 2019, including but not limited to, Amendments to IFRS 9 Prepayment Features with Negative Compensation Leases, IFRS 16 Leases, Amendments to IAS 19 Plan Amendment, Curtailment or Settlement, Amendments to IAS 28 Long-term interests in Associates and Joint Ventures, IFRIC23 Uncertainty over Income Tax Treatments and Annual Improvements 2015–2017 Cycle Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

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

We have adopted Conceptual Framework for Financial Reporting 2018 and certain revised IFRSs for the financial statements as of and for the year ended December 31, 2020, including but not limited to, Amendments to IFRS 3 Definition of a Business, Amendment to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform, Amendment to IFRS 16 Covid-19-Related Rent Concessions (early adopted) and Amendments to IAS 1 and IAS 8 Definition of Material.

See Notes 2.2 and/or 3 to the consolidated financial statements as of and for the year ended December 31, 2018, 2019 and 2020, respectively, for further details on the nature and the impact of such changes in accounting policies and disclosures.

Implementation of new and revised IFRSs and interpretive guidance on the application thereof may affect our business, financial condition and results of operations and our financial information as of and for the years ended December 31, 2018, 2019 and 2020 may not be directly comparable against one another. Investors must therefore exercise caution when making comparisons of any financial figures and when evaluating our financial condition and results of operations.

Our expansion into new geographical markets presents certain risks and uncertainties.

In order to achieve sustainable growth, we need to continue to seek development opportunities in select regions in the PRC with the potential for growth and where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from developers with established experience or presence and from other developers with similar expansion plans. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model, including our Hong Yang Plazas, may not be readily transferable to, and replicated in, new markets in our target cities. The property markets in our target cities may be different from each other in terms of the level of local economic and industrial development, local governmental policies and support, development phases of local businesses, market demand for our properties, types of properties to be developed and development cycles. We may have limited ability to leverage our established brands and reputation in new markets in the way we have done in our existing markets. Furthermore, the administrative, regulatory and tax environments in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, we may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our property development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal controls and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income for the period in which they arise. Our investment properties were valued by our property valuer, as of December 31, 2018, 2019 and 2020 and June 30, 2021, on an open market and existing use basis, which reflected market conditions on the respective dates. Based on such valuation, we recognized the aggregate fair value of our investment properties and relevant deferred tax on our combined statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our combined statements of comprehensive income. For the year ended December 31, 2018, 2019 and 2020, our fair value gains on investment properties were RMB260.8 million, RMB310.5 million and RMB258.9 million. For the six months ended June 30, 2020 and 2021, our fair value gains on investment properties were RMB57.3 million and RMB87.7 million (US\$13.6 million), respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts it would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

We are partially dependent on commercial property investment and operation income from our investment property portfolio.

Commercial property investment and operation income from our investment properties constitutes an important part of our business and revenue. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, the revenue of commercial property investment and operations accounted for approximately 3.9%, 2.7%, 2.5%, 2.2% and 2.3% of our total revenue, respectively. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to the level of the then prevailing market rate, or at all, upon the expiry of the existing terms. In addition, we may not be able to enter into new leases at the rental rates expected. All these factors could negatively affect the demand for our investment properties and our rental income, which could have a material and adverse effect on our business, financial condition and results of operations.

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

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with us would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are not able to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have a material and adverse effect on our business, financial condition and results of operations.

We incur maintenance and operating costs in operating our investment properties and hotel, which may increase.

Our Hong Yang Plazas, amusement park and hotel utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utility providers charge, nor can we easily switch to different utilities providers. Any price increase or change in the pricing structure from these utility providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs onto our customers.

In addition, operating investment properties and our hotel, as well as the restaurants and other associated facilities within the hotel, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the property leasing and hotel industries experience a downturn and may exacerbate the impact of a decline in occupancy rates, rental rates or room rates or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face certain risks of defects or deficiencies in connection with our investment properties, amusement park and hotels and any accidents, injuries or prohibited activities in our investment properties, amusement park and hotels may adversely affect our reputation and subject us to liability.

Our investment properties, amusement park and hotels may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. If any of our investment properties, amusement park or hotels has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of our investment properties, amusement park and hotels or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our investment properties, amusement park and hotels and/or the attractiveness to tenants and guests of such investment properties, amusement park and hotels.

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places, such as shopping malls and hotels. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties, amusement park or hotels could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and hotel occupancy rates and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, amusement park or hotels, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not

provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Our investment properties and hotel may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments, renovation or upgrade of the properties or neighboring properties.

Our investment properties and hotel may require repairs and refurbishments which may require significant capital expenditures. Our investment properties and hotels may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments, renovations or upgrade of our investment properties and hotels may impact on our ability to attract tenants at our investment properties and guests and customers for our restaurants and event facilities at our hotel. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or hotel or the restaurants or other facilities within the investment property or hotel. As a result, during the period of any such repairs, refurbishments, redevelopments, renovations or upgrade, we may experience a reduction in the occupancy rates, rental income and/or average room rates of the investment properties or hotel. For instance, we commenced the commercial operation of the Nanjing Hong Yang Plaza in May 2011 and started the renovation and upgrading work in 2016. See “Business — Commercial Property Investment and Operations — Nanjing Hong Yang Plaza — Renovation and Upgrade.” The renovation and upgrading work resulted in termination or failure to renew of certain leases with tenants of Nanjing Hong Yang Plaza, as well as compensation paid to these tenants.

Furthermore, buildings neighboring any of our investment properties and hotel may be demolished or redeveloped for alternative uses, which may cause disruption to our investment properties and hotel. This may in turn negatively impact the revenue, attractiveness and valuation of our investment properties and hotel. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with our investment properties and hotel. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

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

available when needed, or at all. In addition, if we sell an investment property during the term of that property's management agreement or tenancy agreement, we may have to pay termination fees to our retail tenants.

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

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

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. According to the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, and the Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (《人民防空工程平時開發利用管理辦法》) promulgated by the House Civil Air Defense Office on November 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties in times of peace and make profit therefrom. During the years ended December 31, 2018 and 2019, we had entered into contracts to transfer the right to use civil air defense properties in our property development projects to our customers as car parks and we intend to continue such transfer. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks, and such area will no longer be a source of our revenue. In addition, while our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future, which may make it more burdensome for us to comply with and increase our compliance cost. As of June 30, 2021, we had certain completed civil air defense properties which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

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

We derive a substantial portion of our revenue from sales of our properties. Most purchasers of our properties apply for bank borrowings and mortgages to fund their purchases. In line with industry practice, banks require us to guarantee mortgage loans taken out by purchasers of the properties that we develop. Typically, we guarantee the full value of mortgage loans taken out by purchasers, as well as accrued interest and penalties for defaults in mortgage payments, up until the issuance of the relevant property ownership certificates and the registration of the mortgage in favor of the mortgagee bank. These are

contingent liabilities not reflected on our balance sheets. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction off the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations conducted by the mortgage banks for such customers.

As of June 30, 2021, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB13.89 billion (US\$2.2 billion). During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we did not encounter any incidents of default by our customers with a material impact on our business or financial condition. However, should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

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

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

We are exposed to contractual and legal risks related to pre-sales, which could have an adverse effect on our business, financial condition and result of operations.

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is

different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations. Though we are typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, we cannot assure you that the damages we recoup will fully compensate our losses.

Changes of PRC laws and regulations with respect to pre-sales may adversely affect our business.

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if sufficient alternative funding is not available to us on commercially reasonable terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

We may be liable to our customers for damages if individual property ownership certificates are not delivered to our customers in a timely manner due to our fault.

Property developers in the PRC typically assist purchasers of property to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. We generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties. We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. There can be no assurance that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) enacted by the State Council on July 20, 1998 and amended on January 8, 2011, March 19, 2018, March 24, 2019, March 27, 2020 and November 29, 2020 and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from third-party contractors with respect to our property projects. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

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

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

In September 2007, the Ministry of Land and Resources issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. In January 2008, the State Council issued a Notice on Promoting Land Saving and Efficient Use (《關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (《關於嚴格建設用地管理促

進批而未用土地利用的通知》) in August 2009, which reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (《閒置土地處置辦法》), which went into effect July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

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

If we are unable to successfully retain the services of our current personnel and hire, train and retain senior executives or key personnel, our ability to develop and successfully market our products may be impaired.

The success and growth of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications, including management personnel with relevant professional skills. We rely on them to continue to develop our business. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In addition, if any of our directors or any member of our senior management team or any of our other key personnel joins a competitor or carries on a competing business, we may lose customers and additional key staff members. However, as the competition is fierce in China for senior management and key personnel with extensive experience in property development, if a large number of directors and senior management resign, and we fail to find a suitable candidate, our business may be adversely affected.

Our controlling shareholder has significant influence in determining the outcome of major corporate transactions that require shareholder approvals and may take actions that may conflict with the interest of the holders of the Notes.

As of the date of this offering memorandum, Mr. Zeng Huansha is our largest shareholder and is indirectly holding in effect a super majority of the voting rights in us. See “Principal Shareholders.” Mr. Zeng has and will continue to have the ability to exercise a controlling influence in our business, and may cause us to take actions that are not in, or may conflict with, the interests of the holders of the Notes. Mr. Zeng will be able to influence the major policy decisions of us by controlling the election of board members and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving annual budgets, 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. These actions may be taken even if they are opposed by the holders of the Notes.

Potential liability for health and environmental problems could result in delay in the development of our properties.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction.

As required by PRC laws and regulations, property projects with GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for record-filing. If we fail to meet such requirements, local authorities may issue orders to stop construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between one to five percent of the total investment amount of the project, and may also issue orders to restore the original conditions before the construction; and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. After the completion of construction, we are required to make an acceptance check of the environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council. When making an acceptance check of environmental protection facilities, we are required not to commit fraud. We are also required to make the acceptance report publicly available in accordance with the law unless we are required to keep confidential according to national provisions. If we cannot make an acceptance check of environmental protection facilities in due course, the development of our projects may be delayed.

The CBIRC and/or other agencies of the PRC Government may tighten the regulations relating to trust loans being provided to the property industry in the PRC, which may affect our ability to obtain trust loans.

As of December 31, 2018, 2019 and 2020, our trust and other financing arrangements accounted for approximately 26.0%, 19.3% and 13.0% of our total indebtedness, respectively. See “Business — Project Financing — Trust and Other Financing Arrangements.” There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBRC pursuant to the Rules Governing Trust Financing Companies (《信托公司管理办法》), which went into effect on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBIRC and are required to comply with the relevant notices and regulations promulgated by the CBIRC. There can be no assurance that the PRC Government will not implement additional or more stringent requirements with regard to

trust financing companies. This could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the date of this offering memorandum, we leased over 90 properties in 20 cities mainly for our office premises. All of the landlords are Independent Third Parties. As of the date of this offering memorandum, we failed to register a number of lease agreements as the tenant. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. We estimated total maximum penalty will not have a material adverse effect on our business, financial condition, results of operation and prospects. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

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

Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

We may be involved in legal and other disputes arising out of our operations and may face relevant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in the development and the sale of our properties, including (without limitation) contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. See "Business — Legal Proceedings and Compliance — Legal Proceedings." We may be involved in other proceedings or disputes in the future that may have an adverse effect on our business, financial condition, results of operations or cash flows.

We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and deterioration in our brand image could adversely affect our business.

We believe that we have built an excellent reputation in our markets for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, business, financial condition and results of operations. Brand value, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that damage consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial condition and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. As a result, we could be subject to trademark disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo.

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

Historically, we experienced certain non-compliance incidents. For example, several our project companies commenced construction for certain of our projects before obtaining construction work permits, several our project companies did not comply with the relevant

construction work planning permit when they constructed the relevant projects, our Group did not fully make certain social security insurance and housing provident fund contributions for their employees, and several other types of non-compliance incidents, including failure to report an accurate tax base and failure to file accurate tax amount, mis-sales, failure to attach identification labels to prepackaged food, sales of food outside the scope of catering service permit, and sub-contracting the construction work without authorization during the construction of our project. We believe these non-compliances did not have a material operational and financial impact on us. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future.

In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

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

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

If we fail to implement sufficiently and effectively our risk management and internal control policies and procedures, our business and prospects may be materially and adversely affected.

We continually enhance our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. However, there can be no assurance that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

Our business, financial condition, results of operations and prospects may be adversely affected as a result of negative media coverage relating to us or the real estate market in which we operate or intend to operate.

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

RISKS RELATING TO INDUSTRY

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

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

- strictly enforcing the idle land-related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold 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 lower than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- controlling the supply of residential property sales by adopting lots drawing policy in certain cities such as Nanjing;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second and more residential properties and imposing property purchase restrictions on non-local residents who cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

In the second half of 2020, media reported that the MOHURD and PBOC have held a joint meeting to communicate with key real estate enterprises and other relevant governmental departments. According to media reports, in the meeting, it is announced that the MOHURD and PBOC, jointly with other relevant governmental departments, have formulated rules for fund monitoring and financing administration of key real estate enterprises to establish a more market-oriented, rule-based and transparent administration over the financing by real estate enterprises. Such rules are yet to be released in public.

On December 28, 2020, PBOC and CBRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain requirements for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). These financial institutions, based on the statistical data on December 31, 2020, will be given a business adjustment transition period of 2 or 4 years, which depends on whether they exceed 2% of the legal proportion, to legitimate their loan structures. PBOC and CBRC shall take measures, such as additional capital requirements and weight adjustments of risk of real estate assets for these banking financial institutions that fail to implement proportional rectification within certain period.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the PRC Government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate. These measures resulted in downward pressure on the PRC property market starting in the second half of 2011 and reduced transaction volumes in the first quarter of 2012.

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 26, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second and more residential

property. If the property price increases too quickly, the local branch of the PBOC may further increase interest rates and down payment ratio for mortgages for second and more properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a round of policies aiming at promoting affordable housing and discouraging speculative investments in residential properties were announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

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

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

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

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

We face intense competition, which may materially and adversely affect our business, results of operation and financial condition.

The property market in Nanjing and other parts of the Yangtze River Delta has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the region where we have operations and those into which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, in particular financial resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our financial condition, results of operations and prospects may be materially and adversely affected.

Our investments in the PRC are subject to the PRC Government's control over foreign investment in the property sector.

The PRC Government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate

enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC Government on foreign investment in the property sector may affect our ability to make further investments in our PRC Subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

While the PRC economy has grown significantly in the past 40 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC, (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies, (iii) measures which may be introduced to control inflation or deflation, (iv) changes in the rate or method of taxation, and (v) imposition of additional restrictions on currency conversion and remittances abroad.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating Subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing such laws. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and

regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect. The PRC may not accord equivalent rights, or protection for such rights, to those that you might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications and interpretations. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, certain courts may refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

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

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market by, among other things, reducing the demand for commercial and residential properties resulting in the reduction of property prices; adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States, the trade war between the United States and the PRC and heightened market volatility in major stock markets. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and the PRC responded with similarly sized tariffs on United States' products. The rhetoric surrounding the trade war continues to escalate and neither side has been willing to significantly progress stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries Group's clients operate in remain uncertain.

In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union (“**Brexit**”). On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union signed the Brexit trade deal on December 30, 2020 and the United Kingdom completed its separation from the European Union with effect from January 1, 2021. While the UK and EU had reached

the trade deal, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. There is also concern over similar movements in other European Union member countries, such as Italy. The outlook for the world economy and financial markets remains uncertain.

In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC Government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The ongoing trade war between the United States and the PRC is highly likely to affect the global economy and in particular, the PRC economy. The rhetoric surrounding the trade war continues to escalate. The amicable resolution of such ongoing trade war between the United States and China remains elusive, subject to continuous tension and could negatively impact the economic conditions of China, as well as other parts of the world. The PRC economy grew at a slower pace from 2016 with a yearly real GDP growth of 6.7%. It further decreased to 6.6% in 2018, which was the slowest annual GDP growth rate recorded since 1990. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continue to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

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

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous

day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

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

The PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC.

On July 10, 2007, 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 (《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》) (“**Circular No. 130**”). Circular No. 130 was then replaced by the Notice of the SAFE on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents (關於印發《外國投資者境內直接投資外匯管理規定》及配套措施文件的通知) (“**Notice No. 21**”) on May 11, 2013. 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**”). Notice No. 21 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 effectively prohibit our ability to fund our PRC Subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC Subsidiaries to our PRC Subsidiaries will require approvals from the commerce department of the local government and registration with the MOFCOM, which may take considerable time and delay the

actual contribution to the PRC Subsidiaries. This may adversely affect the financial condition of the PRC Subsidiaries and may cause delays to the development undertaken by such PRC Subsidiaries. There can be no assurance that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating Subsidiaries in the PRC to comply with this regulation.

Our income tax obligations may increase and dividends from certain PRC subsidiaries may be subject to withholding tax under PRC tax laws.

Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (the “EIT Law”, 《中華人民共和國企業所得稅法實施條例》), effective on January 1, 2008 and amended on April 23, 2019, provide that any dividend payment by PRC companies to foreign enterprise investors will be subject to a withholding tax at a rate of 10%. Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in that particular PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% interest in that subsidiary. However, according to a Circular of the SAT, tax treaty benefits will be denied to “conduit” or shell companies without business substance. Therefore, it is unclear whether dividend payments made by our PRC subsidiaries to us through our Hong Kong subsidiary, will enjoy the 5% PRC tax rate. Currently, we pay 10% of PRC tax on the dividends payments while in the previous years we paid 5%. We are in the process of applying for the certificate of residence status in Hong Kong from the Hong Kong Inland Revenue Department. We will be able to enjoy the 5% rate in the next three years if we can get the approval from the Hong Kong Inland Revenue Department. We conduct a substantial portion of our operations through our subsidiaries located in the PRC. Dividend payments made by PRC subsidiaries to us may not be able to enjoy the 5% PRC tax rate. As a result, our financial conditions may be materially and adversely impacted.

The Issuer may be deemed a PRC resident enterprise under the EIT Law, which may subject it to PRC taxation on its worldwide income, require the withholding of taxes on interest paid on the Notes and require holders of the Notes to pay taxes on gains realized from the sale or other disposition of the Notes.

Under the EIT Law and the related regulations, enterprises organized under the laws of jurisdictions outside the PRC with their “de facto management bodies” located within the PRC may be considered PRC “resident enterprises” and subject to 25% PRC income tax on their worldwide income. The implementation rules to the PRC Enterprise Income Tax Laws define the term “de facto management body” as a “body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury.” As of the date of this offering memorandum, the Issuer did not receive notice that it should be treated as a PRC tax resident from PRC tax authorities. However, there is uncertainty as to whether the Issuer will be treated as PRC “resident enterprises” for the purpose of the EIT Law. If the Issuer is treated as a PRC “resident enterprise,” PRC income tax at a rate of 10% would be required to be withheld from interest payments to holders that are non-PRC resident enterprises, if such interest is treated as income from sources within the PRC. The PRC Individual Income Tax Law also imposes a withholding tax at the rate of 20% on interest from a PRC source paid to non-

PRC individual holders. In addition, any gain realized on the sale or other disposition of the Notes by such holders would be subject to PRC income tax at the rate of 10% for non-resident enterprise holders or 20% for non-resident individual holders if such gain is regarded as income derived from sources within the PRC. Any PRC tax might be reduced under applicable tax treaties. However, it is unclear whether, if the Issuer is considered a PRC resident enterprise, non-PRC holders might be able to claim the benefit of income tax treaties or agreements entered into between PRC and their countries. If the Issuer is required to withhold PRC tax from interest payments on the Notes, the Issuer will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes and could have a material adverse effect on our financial condition.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident Shareholders to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular No. 37”), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident (“PRC Resident”) to register with a local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “Offshore SPV”) that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV’s registered capital, share transfer or swap, merger or division. We cannot assure you that all of our shareholders who are PRC Resident will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. Failure to comply with the registration procedures of the SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV’s Chinese subsidiary to distribute dividends to its overseas parent.

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

Our investment properties are held by us under land use rights granted by the PRC Government. Under PRC laws, the maximum term of the land use rights ranges from 40 years to 70 years depending on the land use purpose. Upon expiration, the land use rights will revert to the PRC Government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

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

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

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the novel coronavirus named COVID-19 by the World Health Organisation, the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome (“SARS”), the Ebola virus, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, fire, drought or epidemics. For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

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. Furthermore, our properties or facilities may be required to be suspended or quarantined, if there were clusters for the COVID-19 cases in our properties or facilities or governmental ordinance to contain the outbreaks. Any of these circumstances will result in material adverse impact on our business, financial condition, results of operations, performance and prospects. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. However, there can be no assurance that this recovery momentum will continue in the future.

Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Another public health crisis in China triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the ongoing COVID-19, especially in the cities where we have operations, may result in material disruptions to our property development and sales and the operation of commercial properties. In addition, the outbreak of communicable diseases, such as the COVID-19 outbreak on a global scale, may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect China and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition and results of operations.

Our hotel and shopping mall operation businesses may be adversely affected by the outbreak of COVID-19 and other epidemics.

Our hotel and shopping mall operation businesses may be adversely affected by the outbreak of COVID-19 and other epidemics, such as the avian influenza A (H5N1 and H7N9) virus or the influenza A (H1N1) virus.

The outbreak of coronavirus, other epidemics or other widespread communicable disease in the places where we operate may lead the World Health Organisation and certain governments to issue travel advisories against non-essential travel to affected regions, impose travel restrictions or impose quarantines. Such actions could have a material and adverse effect on the number of international visitor arrivals to the PRC and the corresponding demand for hotel rooms, catering and restaurant facilities. The number of customers going to the shopping mall may significantly reduce due to the quarantines imposed by the government. In addition, the outbreak of coronavirus, other epidemics or other widespread communicable disease may result in the temporary closure of hotels, restaurants and/or shopping malls, giving rise to a material disruption to our businesses.

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

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

We are a holding company with no material operations. We conduct our operations through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries or by certain other Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries and other Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or the JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our PRC subsidiaries.

Creditors, including trade creditors of our Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on such subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of such subsidiaries, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of June 30, 2021, our Non-Guarantor Subsidiaries had total outstanding indebtedness of approximately RMB21,067 million (US\$3,262.9 million) and capital commitments and contingent liabilities arising from guarantees of approximately RMB15,307 million (US\$2,370.8 million) and RMB19,407 million (US\$3,005.8 million), respectively. See the sections entitled "Description of Other Material Indebtedness." and "Recent Developments" for details and the developments subsequent to June 30, 2021. The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantor (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. The Notes and the Indenture do not restrict the ability of our subsidiaries to issue certain categories of guarantee in the ordinary course of business. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to, or a purchase from, 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 the JV Subsidiary Guarantees provided by a JV Subsidiary Guarantor and its shareholders and subsidiaries are limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

Our payments with respect to the Notes is structurally subordinated to liabilities, contingent liabilities and obligations of our Non-Guarantor Subsidiaries.

Creditors, including trade creditors of our Non-Guarantor Subsidiaries, would have a claim on such entities' assets that would be prior to the claims of the holders of the Notes. As a result, all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. In addition, our secured creditors or those of any of our subsidiaries would have priority as to our assets or the assets of such subsidiary securing the related obligations over claims of holders of the Notes.

As of June 30, 2021, our Non-Guarantor Subsidiaries had unsubordinated indebtedness in the amount of RMB21,067 million (US\$3,262.9 million). The Notes and the Indenture permit us and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations.

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

As a holding company, we depend, and will depend in the future, on the receipt of dividends and the interest or principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders, including us, is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, restrictions contained in relevant debt instruments, and applicable laws. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to satisfy our obligations under the Notes. Further, certain loan agreements in relation to bank loans entered into by our PRC subsidiaries from PRC lender banks may contain provisions that restrict or prohibit the payment or declaration of dividends or distributions. For instance, some of the loan agreements executed by our subsidiaries, including Mingliu Properties Wuhan Co., Ltd. (名流置業武漢有限公司), Nanjing Hong Run Real Estate Development Co., Ltd. (南京弘潤房地產開發有限公司) and Nanjing Rui Sheng Real Estate Development Co., Ltd. (南京銳晟房地產開發有限公司), which are our material PRC Subsidiaries, with certain commercial banks restrict such subsidiary from paying dividends to its shareholders.

In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes.

PRC laws and regulations permit payment of dividends only out of accumulated net 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 turnover and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax net profits as statutory reserves according to PRC accounting standards and regulations to fund certain reserve funds that are not distributable as cash dividends by the board of directors. In practice, our PRC subsidiaries may pay dividends once a year. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes, and there could be restrictions on payments required to pay off the Notes at maturity or as required for any early redemption.

Furthermore, in practice, the market interest rate that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any shareholders' loans. PRC regulations require approval by SAFE prior to any of our non-PRC subsidiaries making shareholder loans in foreign currencies to our PRC subsidiaries and require such loans to be registered with SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present tax filing form and/or other documents as required by tax authorities on the interest payable in any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

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

The terms of the Notes permit us to make a substantial amount of Restricted Payment.

The covenant described under "Description of the Notes — Certain Covenants — Limitation on Restricted Payments" generally prohibits us from making any "Restricted Payment" (as defined in the "Description of the Notes"), subject to certain exceptions. One of the exceptions is that we could make restricted payments if (i) no Default has occurred and is continuing or would occur as a result of the proposed Restricted Payment, (ii) the Issuer could incur at least US\$1.00 of the Indebtedness under the proviso in paragraph (1) of the covenant described under "Description of the Notes — Certain Covenants — Limitation on Indebtedness and Preferred Stock," and (iii) the proposed Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Issuer and the Restricted Subsidiaries after the Original Issue Date, does not exceed 30% of Total Assets. The condition described in (ii) above does not need to be met if the aggregate amount of all Restricted Payments made by the Issuer and the Restricted subsidiaries of the Original Issue Date has not exceeded 20% of Total Assets. As a result, if other conditions are satisfied, we will be able to make a substantial amount of Restricted Payment despite the restrictions under the terms of the Notes, including dividend payments to our shareholders as well as substantial minority investments.

We may in the future designate certain subsidiaries, as Unrestricted Subsidiaries under the Indenture, which will not be subject to various covenants under the Indenture; and we and our Restricted Subsidiaries may be able to make dividend payment in shares of our Unrestricted Subsidiaries under the Indenture.

Subject to certain conditions, including, among other things, the absence of a continuing default at the time of and after giving effect to such designation, we may be required to designate any Restricted Subsidiary as an Unrestricted Subsidiary under the Indenture.

In addition, we have the flexibility under the terms of the Notes to designate any subsidiary in the Restructuring Group (as defined under "**Description of the Notes — Definitions**") as Unrestricted Subsidiaries. The effects of designation of an entity as an Unrestricted Subsidiary include, but are not limited to:

- the business, assets and liabilities of such entity will no longer be part of the credit underlying the Notes;
- such entity will not be subject to the restrictive covenants applicable to Restricted Subsidiaries under the Indenture;
- as applicable, the Subsidiary Guarantees of such entity may be released; and
- interest expenses on Indebtedness (as defined in the Indenture) of such entity will not be included in the calculation of our Consolidated Interest Expense (as defined under "Description of the Notes — Definitions"), other than such interest expenses on Indebtedness that is Guaranteed by the Company or a Restricted Subsidiary.

As a result of any such designation, the value of assets subject to the restrictive covenants under the Indenture may decrease and the market pricing and trading of the Notes may be materially affected. In addition, we will be able to pay dividends or make distributions on or with respect to our or our Restricted Subsidiaries' capital stock in shares of capital stock of any Unrestricted Subsidiary, as long as there is no default at the time of, and after giving effect to, such dividend payment or distribution under the Indenture. Accordingly, you are cautioned as to our ability to designate Unrestricted Subsidiaries subject to the conditions set forth in the Indenture.

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

We conduct substantially all of our business operations through our PRC subsidiaries but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. No future subsidiaries that are organized under the laws of the PRC, Exempted Subsidiaries, Finance Subsidiaries or Listed Subsidiaries (each term as defined in the "Description of the Notes") will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. In addition, certain of our offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of these subsidiaries do not exceed 20% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of our PRC subsidiaries and Other Non-Guarantor Subsidiaries (as defined in the "Description of the Notes").

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

Moreover, under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to, or purchase from, 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 the JV Subsidiary Guarantees provided by a JV Subsidiary Guarantor and its shareholders and subsidiaries are limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year-end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

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

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

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

We must offer to purchase all outstanding Notes upon the occurrence of a Change of Control Triggering Event or a Delisting Event, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the Notes — Repurchase of Notes upon a Change of Control Triggering Event” and “Description of the Notes — Delisting Put Right.”

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any Change of Control Triggering Event or Delisting Event to make purchases of outstanding Notes. Our failure to make the offer to purchase or purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

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

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

Pursuant to terms of the Notes, we may elect to redeem the Notes prior to their maturity in whole or in part at the price specified in the section entitled “Description of the Notes — Optional Redemption.” The date on which we elect to redeem the Notes may not accord with the preference of particular Noteholders. In addition, a Noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes.

We may be able to redeem the Notes prior to maturity in the event that the Issuer is required to pay additional amounts due to certain changes in tax laws.

As described under “Description of the Notes — Redemption for Taxation Reasons,” in the event we are required to pay Additional Amounts (as defined therein) as a result of certain changes in or interpretations of tax laws of a Relevant Jurisdiction (as defined therein), including any change of interpretation or the stating of an official position that results in we being required to withhold tax on payments on the Notes, we may, at our option, redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

As of the date of this offering memorandum, we have not received any notice that we should be treated as a PRC “resident enterprise” from the PRC tax authorities. However, in the event that we are treated as a PRC “resident enterprise” under the PRC Enterprise Income Tax Law, as described in “— Risks Relating to the PRC — The Issuer may be deemed a PRC resident enterprise under the EIT Law, which may subject it to PRC taxation on its worldwide income, require the withholding of taxes on interest paid on the Notes and require holders of the Notes to pay taxes on gains realized from the sale or other disposition of the Notes.”, we may be required to withhold PRC tax on interest payable to non-resident holders of the Notes. In such case, we will, subject to certain exceptions, be required to pay such Additional Amounts so that a holder of a Note will receive the same amounts as he would have received had no such withholding been required. In the event that such requirement to withhold PRC taxes and pay Additional Amounts results from certain changes in or interpretations of PRC tax laws, including any change of interpretation or the stating of an official position, we may, at our option, redeem the Notes prior to maturity subject to the conditions described under “Description of the Notes — Redemption for Taxation Reasons.” The Notes may therefore be redeemed at an earlier time prior to the Notes’ stated maturity date, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive upon redemption in similar securities.

The insolvency laws of the British Virgin Islands, Cayman Islands, Hong Kong and other local insolvency laws may differ from United States bankruptcy law or those of other jurisdictions with which holders of the Notes are familiar.

As we and the Subsidiary Guarantors are not incorporated in the United States, an insolvency proceeding relating to us or the Subsidiary Guarantors, even if brought in the United States, would likely involve the insolvency laws of the Cayman Islands, British Virgin Islands, or Hong Kong, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law.

We conduct substantially all of our business operations in China through PRC-incorporated subsidiaries. We and certain of our subsidiaries, as equity holders of 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. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze these risks and related uncertainties carefully before you invest in the Notes.

We will follow the applicable corporate disclosure standards for debt securities listed on the HKSE, and such 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 Notes to be listed on the HKSE. The disclosure standards imposed by the HKSE may be different than those imposed by securities exchanges in other countries or regions such as the United States or Singapore. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

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

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the British Virgin Islands, Cayman Islands, Hong Kong and other jurisdictions where future subsidiary 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 guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

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

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

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration. In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors and the JV Subsidiary Guarantees, if any, under the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any, will be limited to the maximum amount that can be guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantees, if any, without rendering the guarantee, as it relates to the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any, voidable under such applicable insolvency or fraudulent transfer laws.

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

Our transfer of funds into the PRC to finance our development projects is subject to approval by the PRC government and, as a result, the use of our net proceeds from the offering of the Notes as disclosed may be delayed.

The PRC government has implemented a series of rules and measures to control the inflow of foreign funds into the property development industry or for property speculation. The transfer of our net proceeds from the offering of the Notes into the PRC is subject to such PRC government control measures.

According to Notice No. 19 issued by SAFE on April 28, 2013 which took effect on May 13, 2013, local branches of SAFE shall not register any foreign debt of a Foreign-Invested Real Estates Enterprises (the “**FIREE**”) if it obtained approval certificate from competent commercial departments and filed with MOFCOM on or after June 1, 2007. It restricts the ability of FIREE to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, in most circumstances 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 FIREE.

On May 23, 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) (the “**Circular 50**”), which provides that, among things, before any foreign-invested enterprise engaging in real estate development or operations or any FIREE engaging in new real estate project developments, approvals from relevant PRC authorities shall be

obtained. On November 22, 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (《關於加強外商投資房地產業審批備案管理的通知》), which provides that, among other things, the local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

Pursuant to the above notices, we are required to register and apply for approvals from relevant PRC governmental authorities if we plan to expand the scope of our business or the scale of our operations, engage in new real estate project developments or operations or increase the registered capital of our subsidiaries or associated project companies in the PRC in the future. Our net proceeds from the offering of the Notes will primarily be used to refinance certain existing indebtedness and for other general corporate purposes. The injection of funds by any of such means is subject to the registration and approval requirements as mentioned above. As a result, we must register and apply for approval with the relevant PRC governmental authorities, and wait till the requested approvals are completed before we may transfer the proceeds from the offering of the Notes into the PRC for the intended uses in the PRC.

In addition, any capital contributions or loans that we, as an offshore company, make to our PRC operating subsidiaries, including from the proceeds of the offering of the Notes, are subject to other foreign investment regulations in the PRC. For example, any of our loans to our PRC subsidiaries cannot exceed the difference between the total investment amount that our PRC subsidiaries are approved to make under the relevant PRC laws and regulations, and their respective registered capital, and must be registered with or approved by the local branches of SAFE.

We may be unable to obtain and remit foreign exchange.

We are a company incorporated in the Cayman Islands. Our ability to satisfy its obligations under the Notes depends upon, among other things, our ability to obtain and remit sufficient foreign currency. We must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before we can obtain and remit foreign currencies out of the PRC including evidence that the relevant PRC taxes have been paid. If we for any reason fail to satisfy any of the PRC legal requirements for remitting foreign currency, our ability to satisfy our obligations under the Notes would be adversely affected.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture there could be a default under the terms of these agreements, 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 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 the debt repayment and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our

indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us. Furthermore, we are permitted to incur indebtedness pursuant to the Indenture if, among other options, we are able to meet the Fixed Charge Coverage Ratio (as defined in the Indenture).

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

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

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

We may incur substantial additional indebtedness in the future.

The restrictions under agreements relating to our indebtedness are subject to exceptions. Although the provisions in agreements relating to our indebtedness, including the Indenture, contain restrictions that may limit our financial and operating flexibility, these restrictions are subject to important exceptions and qualifications. Under the Notes, our ability to incur additional debt is subject to the limitation on indebtedness and preferred stock covenant. Under such covenant, we may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if we can, among other things, satisfy the Fixed

Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing consolidated EBITDA by Consolidated Fixed Charges. Because our definition of Consolidated EBITDA includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenant, could be substantially larger when compared to other similarly situated PRC-based issuers of high-yield bonds whose covenant does not typically include unrealized gains in the calculation of their respective consolidated EBITDA. Because our definition of Consolidated Interest Expense only includes interest payable by the Issuer or any Restricted Subsidiary if such interest accrues on Indebtedness of any other Person that is Guaranteed by any Restricted Subsidiary, our Consolidated Fixed Charges would be substantially lower, and therefore our ability to incur additional debt under such covenant could be substantially larger, when compared to other similarly situated PRC high yield issuers. Such exceptions and qualifications may allow us to, among other things, incur additional indebtedness, pledge assets to secure certain indebtedness, make certain investments and/or sell certain of our assets. As a result of such actions, we may become significantly leveraged, sustain losses on our investments and/or lose revenue streams, any of which could materially and adversely affect our ability to satisfy our obligations under the Notes and other indebtedness.

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

The Issuer will seek a listing of the Notes on the HKSE. Application will be made to the HKSE for the Notes to be admitted for trading on the HKSE. We do not intend to apply for listing of the Notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. We have been advised that the Initial Purchasers intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions.” We cannot predict whether an active trading market for the Notes will develop or be sustained.

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

The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. On October 16, 2019, Fitch issued an announcement in which we have been upgraded to “B+” from “B” with a stable outlook. Ratings of the 2022 II Senior Notes have been upgraded to “B+” from “B”. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the ratings assigned to the Notes may adversely affect the market price of the Notes.

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

Our shares are listed on the HKSE 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, may require the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The “Limitation on Transactions with Shareholders and Affiliates” covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and

- (a) any holder (or any Affiliate of such holder) of 10% or more of shares of the Issuer; or
- (b) any Affiliate of the Issuer, 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 Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officers’ certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

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, our financial statements are prepared and presented in accordance with IFRS, which differs in certain significant respects from GAAP in other jurisdictions, which might be material to the financial information contained in this offering memorandum. We have not prepared a reconciliation of our combined financial statements and our consolidated financial statements and related footnotes between IFRS and other GAAP. You should consult your own professional advisors for an understanding of the differences between IFRS and other GAAP and how those differences might affect the financial information contained in this offering memorandum.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our turnovers, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. We cannot assure you that these developments will not occur in the future.

Certain facts and statistics are derived from publications not independently verified by us, the Initial Purchasers or their respective advisors.

Facts and statistics in this offering memorandum relating to China's economy and the industry in which we operate are derived from publicly available sources. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Initial Purchasers or our or their respective advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective calculation and collection methods and other problems, such facts and statistics may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

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

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

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book-entry interest, you will be permitted

to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

We may make amendments to and seek waivers from certain provisions of the Indenture.

Under certain circumstances as described below under “Description of the Notes — Amendments and Waiver — Amendments Without Consent of Holders,” we may, from time to time, and without prior consultation with the Noteholders, make certain amendments to the Indenture. Further, under certain circumstances as described below under “Description of the Notes — Amendments and Waiver — Amendments With Consent of Holders,” we may, from time to time, and with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes, make certain amendments to the Indenture or waive future compliance by the Issuer and the Subsidiary Guarantors, with certain provisions of the Indenture. If the requisite consents are obtained (if required) and/or the relevant conditions are satisfied (or waived) and such amendments or waivers become operative, all Noteholders will be bound by the terms of the Indenture as amended, whether or not a Noteholder delivered a consent. Such amendments or waivers could materially increase the credit risks faced by Noteholders or could otherwise be materially adverse to the interests of the Noteholders.

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

The Notes are denominated in U.S. dollars, while substantially all of our revenue are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the interbank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 33.0% from July 21, 2005 to December 31, 2014. On March 17, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. On August 11, 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On December 11, 2015, the China Foreign Exchange Trade System, a sub-institutional organization of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and

resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be materially and adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations after the issuance of the Notes. Such devaluation could also materially and adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes. The value of the Renminbi has depreciated significantly against U.S. dollars since the end of 2015 and there is no assurance that the Renminbi will not experience significant depreciation or (as the case may be) appreciation against U.S. dollars or against any other currency in the future.

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 Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar-denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the Indenture governing the Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the Indenture.

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 materially and adversely affect our financial condition and/or any of our subsidiaries and may materially and adversely affect the performance of our or their respective obligations under or in relation to the Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

The Trustee may request Noteholders to provide an indemnity, security and/or pre-funding to its satisfaction.

Under certain circumstances, including without limitation giving notice to the Issuer upon an event of default and taking enforcement steps pursuant to the terms of the Indenture, the Trustee may, at its sole discretion, request Noteholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding 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, security and/or pre-funding to it, in breach of the terms of the Indenture 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 Noteholders to take such actions directly.

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

We engaged Sustainalytics to review the Green Financing Framework and to provide a second party opinion (SPO) on the Green Financing Framework's environmental credentials and its alignment with the Green Bond Principles 2018 and the Green Loan Principles 2020 (each as defined in the Section headed "Green Financing Framework" in this offering memorandum).

The SPO provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Notes, including without limitation market price, marketability, investor preference or suitability of any security. The SPO are not incorporated into, and do not form part of, this offering memorandum. None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or the Managers makes any representation as to the suitability of the SPO. The SPO is not, nor should not be deemed to be, a recommendation to buy, sell or hold securities and is only current as of the date that the SPO were initially issued, and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Furthermore, the SPO are for information purposes only and Sustainalytics does not accept any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in them. A withdrawal of the SPO may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Prospective investors must determine for themselves the relevance of the SPO and/or the information contained therein and/or the SPO provider for the purpose of any investment in the Notes.

The SPO and the Green Financing Framework have been made available to investors on the Company's website (<http://en.rsunproperty.hk/invest/>).

In addition, in connection with the issue of the Notes, the Issuer has requested the Hong Kong Quality Assurance Agency (the "HKQAA") to issue independent certification (a "HKQAA Pre-issuance Stage Certificate" or a "HKQAA Post-issuance Stage Certificate") confirming that the Notes are in compliance with the requirements of the Green Finance Certification Scheme operated by the HKQAA (the "HKQAA Green Finance Certification Scheme"). The HKQAA Green Finance Certification Scheme is a set of voluntary guidelines that aims to facilitate the development of green finance and the green industry. The HKQAA Pre-issuance Stage Certificate will be obtained before or around the closing date for the Notes or the HKQAA Post-issuance Stage Certificate will be obtained after the issuance for the Notes.

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

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

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

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US\$193 million. We intend to use the net proceeds for refinancing our existing medium to long term offshore indebtedness which will become due within one year.

Pending application of the net proceeds of this offering, we intend to invest the net proceeds in Temporary Cash Investments (as defined under “Description of the Notes — Definitions”).

GREEN FINANCING FRAMEWORK

Our Green Financing Framework (“**Green Financing Framework**”) articulates how we intend to issue green financing instruments (“**Green Financing Instruments**”) to promote our ongoing effort in sustainable development of green property.

We adopt the “Look-back Principle” which gives us the flexibility to allocate net proceeds to investments and expenditures incurred with 36 months prior to the respective allocation decision. In alignment with the Green Bond Principles 2018 as administered by the International Capital Market Association (“**Green Bond Principles**”) and the Green Loan Principles 2020 as administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association (“**Green Loan Principles**”), our Green Financing Framework comprises of the following core components: (1) use of proceeds; (2) process for project evaluation and selection; (3) management of proceeds; (4) reporting and (5) external review.

Use of proceeds

An amount equivalent to the net proceeds of each Green Financing Instrument will be used to finance or refinance, in whole or in part, projects (“**Eligible Projects**”) which meet one or more of the following criteria (“**Eligibility Criteria**”):

1. *Green Buildings*

- Development, renovation, maintenance, operations or acquisitions of buildings, that have received or are expected to receive:
 - Chinese Green Building Evaluation Label with a minimum certification level of 2 stars
 - Green Ecological Residential Quarters certified by Chongqing Housing and Urban Rural Construction Commission
 - Any other green building certification that is an equivalent standard of the above
- Building renovations are also eligible if energy savings of at least 30% in comparison to the baseline performance of the building prior the renovation will be achieved.

2. *Energy Efficiency*

- Energy efficient building upgrades or improvements, including smart meters, heating ventilation and air conditioning systems, auto or LED lighting, lift system, and building controls to increase energy efficiency. Eligible projects will achieve an efficiency gain of at least 15%.

3. *Renewable Energy*

- Investments and expenditures in solar and energy storage technologies for its project development, including but not limited to solar photovoltaic energy systems.

4. *Sustainable Water Management*

- Construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater.

5. *Clean Transportation*

- Installation of infrastructure for zero tailpipe emission vehicles, such as electric charging points for electric vehicles.

Process for project evaluation and selection

The evaluation and selection process ensures that the proceeds of our Green Financing Instruments are allocated to projects that meet the criteria set out in the “Use of Proceeds” section. We have established a Green Financing Committee (the “**Green Financing Committee**”) which governs the process, consisting of representatives from the Sustainability team and Treasury department. The Committee will meet on an annual basis and is responsible for:

- **Evaluating** the compliance of projects with the Eligibility Criteria.
- **Approving** the inclusion of pre-selected Eligible Projects in our Green Project Portfolio.
- **Monitoring** and managing the Green Project Portfolio and corresponding Green Financing Instruments. We will maintain a virtual register which captures the initial and continued assignment of Eligible Projects to the Green Project Portfolio.
- **Replacing** projects that no longer meet the Eligible Criteria or due to any divestments.
- **Observing** developments in the Sustainable Financing markets and approving updates to the Green Financing Framework accordingly to reflect relevant changes in our corporate strategy or market developments.

Management of proceeds

Our treasury department will establish a Green Project Portfolio and track the allocation of net proceeds from the issuance of any Green Financing Instruments to Eligible Projects. All Eligible Projects must meet the Eligible Criteria throughout the term of the Green Financing Instrument and the Look-back Principle upon issuance of a Green Financing Instrument. If an Eligible Project ceases to fulfil the Eligibility Criteria or exit our portfolio, we will, on a best effort basis, substitute these projects as soon as reasonably practicable.

Eligible Projects financed by net proceeds of any Green Financing Instruments will not be affected by ex-ante changes to the Green Financing Framework and will remain in the Green Project Portfolio for as long as they meet the Eligibility Criteria prevailing at the

time of issuance of the Green Financing Instruments and are internally/virtually allocated to an outstanding instrument. The Green Financing Committee will review the Green Project Portfolio annually.

We strive to fully allocate net proceeds of any Green Financing Instrument within 24 months. Prior to full allocation, proceeds will be held in line with our general liquidity guidelines in cash, cash equivalents, and/or other liquid marketable instruments.

Our Green Project Portfolio will also be routinely monitored by our Treasury department and our Green Financing Committee to detect any potential shortfall.

Reporting

We will publish a Green Financing Report, at least on an annual basis, for as long as there is any Green Financing Instrument outstanding or until full allocation. The Green Financing Report will be made available on our investor relations website (<http://en.rsunproperty.hk/invest/>). The report will be divided into two parts (i) the “**allocation reporting**” and (ii) the “**impact reporting**”, whereby each report will contain details including, but not limited to:

Allocation reporting

- Total amount of outstanding Green Financing Instruments and the share of proceeds used for financing versus re-financing purposes
- The size of the Green Project Portfolio as well as a split by Project Categories
- Any shortfall or amount of unallocated proceeds
- Illustrative examples describing Eligible Projects to which Green Financing net proceeds have been allocated (subject to confidentiality commitments)

Impact reporting

We strive to report on the environmental impact of Eligible Projects financed by Green Financing Instruments. On a best effort basis and subject to data availability, the impact reporting may include, but not limited to, impact metrics as outlined in the table below. We might make assumptions on units in use as well as the relevant benchmark emissions and will clearly state these in the reporting:

We will provide an annual report on the allocation of proceeds on our website, and/or as part of our annual report or sustainability report. The allocation report will include aggregate amount allocated to various Eligible Green Project, the remaining balance of funds to be allocated, share of financing and refinancing transactions and the type of investment they are being temporarily held in, and examples of the Eligible Green Projects.

GBP/GLP category	Potential impact indicators
Green Buildings	<ul style="list-style-type: none"> — Level of certification by building — Energy performance for buildings (in kWh per m² and year) — Annual GHG emission avoided (in tCO₂eq) — Annual energy savings (in MWh)
Energy Efficiency	<ul style="list-style-type: none"> — Annual energy savings (in MWh) — Annual GHG emission avoided (in tCO₂eq)
Renewable Energy	<ul style="list-style-type: none"> — Renewable energy capacity installed (in MW) — Renewable energy generated annually (in MWh) — Annual GHG emission avoided (in tCO₂eq)
Sustainable Water Management	<ul style="list-style-type: none"> — Amount of rain water collected and re-used (in m³)
Clean Transportation	<ul style="list-style-type: none"> — Numbers of electric charging points for electric vehicles installed

External review — Second Party Opinion

We have engaged Sustainalytics, an independent firm that specializes in rating environmental and corporate governance performance, to review the Green Financing Framework and to provide a second party opinion (“SPO”) on the Green Financing Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 and the Green Loan Principles 2020. The Green Financing Framework and the SPO are publicly available on our website at <http://en.rsunproperty.hk/invest/>.

In addition, the HKQAA Pre-issuance Stage Certificate will be obtained before or around the closing date for the Notes or the HKQAA Post-issuance Stage Certificate will be obtained after the issuance for the Note, certifying that the Notes issued or to be issued by the Issuer comply with the requirements of the HKQAA Green Finance Certification Scheme.

EXCHANGE RATE INFORMATION

PRC

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

On March 15, 2014, PBOC announced that since March 17, 2014, the floating band of inter-bank spot foreign exchange market trading price of RMB against U.S. dollar was further widened from 1% to 2%. On each business day, the spread between the Renminbi and U.S. dollars buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3% of published central parity of U.S. dollar on that day, instead of 2%. PBOC may continue to promote the market-based Renminbi exchange rate regime, enhance the flexibility of Renminbi exchange rate in both directions, and keep the Renminbi exchange rate basically stable at an adaptive and equilibrium level. On August 11, 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. On December 11, 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to

measure the Renminbi exchange rate from a new perspective. The International Monetary Fund announced on September 30, 2016 that the Renminbi joins its Special Drawing Rights currency basket. Since October 2016, Renminbi experienced significant fluctuation in value against the U.S. dollar but in 2017 and 2018 rebounded and appreciated significantly against the U.S. dollar. On August 5, 2019, the PBOC set the Renminbi's daily reference rate below RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of the Renminbi 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 in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

Period	Noon Buying Rate			
	Period end	Average⁽¹⁾	Low	High
	RMB per US\$1.00			
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2869	6.1870	6.4896
2016	6.9430	6.6549	6.4480	6.9580
2017	6.5063	6.7350	6.4773	6.9575
2018	6.8755	6.6292	6.2649	6.9737
2019	6.9618	6.9014	6.6822	7.1786
2020	6.5250	6.8878	7.1681	6.5208
2021				
January	6.4282	6.4672	6.4282	6.4822
February	6.4730	6.4601	6.4344	6.4869
March	6.5518	6.5109	6.4648	6.5716
April	6.4749	6.5176	6.4710	6.5649
May	6.3674	6.4321	6.3674	6.4749
June	6.4566	6.4250	6.3796	6.4811
July	6.4609	6.4763	6.4562	6.5104
August	6.4604	6.4768	6.4604	6.5012

Note:

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

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been pegged to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The central element in the arrangements which gave effect to the peg is that, by agreement between the Hong Kong Special Administrative Region government and the three Hong Kong banknote issuing banks (i.e., The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and the 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 which 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. However, in May 2005, the Hong Kong Monetary Authority broadened the 22-year old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong Special Administrative Region 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 Special Administrative Region 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 Special Administrative Region government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar, or at all.

The following table sets forth the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board for the periods indicated:

Period	Noon Buying Rate			High
	Period end	Average⁽¹⁾	Low	
	HK\$ per US\$1.00			
2013	7.7539	7.7565	7.7503	7.7654
2014	7.7531	7.7554	7.7495	7.7669
2015	7.7507	7.7519	7.7495	7.7686
2016	7.7534	7.7618	7.7505	7.8270
2017	7.8128	7.7950	7.7540	7.8267
2018	7.8305	7.8376	7.8043	7.8499
2019	7.7894	7.8335	7.8499	7.7850
2020	7.7534	7.7562	7.7498	7.7951
2021				
January	7.7531	7.7533	7.7517	7.7555
February	7.7567	7.7529	7.7567	7.7515
March	7.7746	7.7651	7.7562	7.7746
April	7.7664	7.7685	7.7596	7.7849
May	7.7610	7.7654	7.7608	7.7697
June	7.7658	7.7617	7.7566	7.7666
July	7.7723	7.7705	7.7651	7.7837
August	7.7869	7.7834	7.7735	7.7925

Note:

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

CAPITALIZATION AND INDEBTEDNESS

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

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

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

	As of June 30, 2021			
	Actual		As adjusted	
	(RMB’000)	(US\$’000) ⁽⁴⁾ (unaudited)	(RMB’000) (unaudited)	(US\$’000) ⁽⁴⁾ (unaudited)
Current borrowings				
Interest-bearing bank and other borrowings (current portion)	6,845,651	1,060,256	6,845,651	1,060,256
Senior notes	3,571,310	553,125	3,571,310	553,125
Lease liabilities	45,336	7,022	45,336	7,022
Total current borrowings	10,462,297	1,620,403	10,462,297	1,620,403
Non-current borrowings				
Interest-bearing bank and other borrowings (non-current portion)	15,176,110	2,350,480	15,176,110	2,350,480
Senior notes	8,281,029	1,282,568	8,281,029	1,282,568
Lease liabilities	1,397,780	216,489	1,397,780	216,489
Notes to be issued ⁽¹⁾	—	—	1,246,124	193,000
Total non-current borrowings	24,854,919	3,849,537	26,101,043	4,042,537
Total indebtedness⁽²⁾	35,317,216	5,469,940	36,563,340	5,662,940
Total Equity	30,223,068	4,680,957	30,223,068	4,680,957
Total capitalization⁽³⁾	55,077,987	8,530,494	56,324,111	8,723,494

Notes:

- (1) Notes to be issued is presented net of capitalized transaction costs related to the issuance of the Notes.
- (2) Total indebtedness equals total current borrowings plus total non-current borrowings.
- (3) Total capitalization equals total non-current borrowings plus total equity.
- (4) Calculated at the exchange rate of US\$1.00 = RMB6.4566 on June 30, 2021 as set forth in the H.10 statistical release of the Federal Reserve Board.

SELECTED FINANCIAL DATA

The following table presents our summary financial and other data. The consolidated financial data as of and for the years ended December 31, 2018 and 2019 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2019. The consolidated financial data as of and for the year ended December 31, 2020 (except for EBITDA data) have been derived from our consolidated financial statements as of and for the year ended December 31, 2020. The Group's financial statements are audited by EY, our independent certified accountants, and are included elsewhere in this offering memorandum. The consolidated interim financial data of the Group as of and for the six months ended June 30, 2020 and 2021 set forth below (except for EBITDA data) have been derived from our consolidated financial statements as of and for the six months ended June 30, 2021, as reviewed by EY, and are included elsewhere in this offering memorandum. Such financial statements as of and for the six months ended June 30, 2021 should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending December 31, 2021. Our financial statements have been prepared and presented in accordance with IFRS. You should read the summary financial statements set forth below in conjunction with our combined financial statements and our consolidated financial statements, together with the accompanying notes, included elsewhere in this offering memorandum.

Summary Income Statement

	<u>For the Year Ended December 31,</u>			<u>For the Six Months Ended June 30,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
Revenue	9,238,741	15,169,506	20,158,701	9,623,812	12,964,452	2,007,938
Cost of sales	<u>(6,351,656)</u>	<u>(11,356,243)</u>	<u>(15,650,959)</u>	<u>(7,189,382)</u>	<u>(10,234,286)</u>	<u>(1,585,089)</u>
Gross Profit	2,887,085	3,813,263	4,507,742	2,434,430	2,730,166	422,849
Other income and gains	235,973	331,217	632,630	179,188	222,919	34,526
Selling and distribution expenses	(341,771)	(651,982)	(927,623)	(319,716)	(416,723)	(64,542)
Administrative expenses	(686,271)	(1,089,711)	(990,669)	(543,059)	(403,745)	(62,532)
Other expenses	(48,159)	(36,560)	(39,356)	(50,488)	(35,318)	(5,470)
Fair value gains on investment properties	260,803	310,456	258,949	57,302	87,690	13,581
Finance costs	(499,297)	(634,309)	(725,412)	(425,186)	(494,616)	(76,606)
Share of gains/(losses) of:						
Joint ventures	387,008	97,724	(85,034)	(26,237)	(123,195)	(19,080)
Associates	<u>(19,993)</u>	<u>595,285</u>	<u>528,110</u>	<u>259,141</u>	<u>158,469</u>	<u>24,544</u>
Profit before tax	2,175,378	2,735,383	3,159,337	1,565,375	1,725,647	267,269
Income tax expense	<u>(852,253)</u>	<u>(1,099,523)</u>	<u>(1,304,397)</u>	<u>(670,307)</u>	<u>(735,678)</u>	<u>(113,942)</u>
Profit for the year	<u>1,323,125</u>	<u>1,635,860</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>
Attributable to:						
Owners of the parent	1,412,264	1,467,555	1,660,967	677,418	739,311	114,505
Non-controlling interests	<u>(89,139)</u>	<u>168,305</u>	<u>193,973</u>	<u>217,650</u>	<u>250,658</u>	<u>38,822</u>
Profit for the year	<u>1,323,125</u>	<u>1,635,860</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018	2019	2020	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
OTHER COMPREHENSIVE INCOME						
Gains on property revaluation:						
Change in use from an owner-occupied property to an investment property carried at fair value.	—	27,896	—	—	—	—
Income tax effect	—	(6,974)	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX.	—	20,922	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,323,125</u>	<u>1,656,782</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>
Attributable to:						
Owners of the parent	1,412,264	1,488,477	1,660,967	677,418	739,311	114,505
Non-controlling interests	<u>(89,139)</u>	<u>168,305</u>	<u>193,973</u>	<u>217,650</u>	<u>250,658</u>	<u>38,822</u>
	<u>1,323,125</u>	<u>1,656,782</u>	<u>1,854,940</u>	<u>895,068</u>	<u>989,969</u>	<u>153,327</u>

Other Financial Data

	As at December 31,			As at June 30,	
	2018	2019	2020	2020	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA (RMB in million)⁽¹⁾	3,010	4,115	5,839	2,814	3,460
EBITDA Margin⁽²⁾	33%	27%	29%	29%	27%

Notes:

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

Summary Balance Sheet Data

	As of December 31,			As of June 30, 2021	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Non-current assets					
Property, plant and equipment	988,556	807,938	820,826	798,559	123,681
Investment properties	9,397,000	11,572,037	12,973,827	13,100,420	2,028,997
Right-of-use assets	—	157,721	99,437	96,158	14,893
Prepaid land lease payments	28,903	—	—	—	—
Other intangible assets	11,998	12,426	11,180	10,121	1,568
Investments in joint ventures	1,026,466	2,236,978	1,977,217	2,126,390	329,336
Investments in associates	1,712,839	5,584,394	9,572,816	11,580,469	1,793,586
Deferred tax assets	443,060	727,598	1,045,864	1,152,389	178,482
Loan receivables	—	—	211,721	—	—
Total non-current assets	<u>13,608,822</u>	<u>21,099,092</u>	<u>26,712,888</u>	<u>28,864,506</u>	<u>4,470,543</u>
Current assets					
Properties under development	29,702,386	36,280,854	48,499,979	48,370,726	7,491,671
Completed properties held for sale	1,162,901	3,327,897	3,795,722	5,578,339	863,975
Trade receivables	23,728	6,767	7,067	3,118	483
Due from related companies	6,949,865	8,454,905	8,801,141	12,188,228	1,887,716
Prepayments, other receivables and other assets	2,643,862	7,705,396	11,601,756	15,567,814	2,411,147
Tax recoverable	239,800	516,753	630,969	864,566	133,904
Financial assets at fair value through profit or loss	1,130,607	1,148,390	428,521	545,250	84,448
Inventories	4,054	12,613	42,046	49,976	7,740
Restricted cash	2,644,723	2,304,586	2,862,288	2,522,740	390,723
Pledged deposits	3,578,720	5,848,309	3,253,741	1,083,760	167,853
Cash and cash equivalents	6,232,596	8,691,522	12,409,052	13,968,826	2,163,496
Total current assets	<u>54,313,242</u>	<u>74,297,992</u>	<u>92,332,282</u>	<u>100,743,343</u>	<u>15,603,156</u>

	As of December 31,			As of June 30, 2021	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Current liabilities					
Trade and bills payables	2,885,646	4,845,588	6,244,841	7,060,716	1,093,566
Other payables and accruals . .	3,752,834	7,040,888	8,376,013	8,335,019	1,290,930
Contract liabilities	16,639,157	24,974,641	29,383,224	30,842,533	4,776,900
Due to related companies	4,941,489	5,387,256	8,068,242	12,402,221	1,920,859
Interest-bearing bank and other borrowings	8,233,697	10,516,391	8,766,941	6,845,651	1,060,256
Senior notes	2,592,868	1,894,998	2,671,726	3,571,310	553,125
Tax payable	1,603,664	2,169,259	2,904,848	2,970,750	460,111
Lease liabilities	—	46,809	35,509	45,336	7,022
Total current liabilities	40,649,355	56,875,830	66,451,344	72,073,536	11,162,769
Net current assets	13,663,887	17,422,162	25,880,938	28,669,807	4,440,387
TOTAL ASSETS LESS					
CURRENT LIABILITIES	27,272,709	38,521,254	52,593,826	57,534,313	8,910,930
Non-current liabilities					
Interest-bearing bank and other borrowings	11,092,804	9,755,355	13,285,233	15,176,110	2,350,480
Senior Notes	—	7,379,644	7,581,168	8,281,029	1,282,568
Deferred tax liabilities	2,330,160	2,428,329	2,377,861	2,247,906	348,156
Lease liabilities	—	911,477	1,745,635	1,397,780	216,489
Other payable accruals	—	—	200,345	208,420	32,280
Total non-current liabilities	13,422,964	20,474,805	25,190,242	27,311,245	4,229,973
NET ASSETS	13,849,745	18,046,449	27,403,584	30,223,068	4,680,957
Equity					
Equity attributable to owners of the parent					
Share capital	28,254	28,254	28,275	28,354	4,391
Share premium	2,931,914	2,628,301	2,257,437	1,876,314	290,604
Other reserves	9,734,737	11,231,190	12,894,625	13,625,343	2,110,297
	12,694,905	13,887,745	15,180,337	15,530,011	2,405,292
Non-controlling interests	1,154,840	4,158,704	12,223,247	14,693,057	2,275,665
TOTAL EQUITY	13,849,745	18,046,449	27,403,584	30,223,068	4,680,957

Summary Cash Flows Statement

	For the year ended 31 December		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Net cash (used in)/from operating activities	(2,627,998)	989,727	(5,566,793)
Net cash (used in)/from investing activities	(3,980,233)	(6,483,960)	(818,987)
Net cash from financing activities	10,362,764	7,884,700	10,238,182
Net increase/(decrease) in cash and cash equivalents	3,754,533	2,390,467	3,852,402
Cash and cash equivalent as at the beginning of the year	2,478,063	6,232,596	8,691,522
Effect of foreign exchange rate changes, net	—	68,459	(134,872)
Cash and cash equivalent as at the end of the year	6,232,596	8,691,522	12,409,052

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial information, together with the notes thereto, included elsewhere to this offering memorandum. Our combined financial information has been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for the future. The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the sections entitled “Risk Factors” and “Business.”

OVERVIEW

We are a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. We focus on residential property development, commercial property investment and operations as well as hotel operating management. Adhering to the core values of “professionalism and building credibility for the long term”, we strictly implement the investment strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities” (做透大江蘇、深耕都市圈、做強中心城), achieving the dual-driven coordinated development in property development and commercial real estate. Since the incorporation of Nanjing Redsun in 1999, we have worked in the sector of property development and sales for over 20 years, established the *Hong Yang* brand and received widespread recognition for our development capacity and industry position. We have maintained steady growth in recent years. Our net profit increased from RMB1,412.3 million in 2018 to RMB1,467.6 million in 2019, and further increased to RMB1,661.0 million in 2020 and our net profit for the six months ended June 30, 2020 and 2021 amounted to RMB677.4 million and RMB739.3 million (USD114.5 million), respectively. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our total assets amounted to RMB67,922.1 million, RMB95,397.1 million and RMB119,045.2 million and RMB129,607.8 million (US\$20,073.7 million), respectively.

We have established the *Hong Yang* brand, which enjoyed a high reputation and recognition in the Yangtze River Delta region. Sales of the Group for the first half of 2021 increased its rank to 45th nationwide according to the statistics of CRIC (克而瑞研究中心). Our Nanjing Hong Yang Plaza was also recognized as “2021 Commercial Property Benchmarking Project” by the China Index Academy. In 2020, we were ranked 47th among China’s Top 500 property developers and 2nd in terms of growth rate among China’s Top 10 property developers by the China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal. In 2019, we were ranked TOP 500 China Real Estate Developers by China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal and TOP 50 New and Vigorous Chinese Listed Companies by Brand Value by National Business Daily and Tsinghua SEM, and we also received the award of “2019 Top 30 Brand of China Real Estate Companies (mixed all 11–30) (2019中國房地產公司品牌價值TOP 30 (混合所有11–30)) in the 2019 China Real Estate Brand Value

Research Results Release Conference cum 16th China Real Estate Brand Development Summit (2019年中國房地產品牌價值研究成果發佈會暨第十六屆中國房地產品牌發展高峰論壇) held in Beijing in 2019.

Designing and developing customer-tailored products and implementing high standards of quality control are the lifeline of us. We conducted an intensive study of customer needs and launched four product lines, from properties with the best improvement, to high-quality rigid demand housing, namely, Times Series (時光系), Sunrise Series (昕悅系), Chenhui Series (宸暉系) and Hongzhu Series (弘著系), to meet the needs of different consumer groups. We use high-quality materials and accessories for construction and decoration and critically review the work of contractors. We use the internal standard of “millimetric quality error” for product quality control. We strive to meet the needs of our customers through fine workmanship and quality control measures.

We have balanced property development and operation abilities. While developing residential properties, we also operate commercial complexes covering shopping malls, amusement parks and community centers, hotels and office buildings. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects. Looking ahead, we will continue to adhere to the “Property + Commercial” dual-driven strategy. In 2018, 2019 and 2020, our commercial properties accounted for a revenue of RMB359.0 million, RMB411.4 million and RMB505.2 million, respectively. In the six months ended June 30, 2021, revenue from commercial operations increased by 37.1% to RMB291.8 million (US\$45.2 million) as compared to RMB212.8 million in the corresponding period of 2020.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China, and have gradually extended our reach to the Greater Bay Area, the Chengdu-Chongqing region, Central Plains, Midstream of Yangtze River and the Shandong Peninsula. As at June 30, 2021, we had a total of 168 projects under construction with an aggregate planned gross floor area of 18,696,674 sq.m. Keeping abreast of the pace of urban development, we seized the investment opportunities with diversified investment channels and actively enlarged our land bank. As of June 30, 2021, we had land reserves with a total GFA of approximately 21,005,050 sq.m., representing an increase of 4.7% from that of 20,057,380 sq.m. as at December 31, 2020. Our land reserves comprise of (i) completed properties with a saleable GFA of approximately 1,470,311 sq.m., (ii) investment properties with a rentable GFA of approximately 838,065 sq.m., and (iii) properties under development with an aggregate GFA of approximately 18,696,674 sq.m.. We believe our existing land reserves can provide sufficient support for our future development.

We launched our head office in Shanghai in February 2019 to form a dual headquarters’ operation in Shanghai and Nanjing. Shanghai, which has a large property market, is one of our key expansion regions in future. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in the future to provide support for our further business expansion.

We have been successfully listed on the Stock Exchange of Hong Kong since July 12, 2018 and our shares are listed under the stock code “1996”. We believe our listing has provided us an important opportunity for leapfrog development. Starting from 2019, our shares were included in the Hang Seng Composite Index and the southbound Stock Connect, which we believe will further strengthen our influence in the capital markets.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations, financial condition and prospects are affected by a number of factors, many of which are beyond our control, including those set forth below. The following should be read in conjunction with the section headed “Risk Factors” in this offering memorandum.

Economic growth, urbanization and demand for real estate properties in China, particularly in Nanjing, Suzhou and other major cities in Yangtze River Delta Region

Economic growth, urbanization and increasing purchasing power have been the main driving forces behind the increasing market demand for real estate properties in China. These factors are in turn affected by a number of macroeconomic factors, including changes in the global economy and world markets, as well as the fiscal and monetary policies of the PRC government. The paces of economic growth, urbanization and increasing purchasing power in China are expected to continue to significantly affect the number of potential property buyers and the pricing and profitability of residential properties, and, in turn, our performance and results of operations. Because we focus primarily on developing properties in Nanjing, Suzhou and other major cities in Yangtze River Delta Region, developments in markets in Nanjing, Suzhou and other major cities in Yangtze River Delta Region and other future target cities are especially important to our operations. If there is a downturn in the global economy, the PRC economy or in any of the property markets in which we have operations, or a decrease in the pace of urbanization, our financial condition and results of operations may be materially and adversely affected. See “Risk Factors — Risks Relating to Our Business — Our business and prospects are dependent on the economic conditions in the PRC and the performance of the PRC property market, and in particular on the performance of the markets in Nanjing and various major cities in the Yangtze River Delta, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in this region, could have a material adverse effect on our business, financial condition, and results of operations.”

The regulatory environment and measures affecting the property industry in China

PRC governmental policies and measures regarding property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among other things, the supply of land, pre-sales of properties, land usage, plot ratios, bank financing and taxation. In recent years, in response to rising property prices across the country, the PRC government has implemented a series of measures aimed at controlling prices in the real estate market. Various administrative bodies have introduced policies and measures to discourage speculation and impose more stringent requirements on property developers. These measures require, among other things, higher minimum down payments from purchasers, new restrictions on the purchase of properties, that a minimum portion of

investment in property projects be devoted to affordable and commodity housing and increases in bank lending rates for mortgage financing. A substantial portion of our customers make down payments and rely on mortgage financing to purchase our properties. Accordingly, regulations or measures adopted by the PRC government that are intended to increase down payment requirements, restrict the ability of purchasers to obtain mortgages, limit their ability to resell their properties or increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our results of operations. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business and results of operations. Furthermore, the PRC government may introduce initiatives which may affect our access to capital and the means by which we can finance our property development. See “Risk Factors — Risks Relating to Our Industry — Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate.”

Land acquisition and construction costs

Our success and continuing growth will largely depend on our ability to acquire quality land at prices that can generate reasonable returns. As the Chinese economy continues to grow rapidly and demand for residential properties remains strong, competition among property developers for land is likely to continue to intensify. In recent years, land premiums have increased notably in major cities in China and in the cities in which we operate, in particular. Construction costs have also increased in recent years mainly due to increases in labor costs and costs of raw materials. Historically, we mainly acquired state-owned land use rights through public tender, auction and listing-for-sale, cooperating with third-party business partners and acquisition of equity interests in other companies or property interests held by other companies. However, there can be no assurance that we will be able to continue to source land with favorable prices given the increasing competition for land for development. If our land acquisition costs significantly increase, we may incur substantial additional financing costs. If we cannot sell our properties at increased prices sufficient to offset increases in costs, our profitability will be adversely affected.

Access to capital and cost of financing

Bank loans and borrowings from financial institutions and trust financing are important funding sources for our property development. As of December 31, 2018, 2019 and 2020, the amount of our outstanding current and non-current bank loans was RMB13,626.0 million, RMB14,546.2 million and RMB17,388.9 million, respectively. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which are linked to the PBOC benchmark lending rates, the restrictions imposed by the PRC government on bank lending for property development, and the general conditions of the domestic and global capital markets.

As of December 31, 2018, 2019 and 2020, our outstanding amount of other borrowings (including loans and trust and other financings) was RMB5,700.5 million, RMB5,725.5 million and RMB4,663.3 million, respectively. Compared with bank loans, trust financing offers greater flexibility in terms of availability, but financing costs under trust financing arrangements are generally higher than those under bank loans. If we are unable to enter into such trust financing arrangements on favorable terms in the future, or at all, our results of operations and financial condition may be materially and adversely affected.

Our total interest cost (including capitalized interest expenses) on bank loans, other borrowings and senior notes amounted to RMB1,548.2 million, RMB2,447.9 million, RMB3,101.5 million, RMB1,487.8 million and RMB1,420.4 million (US\$220.0 million) for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively. For the same periods, our effective interest rate was 7.81%, 8.55%, 7.67%, 7.83% and 7.62%, respectively. Any potential increase in interest rates may result in additional interest costs for us, especially in newly raised loans.

Timing of property development

The development of property projects requires significant time. It may take several months, years, or even longer, after the start of development before pre-sales of properties in that development are commenced. We do not recognize revenue until properties have been sold, completed and delivered to their customers. Due to fluctuations in market demand, the revenue that we recognize in a particular period may also be affected by market conditions at the time a particular property project is pre-sold or sold. Moreover, delays in construction, regulatory approval or other processes may adversely affect the completion timetable of our projects and, therefore, our recognition of revenue from our projects.

Pre-sales of properties

Pre-sales of properties constitute one of the most important sources of our operating cash flows during our project development process. PRC law allows us to pre-sell properties prior to their completion upon satisfaction of certain pre-conditions but requires that we use the pre-sales proceeds to finance the particular project that has been presold. See “Business — Property Development and Sales Process — Marketing and Sales.” The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedules of our projects, restrictions on pre-sales imposed by the PRC government, the availability and affordability of mortgage financing for our purchasers, market demand for our properties and the number of our properties available for pre-sale. In addition, any reduction in cash flows from the pre-sales of our properties will likely increase our reliance on external financing, which may increase our costs and may impact our ability to finance our continuing property development.

Fair value of our investment properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. The property valuer has used methods of valuation which involve, *inter alia*, certain estimates including current market transaction prices for comparable properties, appropriate yield rates and expected current market rents. Favorable or unfavorable changes to the assumptions would result in changes in the estimated fair value of our investment properties and corresponding adjustments to the amount of gain or loss reported in the combined statements of comprehensive income. For the years ended December 31, 2018, 2019 and 2020, our fair value gains on investment properties were RMB260.8 million, RMB310.5 million and RMB258.9 million. For the six months ended June 30, 2020 and 2021, our fair value gains on investment properties were RMB57.3 million and RMB87.7 million (US\$13.6 million), respectively. The amounts of valuation adjustments are likely to continue to be significant as a result of market

fluctuations and have a significant impact on our results of operations. See “Risk Factors — Risks Relating to Our Business — The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.”

LAT

Our property development is subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors engaged in real estate development in China and is levied on properties sold at progressive rates ranging from 30% to 60% on the appreciation of land value. We paid RMB159.7 million, RMB496.5 million and RMB601.8 million for LAT for the years ended December 31, 2018, 2019 and 2020, respectively. The fluctuation in the amount of LAT paid during these periods was mainly due to the delivery timetables of our projects and differences in the sales prices of the properties in its various developments. We make provisions for LAT based on our recognized sales and in accordance with our estimates of the LAT rate which will be applicable under relevant PRC laws and regulations. For the years ended December 31, 2018, 2019 and 2020, we made LAT provisions of RMB441.4 million, RMB564.8 million and RMB651.6 million, respectively. For the six months ended 30 June 2021, the LAT provision made by the Group was RMB164.0 million (US\$25.4 million), while that for the corresponding period in 2020 was RMB275.7 million. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially recorded. Any such differences may impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. For further information on PRC regulations relating to LAT, see “Regulation — Regulations on Taxation — Land Appreciation Tax.”

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of our financial statements in conformity with IFRS requires our management to make judgments, 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Our actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. The relevant estimates or underlying assumptions that we have made in the past have been generally in line with our actual results for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

Judgments made by our management in the application of IFRS that have significant effect on our financial statements and major sources of estimation uncertainty are discussed in Notes 2.2 and/or 3 to the consolidated financial statements as of and for the year ended December 31, 2018 and 2019 and 2020, respectively.

The selection of critical accounting policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our financial statements. The following critical accounting policies involve the most significant judgments and estimates used in the preparation of our combined financial statements.

Revenue recognition

Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably on the following basis:

Sale of Properties

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties are transferred to purchasers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for the sale of properties are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the combined statements of financial position under current liabilities.

Rental income

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

Service income

Service income derived from hotel operation and the provision of property maintenance and management services is recognized when the relevant services are rendered.

Interest income

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Revenue of the sale of other goods

Revenue of the sale of other goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value.

Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

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

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of 2018, 2019 and 2020.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 Property, Plant and Equipment up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a

revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Transfer to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Estimate of fair value of investment properties

Investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of 2018, 2019 and 2020 and June 30, 2021.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalization rates and expected profit margin. The fair value of investment properties as of December 31, 2018, 2019 and 2020 and June 30, 2021 was RMB9,397.0 million, RMB11,572.0 million, RMB12,973.8 million and RMB13,100.4 million (US\$2,029.0 million), respectively.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies, senior notes and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 2018, 2019 and 2020, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of 2018, 2019 and 2020 and June 30, 2021 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of 2018, 2019 and 2020 and June 30, 2021 and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of 2018, 2019 and 2020 and June 30, 2021 and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 2018, 2019 and 2020 and June 30, 2021.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

For more details of our accounting policies and judgments, see our combined financial information included elsewhere in this offering memorandum.

RESULTS OF OPERATIONS

The following tables set forth a summary of our consolidated results of operations for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Consolidated statements of comprehensive income

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	2020 (RMB'000) (unaudited)	2021 (RMB'000) (unaudited)	(US\$'000) (unaudited)
Revenue	9,238,741	15,169,506	20,158,701	9,623,812	12,964,452	2,007,938
Cost of sales	(6,351,656)	(11,356,243)	(15,650,959)	(7,189,382)	(10,234,286)	(1,585,089)
Gross Profit	2,887,085	3,813,263	4,507,742	2,434,430	2,730,166	422,849
Other income and gains	235,973	331,217	632,630	179,188	222,919	34,526
Selling and distribution expenses	(341,771)	(651,982)	(927,623)	(319,716)	(416,723)	(64,542)
Administrative expenses	(686,271)	(1,089,711)	(990,669)	(543,059)	(403,745)	(62,532)
Other expenses	(48,159)	(36,560)	(39,356)	(50,488)	(35,318)	(5,470)
Fair value gains on investment properties	260,803	310,456	258,949	57,302	87,690	13,581
Finance costs	(499,297)	(634,309)	(725,412)	(425,186)	(494,616)	(76,606)
Share of gains/(losses) of:						
Joint ventures	387,008	97,724	(85,034)	(26,237)	(123,195)	(19,080)
Associates	(19,993)	595,285	528,110	259,141	158,469	24,544
Profit before tax	2,175,378	2,735,383	3,159,337	1,565,375	1,725,647	267,269
Income tax expense	(852,253)	(1,099,523)	(1,304,397)	(670,307)	(735,678)	(113,942)
Profit for the year	1,323,125	1,635,860	1,854,940	895,068	989,969	153,327
Attributable to:						
Owners of the parent	1,412,264	1,467,555	1,660,967	677,418	739,311	114,505
Non-controlling interests	(89,139)	168,305	193,973	217,650	250,658	38,822
Profit for the year	1,323,125	1,635,860	1,854,940	895,068	989,969	153,327
OTHER COMPREHENSIVE INCOME						
Gains on property revaluation:						
Change in use from an owner-occupied property to an investment property carried at fair value	—	27,896	—	—	—	—
Income tax effect	—	(6,974)	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	—	20,922	—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,323,125	1,656,782	1,854,940	895,068	989,969	153,327
Attributable to:						
Owners of the parent	1,412,264	1,488,477	1,660,967	677,418	739,311	114,505
Non-controlling interests	(89,139)	168,305	193,973	217,650	250,658	38,822
	1,323,125	1,656,782	1,854,940	895,068	989,969	153,327

DESCRIPTION OF SELECTED LINE ITEMS OF STATEMENTS OF PROFIT OR LOSS

Revenue

We derive our revenue from property development and sales, commercial property investment and operations and hotel operations. The following table sets forth our revenue by segment and the percentage of total revenue for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2018		2019		2020		2020		2021			
	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total (unaudited)	Amount (RMB'000)	Amount (US\$'000) (unaudited)	% of Total (unaudited)	% of Total (unaudited)
Property development and sales	8,843,003	95.7	14,718,381	97.0	19,615,845	97.3	9,398,208	97.7	12,650,071	1,959,247	97.6	
Commercial property investment and operations	359,026	3.9	411,368	2.7	505,224	2.5	212,839	2.2	291,773	45,190	2.3	
Hotel operations	36,712	0.4	39,757	0.3	37,632	0.2	12,765	0.1	22,608	3,502	0.1	
Total	9,238,741	100.0	15,169,506	100.0	20,158,701	100.0	9,623,812	100	12,964,452	2,007,938	100.0	

Property development and sales

Revenue from property development and sales is recognized only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the sale and purchase agreements.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See “Business — Property Development and Sales Process — Marketing and Sales.” Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as “advances from customers” in our combined financial statements.

There is a time difference between the pre-sales of properties in projects under development and the completion of construction. Because the timing of completion of our properties varies according to the construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between pre-sales and completion and delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue if the properties pre-sold are not completed and delivered within the same period. As a result, our revenue from property development and sales may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

The recognized average selling price of properties sold also fluctuated from year to year depending on the selling prices for properties in cities and regions where we developed and sold property projects as well as the types of properties delivered in the relevant years.

Commercial property investment and operations

We also generate rental income from our lease of commercial properties, office space and car parks and fee income from operation of our amusement park. Our commercial properties include Nanjing Hong Yang Plaza (including the amusement park), Changzhou Hong Yang Plaza and certain other retail spaces accompanying our residential properties. We hold these commercial properties for capital appreciation and lease them to generate rental income or operate them to generate fee income. In addition, we charge certain tenants with site use fees and advertising space use fees. Our revenue from commercial property investment and operations was RMB359.0 million, RMB411.4 million and RMB505.2 million for the years ended 2018, 2019 and 2020, representing 3.9%, 2.7% and 2.5% of our total revenue for the relevant year, respectively. Our revenue from commercial property investment and operations was RMB212.8 million and RMB291.8 million (US\$45.2 million) for the six months ended June 30, 2020 and 2021, representing 2.2% and 2.3% of our total revenue for the relevant period, respectively.

For tenants of our Hong Yang Plaza, rents are usually fixed during a preliminary period, and for the remaining term, are charged at an increased fixed rate. For certain tenants, rents are determined on a pre-determined percentage of the retail gross revenue of the tenants. The tenants must accurately report their gross revenue to us on a monthly basis. Failure to do so will subject them to a contractual penalty.

The fair value of completed investment properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

Hotel Operations

Our revenue from hotel operations mainly represents hotel room rent, dining fees and meeting venue booking fees generated from Nanjing Hong Yang Hotel and Wuxi Hong Yang Lakefort Hotel. We also operate an Ibis Hotel under entrustment model. This revenue is recognized over the period when such services are rendered. Our revenue from hotel operations was insignificant during the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

Cost of Sales

For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our cost of sales was RMB6,351.7 million, RMB11,356.2 million, RMB15,651.0 million, RMB7,189.4 million and RMB10,234.3 million (US\$1,585.1 million), respectively, representing approximately 68.8%, 74.9%, 77.6%, 74.7% and 78.9% of our revenue for the relevant year.

Cost of property development and sales

Cost of property development and sales mainly includes construction costs, land acquisition costs, and capitalized interest. We recognize the cost of property sales for a given period to the extent that revenue from such properties has been recognized in such period.

Construction costs

Construction costs represent costs for the design and construction of a project, primarily consisting of payments to our contractors, including those responsible for civil engineering, construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors, such as changes in the price of construction materials, the location and type of properties under construction and investments in ancillary facilities.

Land acquisition cost

Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, and primarily include land premium paid in connection with land grants from the PRC government or land obtained by urban redevelopment, transfers, cooperative arrangements, corporate acquisitions or otherwise. Our land acquisition costs are affected by a number of factors, such as the method of acquisition, the location of the underlying property, market conditions, the project's plot ratios, the designated use of the underlying property and changes in PRC policies and regulations. We may also be required to pay demolition and resettlement costs as part of our land acquisition costs.

As land acquisition costs vary by location and as we recognize land acquisition costs only when properties satisfy the requirements for delivery, our total land acquisition costs per sq.m. vary from period to period due to differences in the composition of the total GFA delivered by each project. For example, a significant proportion of our total properties delivered in a certain period may be in locations with relatively low land acquisition costs, resulting in relatively low total land acquisition costs per sq.m. for that period, while, in another period, a significant proportion of our total GFA delivered may be in locations with relatively high land acquisition costs, resulting in relatively high total land acquisition costs per sq.m. for that period. As the location of our properties completed and delivered in future periods will vary from past periods, the above sensitivity analysis is for reference only and should not be unduly relied upon.

Capitalized Interest

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our combined income statements in the period in which they are incurred.

Cost of Commercial Property Investment and Operations

Our cost of commercial property investment and operations primarily includes depreciation costs, amortization, utilities and cleaning fees.

Cost of Hotel Operations

Our cost of hotel operations primarily includes staff costs, utility costs, depreciation expenses of the hotel building and amortization of decoration expenses.

Gross Profit and Gross Profit Margin

Our gross profit represents revenue less cost of sales. Our gross profit for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021 was RMB2,887.1 million, RMB3,813.3 million, RMB4,507.7 million, RMB2,434.4 million and RMB2,730.2 million (US\$422.8 million), respectively. Our gross profit margin for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021 was 31.2%, 25.1%, 22.4%, 25.3% and 21.1%, respectively.

Other Income and Gains

Our other income and gains consists of interest income, financial guarantees contracts gain, service income, government grants and others. Interest income primarily consists of interest income on bank deposits, short-term wealth management products and advances to joint ventures and associated companies. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, we received discretionary government grants of RMB1.4 million, RMB3.7 million, RMB4.5 million, RMB3.3 million and RMB2.8 million (US\$0.4 million), respectively, in recognition of our achievements in energy saving and environmental protection.

The following table sets forth a breakdown of our other income and gains for the periods indicated.

Other income and gains

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018	2019	2020	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
Bank interest income	9,124	60,197	149,315	40,620	56,365	8,730
Interest income from associates and joint ventures	96,530	94,698	5,357	—	—	—
Investment income	2,121	120,939	90,882	3,584	—	—
Forfeiture of deposit	1,547	2,716	12,509	5,350	4,555	705
Government grants	1,353	3,714	4,490	3,286	2,819	437
Gain on remeasurement of pre-existing interests in joint ventures	—	—	31,221	—	—	—
Foreign exchange differences, net	19,941	1,431	—	—	—	—
Management consulting service fees charged to joint ventures and associates	63,771	—	—	—	—	—
Fair value gain on financial assets at fair value through profit or loss	8,233	13,648	28,434	35,332	4,169	646
Gain on disposal of subsidiaries	—	—	251,984	29,649	60,198	9,323
Gain on disposal of associates and joint ventures	—	—	22,845	9,188	—	—
Others ⁽¹⁾	33,353	33,874	35,593	36,972	29,272	4,534
Interest income from joint ventures and associates	—	—	—	15,207	—	—
Gain on remeasurement of pre-existing interests in the acquired subsidiaries	—	—	—	—	65,541	10,151
Total	235,973	331,217	632,630	179,188	222,919	34,526

Note:

(1) “Others” include refund of personal income tax, and revenue generated from sales of decoration.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of advertising and business development expenses, labor cost and property management expenses. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our selling and distribution expenses were RMB341.8 million, RMB652.0 million, RMB927.6 million, RMB319.7 million and RMB416.7 million (US\$64.5 million), respectively.

Administrative Expenses

Our administrative expenses primarily consist of labor costs, depreciation and amortization, professional fee, entertainment expenses and tax. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our administrative expenses were RMB686.3 million, RMB1,089.7 million, RMB990.7 million, RMB543.1 million and RMB403.7 million (US\$62.5 million), respectively.

Other Expenses

Our other expenses mainly comprise (i) loss on disposal of plant, property and equipment and (ii) donations. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our other expenses were RMB48.2 million, RMB36.6 million, RMB39.4 million, RMB50.5 million and RMB35.3 million (US\$5.5 million), respectively.

Fair Value Gains/(Losses) on Investment Properties

Fair value gains on investment properties represent the excess of the current estimated value over the carrying value of the investment properties. Upward fair value adjustments are unrealized capital gains on an investment property as of the relevant reporting date. The amount of the increase in fair value attributable to an investment property depends on the prevailing property market and such increase is a non-cash gain which does not generate any cash inflow as long as we hold the relevant investment property.

The fair value gains on investment properties were RMB260.8 million, RMB310.5 million and RMB258.9 million in 2018, 2019 and 2020 respectively. For the six months ended June 30, 2020 and 2021, our fair value gains on investment properties were RMB57.3 million and RMB87.7 million (US\$13.6 million), respectively.

Finance Costs

Our finance costs mainly consist of interest on bank loans and other borrowings less interest capitalized.

The following table sets forth our finance costs for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018	2019	2020	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
Interest on bank loans, other borrowings, senior notes and amount due to related companies.	1,548,159	2,447,882	3,101,521	1,487,827	1,420,443	219,999
Interest on lease liabilities	—	49,605	80,577	36,487	46,334	7,176
Interest expense arising from revenue contracts	320,757	885,836	988,930	523,774	348,496	53,975
Less: Net foreign exchange gains on financing activities	—	—	(280,495)	—	(29,973)	(4,642)
Less: Interest capitalized	(1,369,619)	(2,749,014)	(3,165,121)	(1,622,902)	(1,290,684)	(199,901)
Total	499,297	634,309	725,412	425,186	494,616	76,606

Share of Gains/(Losses) on Joint Ventures and Associates

Our share of gains/(losses) on joint ventures and associates represents our share of profit and loss in our joint ventures and associate companies, most of which were set up with partners for joint land acquisition and collaborative property development. We generally expect not to receive gains from such joint ventures and associated companies until their respective development of property projects are completed and delivered. For the years ended December 31, 2018 and 2019 and 2020 and the six months ended June 30, 2020 and 2021, our share of gains on joint ventures and associates were RMB367.0 million, RMB693.0 million, RMB443.1 million, RMB232.9 million and RMB35.3 million (US\$5.5 million), respectively.

Income Tax Expenses

Our income tax expenses for a given period include payments and provisions made for corporate income tax and LAT. The following table sets forth a breakdown of our income tax expenses for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2018	2019	2020	2020	2021	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)	(unaudited)	(unaudited)
Current tax:						
Corporate income tax	638,948	736,140	1,001,774	475,405	826,589	128,022
LAT	441,357	564,843	651,629	275,740	164,024	25,404
Deferred tax	(228,052)	(201,460)	(349,006)	(80,838)	(254,935)	(39,484)
Total tax charge for the year	852,253	1,099,523	1,304,397	670,307	735,678	113,942
Effective tax rate ⁽¹⁾	30.1%	36.2%	31.6%	37.3%	37.5%	37.5%

Note:

- (1) Calculated effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT eliminating share of profits of investments accounted for using the equity method.

Corporate income tax

Our PRC Subsidiaries are subject to a corporate income tax at the rate of 25% according to the EIT Law. For the years ended December 31, 2018 and 2019 and 2020 and the six months ended June 30, 2020 and 2021, we paid RMB638.9 million, RMB736.1 million, RMB1,001.8 million, RMB475.4 million and RMB826.6 million (US\$128.0 million) of PRC corporate income tax. For the same periods, our effective corporate income tax rate was 30.1%, 36.2%, 31.6%, 37.3% and 37.5%, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct Subsidiary in the British Virgin Islands was incorporated under the BVI Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax. Hong Kong Profits Tax was calculated at 16.5% of the assessable profit during the years ended December 31, 2018 and 2019 and 2020 and the six months ended June 30, 2021. No provision for Hong Kong Profits Tax was made as our Group did not have any assessable profit during the years ended December 31, 2018 and 2019 and 2020 and the six months ended June 30, 2021 subject to Hong Kong Profits Tax.

LAT

Under PRC laws and regulations, our property development and sales are subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in the PRC and is levied on properties for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher-end properties and commercial properties have had higher appreciation values, and have been therefore generally subject to higher LAT rates. On December 28, 2006, the SAT issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on February 1, 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On May 12, 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值稅清算管理規程》), effective on June 1, 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We make provisions for LAT by reference to our recognized sales and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations, but only prepay 2% to 3% of the pre-sales or sales proceeds after the pre-sales or sales, as the case may be, as required by the local tax authorities under prevailing market practice. During the years ended December 31, 2018, 2019 and 2020, we paid RMB159.7 million, RMB496.5 million and RMB601.8 million) for LAT, respectively. We made LAT provisions of RMB441.4 million, RMB564.8 million and RMB651.6 million for the years ended December 31, 2018 and 2019 and 2020, respectively. For the six months ended 30 June 2021, the LAT provision made by the Group was RMB164.0 million (US\$25.4 million), while that for the corresponding period in 2020 was RMB275.7 million. See "Regulation — Regulations on Taxation — Land Appreciation Tax" for more details on the PRC regulations on LAT.

Profit and Total Comprehensive Income for the Year

For the years ended December 31, 2018 and 2019 and 2020 and the six months ended June 30, 2020 and 2021, our total comprehensive income was RMB1,323.1 million, RMB1,656.8 million, RMB1,854.9 million, RMB895.1 million and RMB990.0 million (US\$153.3 million), respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Six months ended June 30, 2021 compared to six months ended June 30, 2020

Revenue

Our revenue increased by 34.7% from RMB9,623.8 million in the first half of 2020 to RMB12,964.5 million (US\$2,007.9 million) in the first half of 2021, mainly attributable to an increase in revenue derived from our property development and sales.

The table below sets forth a summary of revenue derived from each of our business segments:

	For the Six Months Ended June 30,				
	2020		2021		
	Amount (RMB'000) (unaudited)	% of Total (unaudited)	Amount (RMB'000) (unaudited)	Amount (US\$'000) (unaudited)	
Property development and sales	9,398,208	97.7	12,650,071	1,959,247	97.6
Commercial property investment and operations	212,839	2.2	291,773	41,190	2.3
Hotel operations	12,765	0.1	22,608	3,502	0.1
Total	9,623,812	100	12,964,452	2,007,938	100.0

Revenue derived from property development and sales increased by 34.6% from RMB9,398.2 million in the first half of 2020 to RMB12,650 million (US\$1,959.2 million) in the first half of 2021, mainly due to the increase in projects delivered in 2021 and hence the increase in the recognized revenue.

Revenue derived from commercial property investment and operations increased by 37.1% from RMB212.8 million in the first half of 2020 to RMB291.8 million (US\$45.2 million) in the first half of 2021. The increase was mainly due to the increase in rental income from Nanjing Hong Yang Plaza, as well as the increase in rental income from Hefei Hong Yang Plaza grandly opened during the period and Yanjiao Hong Yang Plaza and Hengyang Hong Yang Plaza grandly opened in the second half of 2020.

Revenue derived from hotel operations increased by 77.1% from RMB12.8 million in the first half of 2020 to RMB22.6 million (US\$3.5 million) in the first half of 2021, which was mainly due to the increase in occupancy rate as the hotel industry was gradually recovering from the effects of the novel coronavirus epidemic during the period.

Cost of sales

Our cost of sales increased by 42.4% from RMB7,189.4 million in the first half of 2020 to RMB10,234.3 million (US\$1,585.1 million) in the first half of 2021, primarily due to the increased number of projects delivered during the period. Several projects were delivered during the period, including Wuhan Yin Yue Residence (印月府) project, Foshan Hongyang Shan Xin Garden (弘陽山馨花園) project and Wuxi Sunrise Joy Court (昕悦棠) project.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 12.1% from RMB2,434.4 million in the first half of 2020 to RMB2,730.2 million (US\$422.9 million) in first half of 2021. Our gross profit margin decreased from 25.3% in the first half of 2020 to 21.1% in the first half of 2021, primarily due to the relatively higher land costs of the property projects delivered during the period as compared to their average selling prices.

Other income and gains

Our other income and gains increased by 24.4% from RMB179.2 million in the first half of 2020 to RMB222.9 million (US\$34.5 million) in the first half of 2021 mainly due to increase in bank interest income and gain on re-measurement of pre-existing interests in acquired subsidiaries.

Selling and distribution expenses

Our selling and distribution expenses increased by 30.3% from RMB319.7 million in the first half of 2020 to RMB416.7 million (US\$64.5 million) in the first half of 2021, mainly due to the increase in marketing expenses as a result of the launch of more new property projects of the Group available for pre-sale in 2021.

Administrative expenses

Our administrative expenses decreased by 25.7% from RMB543.1 million in the first half of 2020 to RMB403.7 million (US\$62.5 million) in the first half of 2021, mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

Other expenses

Our other expenses decreased by 30.1% from RMB50.5 million in the first half of 2020 to RMB35.3 million (US\$5.5 million) in first half of 2021 mainly due to decrease in foreign exchange loss.

Fair value gains/(losses) on investment properties

Our fair value gains on investment properties increased by 53.1% from RMB57.3 million in the first half of 2020 to RMB87.7 million (US\$13.6 million) in the first half of 2021, mainly due to an appreciation of the overall capital value.

Finance costs

Our finance costs increased by 16.3% from RMB425.2 million in the first half of 2020 to RMB494.6 million (US\$76.6 million) in the first half of 2021, mainly due to the increase in borrowings as a result of the Group's land acquisitions and expansion of property development for the Group during the reporting period.

Share of gains/(losses) on joint ventures and associates

Our share of gains of joint ventures and associates was RMB35.3 million (US\$5.5 million) in the first half of 2021, a 84.9% decrease as compared to our share of gains of joint ventures and associates in the first half of 2020, which was RMB232.9 million. The decrease was due to the increase in share of relevant expenses as a result from the increased number of joint ventures and associates newly held by the Group. There were still profit carried forward from several cooperation projects such as Xuzhou Nine Pleasures Splendid Residence (九悦华府) project, Nantong Zisheng Road Junlan Tianyue (君蘭天悦) project and Nanjing Land Lot No. 2017G27 project.

Income tax expense

Our income tax expense increased by 9.8% from RMB670.3 million in the first half of 2020 to RMB735.7 million (US\$113.9 million) in the first half of 2021, mainly due to the increase of profit.

Profit and total comprehensive income for the period

As a result of the foregoing reasons, our profit and total comprehensive income increased by 10.6% from RMB895.1 million in the six months ended June 30, 2020 to RMB990.0 million (US\$153.3 million) in the six months ended June 30, 2021.

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

Revenue

Our revenue increased by 32.9% from RMB15,169.5 million in 2019 to RMB20,158.7 million, which is mainly attributable to an increase in revenue derived from our property development and sales.

The table below sets forth a summary of revenue derived from each of our business segments:

	For the Year Ended December 31,			
	2019		2020	
	RMB'000	%	RMB'000	%
Property development and sales	14,718,381	97.0	19,615,845	97.3
Commercial property investment and operations	411,368	2.7	505,224	2.5
Hotel operations	39,757	0.3	37,632	0.2
Total	<u>15,169,506</u>	<u>100.0</u>	<u>20,158,701</u>	<u>100.0</u>

Revenue derived from property development and sales increased by 33.3% from RMB14,718.4 million in 2019 to RMB19,615.8 million in 2020, mainly due to the nationwide layout strategy and realization of economies of scale by strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities”.

Revenue derived from commercial property investment and operations increased by 22.8% from RMB411.4 million in 2019 to RMB505.2 million in 2020, the increase was mainly due to the additional contributions from Pavilion C2 and C3 Nanjing Hong Yang Plaza grandly opened in August 2019.

Revenue derived from hotel operations decreased by 5.3% from RMB39.8 million in 2019 to RMB37.6 million in 2020, which was mainly due to the decrease in occupancy rate in the hotel industry as affected by the novel coronavirus epidemic.

Cost of sales

Our cost of sales increased by 37.8% from RMB11,356.2 million in 2019 to RMB15,651.0 million in 2020, primarily due to the increased number of projects delivered during the year. The several projects delivered during the year included Wuhan Yin Yue Residence (印月府) project, Wuxi Sunrise Joy Court (昕悦棠) project, Changzhou Tian Xia Jin (天下锦) project and Chuzhou Times Billow (時光瀾庭) project.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 18.2% from RMB3,813.3 million in 2019 to RMB4,507.7 million in 2020. Such increase was primarily attributable to the increased number of projects delivered during the year. Our gross profit margin decreased from 25.1% in 2019 to 22.4% in 2020, primarily due to the decrease in the percentage of revenue recognized for products with higher gross profit margin as compared with 2019 and the decrease in gross profit margin of the property development and sales segment by 21.1% from 23.9% in 2019.

Other income and gains

Our other income and gains increased by 91.0% from RMB331.2 million in 2019 to RMB632.6 million in 2020 mainly due to the gain on disposal of five subsidiaries and increase in bank interest income.

Selling and distribution expenses

Our selling and distribution expenses increased by 42.3% from RMB652.0 million to RMB927.6 million in 2020 mainly due to the launch of new property projects of the Group for presale in 2020.

Administrative expenses

Our administrative expenses dropped slightly by 9.1% from RMB1,089.7 million in 2019 to RMB990.7 million in 2020 mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

Other expenses

Our other expenses increased by 7.7% from RMB36.6 million in 2019 to RMB39.4 million in 2020 mainly due to the increase in penalty and compensation to customers.

Fair value gains/(losses) on investment properties

Our fair value gains on investment properties decreased by 16.6% from RMB310.5 million in 2019 to RMB258.9 million in 2020 mainly due to the relatively moderate growth in rentals of the shopping mall market as affected by the novel coronavirus epidemic.

Finance costs

Our finance costs increased by 14.4% from RMB634.3 million in 2019 to RMB725.4 million in 2020 mainly due to the increase in borrowings resulted from the Group's land acquisitions and expansion of property development during the year.

Share of gains on joint ventures and associates

Our share of gains of joint ventures and associates was RMB443.1 million in 2020, representing a decrease by 36.1% as compared to our share of gains of joint ventures and associates in 2019, which was RMB693.0 million. The decrease was due to the decrease in area carried forward of cooperation projects during the year as compared with 2019. There were still profit carried forward from several cooperation projects such as Nantong Upper Joy Garden, Nantong Oriental Cloud Garden and Changzhou Emperor Looks at the First Court.

Income tax expense

Our income tax expense increased by 18.6% from RMB1,099.5 million in 2019 to RMB1,304.4 million in 2020 mainly due to the growth of the Group's property development business which results in the increase in profit before tax by 15.5%.

Profit and total comprehensive income for the period

As a result of the foregoing reasons, our profit and total comprehensive income increased by 12% from RMB1,656.8 million in 2019 to RMB1,854.9 million in 2020.

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

Revenue

Our revenue increased by 64.2% from RMB9,238.7 million in 2018 to RMB15,169.5 million in 2019, which is mainly attributable to an increase in revenue derived from our property development and sales.

The table below sets forth a summary of revenue derived from each of our business segments:

	For the Year Ended December 31,			
	2018		2019	
	RMB'000	%	RMB'000	%
Property development and sales	8,843,003	95.7	14,718,381	97.0
Commercial property investment and operations operations	359,026	3.9	411,368	2.7
Hotel operations	36,712	0.4	39,757	0.3
Total	9,238,741	100.0	15,169,506	100.0

Revenue derived from property development and sales increased by 66.4% from RMB8,843.0 million in 2018 to RMB14,718.4 million in 2019, mainly due to the increase in projects delivered in 2019 and hence the increase in the recognized revenue.

Revenue derived from commercial property investment and operations increased by 14.6% from RMB359.0 million in 2018 to RMB411.4 million in 2019, the increase was mainly due to the grand opening of Pavilion C2 and C3 Nanjing Hong Yang Plaza in August 2019, the increase in contribution made by Changzhou Hong Yang Plaza as a result of an improvement of its performance and the additional contribution from Yantai Hong Yang Plaza and Tengzhou Hong Yang Plaza as a result of their openings.

Revenue derived from hotel operations increased by 8.3% from RMB36.7 million in 2018 to RMB39.8 million in the first half of 2019, which was mainly due to an increase in contribution made by Nanjing Hong Yang Hotel and Wuxi Hong Yang Lakefort Hotel as a result of an improvement of their performance.

Cost of sales

Our cost of sales increased by 78.8% from RMB6,351.7 million in 2018 to RMB11,356.2 million in 2019, primarily due to the increased number of projects delivered during the year.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 32.1% from RMB2,887.1 million in 2018 to RMB3,813.3 million in 2019. Such increase was primarily attributable to the increased number of projects delivered during the year. Our gross profit margin decreased from 31.2% in 2018 to 25.1% in 2019, primarily due to the decrease in the percentage of revenue recognized for products with higher gross profit margin as compared with 2018, as a result of our fast expansion into new cities in China.

Other income and gains

Our other income and gains increased by 40.4% from RMB236.0 million in 2018 to RMB331.2 million in 2019 mainly due to (i) an increase in bank interest income, (ii) an increase in investment income and (iii) an increase of fair value gains on financial assets.

Selling and distribution expenses

Our selling and distribution expenses increased by 90.8% from RMB341.8 million in 2018 to RMB652.0 million in 2019 mainly due to the launch of new property projects of the Group for presale in 2019.

Administrative expenses

Our administrative expenses increased by 58.8% from RMB686.3 million in 2018 to RMB1,089.7 million in 2019 mainly due to the increased number of employees resulted from the Group's business expansion.

Other expenses

Our other expenses dropped by 24.1% from RMB48.2 million in 2018 to RMB36.6 million in 2019 mainly due to the decrease in donation and remittance loss together with the increase in estimated impairment loss of financial assets under IFRS 9.

Fair value gains/(losses) on investment properties

Our fair value gains on investment properties increased by 19.0% from RMB260.8 million in 2018 to RMB310.5 million in 2019 mainly due to the appreciation of the overall capital value and/or rental value.

Finance costs

Our finance costs increased by 27.0% from RMB499.3 million in 2018 to RMB634.3 million in 2019 mainly due to an increase in borrowings resulted from the Group's land acquisitions and expansion of property development in 2019.

Share of gains on joint ventures and associates

Our share of gains of joint ventures and associates was RMB693.0 million in 2019, representing an increase by 88.8% as compared to our share of gains of joint ventures and associates in 2018, which was RMB367.0 million. The increase was due to the recognition of profits carried forward in respect of several cooperation projects such as Violet Cloud Residence, New No.1 Commercial Plaza and Best Time Garden.

Income tax expense

Our income tax expense increased by 29.0% from RMB852.2 million in 2018 to RMB1,099.5 million in 2019 mainly due to increase in the corporate income tax and provision for the land appreciation tax.

Profit and total comprehensive income for the period

As a result of the foregoing reasons, our profit and total comprehensive income increased by 25.2% from RMB1,323.1 million in 2018 to RMB1,656.8 million in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Property development requires substantial capital investment for land acquisition and construction. To date, we have funded our operations principally from cash generated from its operations, mainly including proceeds from pre-sales and sales of our properties, receipt of rental income, as well as bank loans and borrowings from financial institutions.

Net Current Assets

The following table sets forth a breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30, 2021	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Current assets					
Properties under development	29,702,386	36,280,854	48,499,979	48,370,726	7,491,671
Completed properties held for sale	1,162,901	3,327,897	3,795,722	5,578,339	863,975
Trade receivables	23,728	6,767	7,067	3,118	483
Due from related companies	6,949,865	8,454,905	8,801,141	12,188,228	1,887,716
Prepayments, other receivables and other assets	2,643,862	7,705,396	11,601,756	15,567,814	2,411,147
Tax recoverable	239,800	516,753	630,969	864,566	133,904
Financial assets at fair value through profit or loss	1,130,607	1,148,390	428,521	545,250	84,448
Inventories	4,054	12,613	42,046	49,976	7,740
Restricted cash	2,644,723	2,304,586	2,862,288	2,522,740	390,723
Pledged deposits	3,578,720	5,848,309	3,253,741	1,083,760	167,853
Cash and cash equivalents	6,232,596	8,691,522	12,409,052	13,968,826	2,163,496
Total current assets	54,313,242	74,297,992	92,332,282	100,743,343	15,603,156
Current liabilities					
Trade and bills payables	2,885,646	4,845,588	6,244,841	7,060,716	1,093,566
Other payables and accruals	3,752,834	7,040,888	8,376,013	8,335,019	1,290,930
Contract liabilities	16,639,157	24,974,641	29,383,224	30,842,533	4,776,900
Due to related companies	4,941,489	5,387,256	8,068,242	12,402,221	1,920,859
Interest-bearing bank and other borrowings	8,233,697	10,516,391	8,766,941	6,845,651	1,060,256
Senior notes	2,592,868	1,894,998	2,671,726	3,571,310	553,125
Tax payable	1,603,664	2,169,259	2,904,848	2,970,750	460,111
Lease liabilities	—	46,809	35,509	45,336	7,022
Total current liabilities	40,649,355	56,875,830	66,451,344	72,073,536	11,162,769
Net current assets	13,663,887	17,422,162	25,880,938	28,669,807	4,440,387

Our net current assets increased from RMB25,880.9 million as of December 31, 2020 to RMB28,669.8 million (US\$4,440.4 million) as of June 30, 2021 mainly due to (i) an increase in completed properties held for sales, which is in line with the expansion of our property development activities, (ii) an increase in prepayments, other receivables and other assets due to the increase in pre-dividend to minority shareholders, and (ii) an increase in due from related companies due to the increase in property management fee of joint ventures and associates and capital lending to joint ventures and associates, which were partially offset by an significant increase in due to related companies, which is due to the increase in capital lending from joint ventures and associates.

Our net current assets increased significantly from RMB17,422.2 million as of December 31, 2019 to RMB25,880.9 million as of December 31, 2020 mainly due to (i) an increase in properties under development in line with the expansion of our property development activities, (ii) an increase in cash and cash equivalents in line with the increased sales of our properties, and (iii) a significant increase in prepayments, other receivables and other assets which were partially offset by a significant decrease in financial assets at fair value through profit or loss, which is due to repayment of financial assets in 2020.

Our net current assets increased significantly from RMB13,663.9 million as of December 31, 2018 to RMB17,422.2 million as of December 31, 2019 mainly due to (i) a significant increase in completed properties held for sale, (ii) an increase in properties under development in line with the expansion of our property development activities, (iii) an increase in cash and cash equivalents in line with the increased sales of our properties, (iv) an increase in amount due from related companies as a result of the increase in rental income from related companies and (v) a significant increase in prepayments, other receivables and other assets; which were partially offset by an increase in interest-bearing bank loans and other borrowings in line with our business expansion.

Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For the year ended 31 December		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Net cash (used in)/from operating activities	(2,627,998)	989,727	(5,566,793)
Net cash (used in)/from investing activities	(3,980,233)	(6,483,960)	(818,987)
Net cash from financing activities	10,362,764	7,884,700	10,238,182
Net increase/(decrease) in cash and cash equivalents	3,754,533	2,390,467	3,852,402
Cash and cash equivalent as at the beginning of the year	2,478,063	6,232,596	8,691,522
Effect of foreign exchange rate changes, net	—	68,459	(134,872)
Cash and cash equivalent as at the end of the year	6,232,596	8,691,522	12,409,052

Net cash generated from/(used in) operating activities

Our primary source of cash generated from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land acquisitions.

For the year ended December 31, 2020, our net cash used in operating activities was RMB5,566.8 million, which was the result of cash used in operations of RMB1,632.9 million, adjusted by (i) interest received of RMB154.0 million, (ii) tax paid of RMB1,014.4 million and (iii) interest paid of RMB3,073.5 million. Net cash used in operations was primarily attributable to the profit before taxation of RMB3,159.3 million, adjusted by the following items: (i) increase in properties for development and for sale of RMB9,148.9 million due to an increase in property development activities and (ii) increase in prepayments, deposits and other receivables to RMB481.5 million due to an increase in prepayments for land use right and (iii) increase in restricted cash of RMB57.7 million, partially offset by (i) an increase in trade and bills payable of RMB1,352.5 million due to increase in completion of projects under construction and (ii) increase in contract liabilities of RMB2,165.0 million due to the increase in contracted sales by 32.7% to RMB8,650 million during the same period.

For the year ended December 31, 2019, our net cash generated from operating activities was RMB989.7 million, which was the result of cash generated from operations of RMB4,143.3 million, adjusted by (i) interest received of RMB144.4 million, (ii) tax paid of RMB1,019.3 million and (iii) interest paid of RMB2,278.7 million. Net cash generated from operations was primarily attributable to the profit before taxation of RMB2,735.4 million, adjusted by the following items: (i) increase in properties under development and completed properties held for sale to RMB7,359.5 million due to an increase in property development activities and (ii) increase in prepayments, deposits and other receivables to RMB4,400.0 million due to an increase in prepayments for land use rights, partially offset by decreased in amounts due from related companies to RMB11,532.1 million.

For the year ended December 31, 2018, our net cash used in operating activities was RMB2,628.0 million, which was the result of cash used in operations of RMB666.2 million, adjusted by (i) interest received of RMB69.4 million, (ii) tax paid of RMB453.7 million and (iii) interest paid of RMB1,577.5 million. Net cash used in operations was primarily attributable to the profit before taxation of RMB2,175.4 million, adjusted by the following items: (i) increase in properties for development and for sale of RMB5,011.1 million due to an increase in property development activities and (ii) increase in contract liabilities of RMB5,746.0 million in line with the increase of our contracted sales and (iii) increase in restricted cash of RMB1,903.2 million, partially offset by a decrease in prepayments, other receivables and other assets of RMB1,328.5 million.

Net cash generated from/(used in) investing activities

Net cash flows from our investing activities is primarily related to cash inflow in connection with repayment of advances to joint ventures and associates and repayment of advance to related companies. Net cash used in our investing activities is primarily related to cash outflow in connection with advance to joint ventures and associates and advance to related companies.

Net cash used in investing activities in 2020 was RMB819.0 million, primarily attributable to (i) the acquisition of joint ventures and associates of RMB4,310.7 million and (ii) purchase of financial assets at fair value through profit or loss of RMB2,450 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB3,227.0 million.

Net cash used in investing activities in 2019 was RMB6,484.0 million, primarily attributable to (i) the acquisition of joint ventures and associates of RMB4,294.9 million and (ii) additions in investment properties of RMB861.9 million, partially offset by net loss from disposal of financial assets at fair value through profit or loss of RMB116.8 million.

Net cash used in investing activities in 2018 was RMB3,980.2 million, primarily attributable to (i) an increase in loans to joint ventures and associates to RMB2,565.5 million, (ii) acquisition of joint ventures and associates of RMB868.8 million, partially offset by net loss from disposal of financial assets at fair value through profit or loss of RMB908.1 million.

Net cash generated from/(used in) financing activities

Cash generated from financing activities is primarily related to advance from related companies. Cash used in financing activities is primarily related to repayment of advances from related companies.

Net cash generated from financing activities in 2020 was RMB10,238.2 million, which was primarily attributable to (i) proceeds from interest-bearing bank loans and other borrowings of RMB18,393.9 million, (ii) proceeds from the issuance of senior notes of RMB3,233.2 million, partially offset by (i) repayment of senior notes of RMB1,632.1 million and (ii) repayment of interest-bearing bank and other borrowings of RMB17,012.4 million.

Net cash generated from financing activities in 2019 was RMB7,884.7 million, which was primarily attributable to (i) capital injection by the non-controlling shareholders of RMB3,706.4 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB23,268.1 million and (iii) proceeds from the issuance of senior notes of RMB7,883.1 million, partially offset by (i) repayment of advances from related companies of RMB329.0 million, (ii) repayment of senior notes of RMB1,210.2 million and (iii) repayment of interest-bearing bank and other borrowings of RMB22,008.1 million.

Net cash generated from financing activities in 2018 was RMB10,362.8 million, which was primarily attributable to (i) advances from related companies of RMB6,199.5 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB14,156.7 million, partially offset by (i) repayment of advances from related companies of RMB5,879.5 million and (ii) repayment of interest-bearing bank and other borrowings of RMB7,232.6 million.

Working Capital

We have historically financed and will continue to finance our working capital through proceeds from the pre-sales and sales of properties, receipt of rental income, borrowings from banks and other financial institutions, shareholder's capital injection and bonds. As of December 31, 2018, 2019 and 2020, the amount of our outstanding current and non-current bank loans was RMB13,626.0 million, RMB14,546.2 million and RMB17,388.9 million, respectively. As of the same dates, our outstanding amount of other borrowings (including loans and trust and other financings) was RMB5,700.5 million, RMB5,725.5 million and RMB4,663.3 million, respectively. We expect to receive cash from pre-sales of each of the projects under development and projects held for future development when the Group obtains pre-sale permits for these projects. We generally commence pre-sale activities for our properties within six to nine months after the acquisition of the relevant land parcels. We also expect to obtain project development loans from commercial banks and financings from trust companies or asset management companies from time to time in the ordinary course of business. The Group may also issue corporate bonds to obtain additional financings after the Listing. See "Business — Project Financing."

We have long term cooperative relationships with major commercial banks in Jiangsu Province. In anticipation of our business expansion, we have been discussing strategic cooperation since late 2017, which have led to the signing of long term cooperation agreements with a few commercial banks. On May 10, 2018, we entered into a strategic cooperation agreement with Industrial and Commercial Bank of China, Nanjing Branch that provided an aggregate credit line of RMB10.0 billion to us to fund our acquisition and working capital. On May 15, 2018, we entered into a strategic cooperation agreement with Jiangsu Bank, Nanjing Branch that provided an aggregate credit line of RMB10.0 billion to us to fund our business operation and working capital. On May 31, 2018, we entered into a strategic cooperation agreement with Shanghai Pudong Development Bank, Nanjing Branch that provided an aggregate credit line of RMB10.0 billion to us to fund our acquisition and working capital. On June 21, 2018, we entered into a strategic cooperation agreement with PingAn Bank that provided an aggregate credit line of RMB6.0 billion to us to fund our acquisition and working capital. On February 2019, we entered into a strategic cooperation agreement with China Minsheng Bank that provided an aggregate credit line of RMB10.0 billion. The amounts of credit lines provided under these strategic cooperation agreements are firm offers, although the drawdown will be subject to the internal approval of these banks. We expect that we will have significant cash inflow from pre-sales and sales of properties which are currently under development.

Taking into account our business prospects, the cash generated from our operations, presently available banking facilities and other financial resources available to us and our presence in the offshore debt capital markets, we believe we will have sufficient available working capital for our present requirements for at least 12 months following the date of this offering memorandum.

As of December 31, 2020, we had capital commitments of RMB10,093.8 million. As of December 31, 2020, we had aggregate bank and other borrowings of approximately RMB15,938.8 million to be repaid within two years. We plan to satisfy such repayment obligations principally through proceeds from pre-sales and sales of properties, new bank borrowings or refinancings and issuance of bonds. We expect that we will have significant cash inflow from pre-sales and sales of properties which are currently under development. As of December 31, 2020, we had total bank facilities of RMB80,846 million, with unused

bank facilities of RMB46,562 million. We believe that we have sufficient unused banking facilities and internal resources to repay our indebtedness as it becomes due, to meet our capital commitments, including for both our existing and future development projects. For details regarding our fund and working capital management measures, see “Business — Fund Management.”

CAPITAL EXPENDITURES

Our capital expenditures during the years ended December 31, 2018, 2019 and 2020, primarily represented expenditures incurred in relation to purchase of property, plant and equipment and acquisition of intangible assets such as certain software. For the years ended December 31, 2018, 2019 and 2020, we incurred capital expenditures of RMB413.3 million, RMB861.9 million and RMB435.5 million, respectively.

CAPITAL COMMITMENTS

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

	As of December 31,		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Contracted, but no provided for:			
Property development activities	5,274,248	8,667,601	8,995,736
Acquisition of land use rights	338,400	818,607	246,734
Property, plant and equipment	12,245	51,618	80,303
Investment properties	193,428	27,878	66,142
Capital contributions payable to Joint ventures	—	54,630	292,400
Associates	145,386	30,000	412,475
Total	<u>5,963,707</u>	<u>9,650,334</u>	<u>10,093,790</u>

OPERATING LEASE COMMITMENTS

The following table sets forth the total future minimum lease payments receivable by us under non-cancellable operating leases as of the dates indicated.

	As of December 31,		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Within one year	97,568	137,709	547,287
In the second to fifth years, inclusive	173,957	292,742	1,275,308
After five years.	184,253	98,031	469,022
Total	<u>455,778</u>	<u>528,482</u>	<u>2,291,617</u>

The following table sets forth the total future minimum lease payments payable by us under non-cancellable operating leases as of the dates indicated.

	As of December 31,		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
Within one year	3,199	46,809	35,509
In the second to fifth years, inclusive	4,773	209,084	255,680
After five years.	—	702,393	1,489,955
Total	<u>7,972</u>	<u>958,286</u>	<u>1,781,144</u>

Following the adoption of IFRS 16 on January 1, 2019, the Group's financial results for the year ended December 31, 2019 are on an IFRS 16 basis, whereas the financial results for the year ended December 31, 2018 are on an IAS 17 basis as previously reported. To better reflect management's view on the Group's underlying operational performance relating to the accounting for leases for the year ended December 31, 2019, please refer to Note 2.2 of the consolidated financial statements as of and for the year ended December 31, 2019 included elsewhere in this offering memorandum.

INDEBTEDNESS

The following table sets forth a breakdown of our loans and borrowings as of the dates indicated.

	As of December 31,		
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)
Current			
Bank loans — secured	3,121,497	5,154,431	3,006,752
Other loans — secured	2,267,200	2,191,995	2,665,989
Other loans — unsecured	69,410	—	—
Current portion of long term bank loans — secured	1,519,421	1,347,366	2,631,144
Current portion of long term bank loans — unsecured . .	42,188	90,000	43,110
Current portion of long term other loans — secured	1,213,981	1,732,599	419,946
Current portion of long term other loans — unsecured . .	—	—	—
	<u>8,233,697</u>	<u>10,516,391</u>	<u>8,766,941</u>
Non-current			
Bank loans — secured	8,700,105	7,769,528	10,929,557
Bank loans — unsecured	242,813	184,900	778,338
Other loans — secured	2,149,886	1,800,927	1,577,338
	<u>11,092,804</u>	<u>9,755,355</u>	<u>13,285,233</u>
Total	<u>19,326,501</u>	<u>20,271,746</u>	<u>22,052,174</u>

Note:

- (1) Our other loans include trust and other financing arrangements.

Our outstanding current and non-current secured bank loans and secured other borrowings in aggregate amounted to RMB18,972.1 million, RMB19,996.9 million and RMB21,230.7 million as of December 31, 2018, 2019 and 2020, respectively.

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that are outstanding during the period, as of December 31, 2018, 2019 and 2020 were 7.81%, 8.55% and 7.67%, respectively.

As of 30 June 2021, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB33.87 billion, of which, interest-bearing bank and other borrowings were approximately RMB22.02 billion and senior notes were approximately RMB11.85 billion.

Certain of our bank loans and other borrowings are secured by pledged bank deposits, properties and inventories. As of June 30, 2021, our borrowings were secured by our asset portfolio which includes investment properties, prepaid land lease payments, properties under development, and property, plant and equipment.

The table below sets forth aging analysis of our interest-bearing bank loans and other borrowings as of the dates indicated.

	As of December 31,			As of June 30,	
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)	2021 (RMB'000) (unaudited)	2021 (US\$'000) (unaudited)
Repayable within one year	8,233,697	10,516,391	8,766,941	6,845,651	1,060,256
Repayable in the second year	4,259,278	5,673,456	7,171,834	6,677,189	1,034,165
Repayable within two to five years	5,752,917	2,967,633	4,989,532	7,448,921	1,153,691
Repayable more than five years	1,080,609	1,114,266	1,123,867	1,050,000	162,624
Total	19,326,501	20,271,746	22,052,174	22,021,761	3,410,736

Certain of our loan and other borrowing agreements contain restrictive covenants which include, among other things,

- that the borrower must obtain consent from the lender prior to creating encumbrances on any part of its property or assets or dealing with its assets in a way that may adversely affect the borrower's ability to repay its loans;
- that the borrower must not apply for substantial debt financings, grant guarantees in favor of any third parties and offer debt relief to any third parties over a definite percentage of its net assets, unless with the consent of the lender;
- that the borrower must not make any major changes to its management systems, corporate structures, ownership and shareholding structures, including but not limited to any joint venture, associates, mergers, acquisitions, reorganizations, spin-off, sale, division, dissolution, liquidation, suspension of business, trusteeship, contracting, lease management, transfer of ownership, reduction in registered share capital and any other material events, before obtaining consent from the lender;
- that the borrower must obtain consent from the lender to sell, grant, lease, lend, transfer, mortgage, pledge or dispose of material assets, which amount to a predetermined percentage of its net assets;
- that the borrower must not change the use of the borrowings without the lender's prior consent;
- that the borrower must provide timely notice to the lender with regard to its connected transactions which amount to a fixed percentage of its net assets, including the relationship among the parties of the connected transactions, transaction project, transaction nature, transaction amount and the corresponding proportion rate and pricing policies;
- that the borrower must obtain consent from the lender prior to altering the nature or scope of its business operations in any material aspect;

- that the borrower must not transfer part or all of its liabilities under the loans to a third party unless with the consent of the lender;
- that the borrower must not declare or pay dividends more than a certain percentage of net profit after taxation or more than a certain percentage of all undistributed profits, without the lender's prior consent;
- that the borrower must dispose of assets that would not affect the borrower's ability to repay its loans;
- that the borrower must provide timely notice to the lender prior to making any changes to its Articles of Association, scope of business, registered share capital and the statutory representative;
- that the borrower must provide information to the lenders as to our relevant projects, financial activities, the use of proceeds upon request; and
- that the borrower is prohibited from incurring other indebtedness that may adversely affect the borrower's ability to repay its loans.

These restrictions may limit our ability to pay dividends or make other distributions to the Company in the future.

As of December 31, 2020, we had capital commitments of RMB10,093.8 million. As of the same date, we had aggregate bank and other borrowings of approximately RMB15,938.8 million to be repaid within two years.

The Group as lessee has entered into lease contracts for various items of property, machinery, motor vehicles and other equipment. As of June 30, 2021, our current and non-current lease liabilities were RMB45.3 million and RMB1,397.8 million, respectively.

Trust and Other Financing Arrangements

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. As of December 31, 2020, the total outstanding amount of trust and other financing arrangements accounted for 13.0% of our total borrowings (comprising interest-bearing bank and other borrowings (current portion), senior notes and interest-bearing bank and other borrowings (non-current portion)) as of the same date. For further details on trust financing arrangements, see "Business — Project Financing — Trust and Other Financing Arrangements."

Offshore Debt Securities

As of the date of this offering memorandum, we have issued an aggregate principal amount of US\$2,700 million Existing Notes, of which an aggregate principal amount of US\$1,815 million remain outstanding.

The table below sets forth aging analysis of our senior notes as of the dates indicated.

Senior Notes	As of December 31,			As of June 30,	
	2018	2019	2020	2021	
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (unaudited)	(USD'000) (unaudited)
Repayable within 1 year	2,592,868	1,894,998	2,671,726	3,571,310	553,125
Repayable in the second year	—	2,679,301	4,512,641	4,641,623	718,896
Repayable within 2 to 5 years	—	4,700,343	3,068,527	3,639,406	563,672
Total	2,592,868	9,274,642	10,252,894	11,852,339	1,835,694

Except as disclosed in “— Indebtedness,” we did not have other material outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits.

CONTINGENT LIABILITIES

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

	As of December 31,		
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	5,800,192	8,454,930	12,516,254
Guarantees given to banks in other institutions in connection with facilities granted to related companies	1,784,700	3,653,790	3,943,300
Total	7,584,892	12,108,720	16,459,554

We provide guarantees to banks to secure the mortgage arrangements of purchasers of its properties. As of December 31, 2018, 2019 and 2020 and June 30, 2021, the maximum amount of guarantees given by us to the banks for mortgage facilities amounted to RMB5,800.2 million, RMB8,454.9 million, RMB12.52 billion and RMB13.89 billion (US\$2.2 billion), respectively. These include guarantees which will be terminated upon the completion of the transfer procedures with the purchasers in respect of the legal title of the properties, and guarantees which will be terminated upon the full repayment of mortgage loans by the purchasers to the banks.

We do not consider it probable that it will sustain a loss under these guarantees as the banks have the right to sell the property and recover the outstanding loan balances from the sale proceeds if the property purchasers default on these payment obligations. We have not recognized any deferred income in respect of these guarantees as their fair value is considered to be minimal by us.

We provided guarantees to banks and other institutions in connection with financial facilities granted to related companies and third parties. As of June 30, 2021, guarantees provided by us for certain joint ventures and associates amounted to RMB5.51 billion (US\$0.9 billion). Certain of the Group's property, plant and equipment, completed properties held for sale, properties under development and investment properties were pledged to secure bank and other borrowings granted to our related companies.

Legal Contingencies

In the normal course of business, we may be involved in lawsuits and other proceedings. While the outcomes of such contingences, lawsuits or other proceedings cannot be determined at present, we believe that any resulting liabilities will not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

As of the date of this offering memorandum, we had no other material contingent liabilities other than those disclosed in this offering memorandum.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MARKET RISKS

We are exposed to various types of market risks from its use of financial instruments, in the normal course of our operations, mainly including credit risk, liquidity risk, interest rate risk and foreign currency risk. Our risk management strategy aims to safeguard our ability to continue in order to provide returns for our shareholders and to minimize our risk exposure.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. We have no concentrations of credit risk in view of our large number of customers. We did not record any significant bad debt losses during the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021. The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Interest Rate Risk

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

Currency Risk

Our business is principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, we consider our exposure to currency risk to be insignificant.

No.	Chinese Name	Effective Shareholding
21	江蘇弘邁工程造價諮詢有限公司	100.00%
22	上海陽池置業有限公司	100.00%
23	廣州市煥心顏企業管理諮詢有限公司	100.00%
24	上海弘所管理顧問有限公司	100.00%
25	上海弘傲企業管理諮詢有限公司	100.00%
26	正琨(蘇州)商業管理有限公司	49.00%
27	上海弘擎企業管理有限公司	51.00%
28	正坤(蘇州)商業管理有限公司	10.00%
29	上海茂略企業管理有限公司	90.00%
30	上海力弘企業管理有限公司	49.00%
31	上海弘御企業管理有限公司	51.00%
32	上海博俱商貿有限公司	100.00%
33	上海博漾材料有限公司	100.00%
34	上海弘汴企業管理有限公司	51.00%
35	上海關陽企業管理有限公司	49.00%
36	上海博幸材料有限公司	100.00%
37	上海博熔商貿有限公司	100.00%
38	上海弘鑿企業管理合夥企業(有限合夥)	100.00%
39	上海弘襄企業管理合夥企業(有限合夥)	100.00%
40	上海虹昇信息科技發展有限公司	49.00%
41	廣州融岷貿易有限公司	50.00%
42	廣州弘尚供應鏈管理有限公司	50.00%
43	南京容摩貿易有限公司	99.20%
44	南京英莎瑞貿易有限公司	99.20%
45	江蘇拓思樂建材有限公司	99.00%
46	江蘇茂弘企業管理有限公司	100.00%
47	南京南慧企業管理諮詢有限公司	100.00%
48	上海弘貿供應鏈管理有限公司	100.00%
49	弘陽商業保理(上海)有限公司	100.00%
50	上海蒼明企業管理有限公司	50.00%
51	江蘇森途供應鏈管理有限公司	50.00%
52	弘陽置地(集團)有限公司	100.00%
53	南京國港置業發展有限公司	99.49%
54	南京弘陽房地產開發有限公司	99.00%
55	南京弘洋置業有限公司	100.00%
56	句容紫金房地產開發有限公司	100.00%
57	南京弘陽業茂房地產開發有限公司	99.90%
58	南京弘陽瑞尚房地產開發有限公司	98.56%
59	南京綠弘房地產開發有限公司	49.50%
60	南京弘陽恒瑞房地產開發有限公司	99.20%
61	南京弘陽中瑞房地產開發有限公司	99.00%
62	南京招陽房地產開發有限公司	27.48%
63	南京弘灝房地產開發有限公司	49.95%
64	南京舜鴻房地產開發有限公司	49.95%
65	蘇州金涵澤商務信息諮詢有限公司	32.52%
66	和縣孔雀城房地產開發有限公司	19.95%
67	南京新保弘房地產有限公司	32.97%
68	南京平弘房地產開發有限公司	48.51%
69	南京明弘新房地產開發有限公司	28.22%
70	南京禹陽東房地產開發有限公司	48.51%
71	南京裕寧置業有限公司	8.49%
72	南京弘威盛房地產開發有限公司	32.52%
73	南京泓澈房地產有限公司	99.90%
74	南京麟瑞置業有限公司	99.90%
75	來安金弘新房地產有限公司	32.52%

No.	Chinese Name	Effective Shareholding
76	來安弘嘉房地產開發有限公司	98.56%
77	南京德軒置業有限公司	98.54%
78	南京銳灝房地產開發有限公司	19.71%
79	南京泰麒置業發展有限公司	14.99%
80	滁州弘陽房地產開發有限公司	39.42%
81	滁州正宏置業發展有限公司	29.57%
82	揚州啟輝置業有限公司	18.70%
83	南京銳昱房地產開發有限公司	24.63%
84	泰興市瑞尚房地產開發有限公司	98.56%
85	南京銳晟房地產開發有限公司	100.00%
86	南京溪茂置業有限公司	12.48%
87	句容市銳翰房地產開發有限公司	31.35%
88	句容市金嘉潤房地產開發有限公司	18.05%
89	南京鴻泰浦陽置業有限公司	100.00%
90	儀徵鴻瑞房地產開發有限公司	50.00%
91	儀徵弘麟置業有限公司	47.50%
92	南京弘騰房地產開發有限公司	100.00%
93	南京弘潤房地產開發有限公司	48.45%
94	鎮江金弘房地產開發有限公司	48.45%
95	南京弘坤房地產開發有限公司	100.00%
96	南京弘鑫房地產開發有限公司	100.00%
97	南京弘佳房地產開發有限公司	46.55%
98	南京弘巽房地產開發有限公司	68.99%
99	鎮江市金捷房地產開發有限公司	31.35%
100	鎮江美辰房地產發展有限公司	33.00%
101	儀徵通弘置業有限公司	46.82%
102	南京弘利房地產開發有限公司	47.50%
103	滁州弘正房地產開發有限公司	46.72%
104	南京弘堯房地產開發有限公司	100.00%
105	南京弘茂房地產開發有限公司	100.00%
106	南京弘盈房地產開發有限公司	60.00%
107	南京弘闊房地產開發有限公司	100.00%
108	南京港弘房地產開發有限公司	47.50%
109	南京金俊房地產開發有限公司	14.55%
110	南京弘豪房地產開發有限公司	100.00%
111	南京弘杰房地產開發有限公司	40.00%
112	南京弘浩房地產開發有限公司	100.00%
113	南京弘誠房地產開發有限公司	100.00%
114	南京科俊房地產開發有限公司	31.35%
115	南京弘彧房地產開發有限公司	82.12%
116	南京弘正房地產開發有限公司	19.60%
117	南京弘仁房地產開發有限公司	60.00%
118	南京弘致房地產開發有限公司	100.00%
119	南京弘鵬房地產開發有限公司	60.00%
120	南京弘和房地產開發有限公司	100.00%
121	南京弘鼎裝飾工程有限公司	100.00%
122	南京正騰裝飾工程有限公司	49.00%
123	揚州陽瑞房地產開發有限公司	67.00%
124	南京陽資房地產開發有限公司	100.00%
125	南京陽融房地產開發有限公司	100.00%
126	南京陽盈房地產開發有限公司	100.00%
127	南京陽利房地產開發有限公司	100.00%
128	南京陽鑫房地產開發有限公司	100.00%
129	南京通弘房地產開發有限公司	51.00%
130	南京招錦弘新房地產開發有限公司	25.00%

No.	Chinese Name	Effective Shareholding
131	南京金宸房地產開發有限公司	33.00%
132	南京弘保宇房地產開發有限公司	33.00%
133	南京金雅房地產開發有限公司	100.00%
134	常熟弘陽房地產開發有限公司	99.00%
135	蘇州弘陽房地產開發有限公司	99.00%
136	蘇州城弘房地產開發有限公司	49.50%
137	蘇州弘陽置業有限公司	99.00%
138	蘇州弘陽置地有限公司	99.00%
139	蘇州輝耀弘陽置業有限公司	48.51%
140	蘇州弘陽投資有限公司	49.64%
141	常熟市新碧房地產開發有限公司	32.67%
142	蘇州全卓置業有限公司	49.50%
143	蘇州正信置業發展有限公司	16.23%
144	張家港保稅區耀輝房地產開發有限公司	0.00%
145	張家港銳誠置業有限公司	49.50%
146	常熟建瀚置地有限公司	18.12%
147	張家港弘晨置業有限公司	69.30%
148	常熟弘陽正發房地產開發有限公司	31.04%
149	常熟億環房地產有限公司	47.03%
150	蘇州弘昇房地產開發有限公司	100.00%
151	蘇州弘昇置業有限公司	100.00%
152	蘇州弘昇置地有限公司	100.00%
153	常熟弘潤房地產開發有限公司	42.32%
154	張家港弘盛置業有限公司	47.03%
155	張家港弘麥置業有限公司	100.00%
156	張家港弘瑞房地產開發有限公司	100.00%
157	張家港弘茂置業有限公司	100.00%
158	蘇州弘嘉房地產開發有限公司	100.00%
159	蘇州弘通房地產開發有限公司	100.00%
160	張家港弘業房地產開發有限公司	100.00%
161	蘇州弘碩房地產開發有限公司	100.00%
162	蘇州弘兆房地產開發有限公司	49.00%
163	南京信華置業有限公司	49.00%
164	蘇州烜華置業有限公司	44.10%
165	南京辰華風置業有限公司	49.00%
166	蘇州華崧置業有限公司	44.10%
167	蘇州璟雋諮詢管理有限公司	34.00%
168	太倉璟源置業有限公司	32.30%
169	張家港弘暉房地產開發有限公司	45.00%
170	蘇州泓禧房地產開發有限公司	99.00%
171	蘇州弘鈞房地產開發有限公司	48.51%
172	蘇州市相城區漕湖兆昌置業有限公司	31.85%
173	杭州明弘房地產開發經營有限公司	100.00%
174	蘇州市宏程房地產開發有限公司	59.12%
175	常熟峰達房地產開發有限公司	34.00%
176	無錫蘇源檀溪灣置業有限公司	100.00%
177	常州華風置業有限公司	85.00%
178	常州桑麻文化博覽園有限公司	70.00%
179	常州桑麻置業有限公司	70.00%
180	常州弘陽廣場置業有限公司	100.00%
181	常州旭景置業有限公司	50.00%
182	江陰市合誠房地產開發有限公司	20.00%
183	常州市金壇旭潤置業有限公司	50.00%
184	丹陽市弘陽置業有限公司	20.00%
185	江陰嘉鴻房地產開發有限公司	100.00%

No.	Chinese Name	Effective Shareholding
186	常州市沛凌房地產開發有限公司	40.00%
187	無錫煦陽房地產開發有限公司	100.00%
188	常州天宸房地產開發有限公司	31.35%
189	無錫弘蘇房地產開發有限公司	100.00%
190	無錫融顯置業有限公司	28.35%
191	無錫弘朗房地產開發有限公司	100.00%
192	常州弘環潤房地產開發有限公司	100.00%
193	常州乾晟房地產開發有限公司	57.00%
194	常州誠遠置業發展有限公司	49.00%
195	無錫市新洋房地產開發有限公司	37.81%
196	無錫弘英房地產開發有限公司	100.00%
197	無錫弘寧房地產開發有限公司	100.00%
198	無錫弘和房地產開發有限公司	100.00%
199	無錫弘宇房地產開發有限公司	100.00%
200	江陰通陽房地產開發有限公司	47.50%
201	常州弘尚房地產開發有限公司	100.00%
202	常州弘榮房地產開發有限公司	100.00%
203	常州弘仁房地產開發有限公司	100.00%
204	常州弘益房地產開發有限公司	100.00%
205	常州弘業房地產開發有限公司	35.15%
206	無錫凱弘房地產開發有限公司	24.70%
207	無錫蘇宸房地產開發有限公司	100.00%
208	無錫蘇宏房地產開發有限公司	100.00%
209	無錫弘恒房地產開發有限公司	100.00%
210	無錫弘馳房地產開發有限公司	100.00%
211	無錫弘創房地產開發有限公司	60.00%
212	無錫弘鼎房地產開發有限公司	100.00%
213	無錫弘茂房地產開發有限公司	100.00%
214	常州陽仁房地產開發有限公司	57.00%
215	宜興市陽恒房地產開發有限公司	48.24%
216	無錫錫晟置業有限公司	30.00%
217	常州晨金房地產開發有限公司	34.87%
218	上海仇熙鼎企業諮詢管理有限公司	51.00%
219	蘇州市弘宥房地產開發有限公司	51.00%
220	無錫蘇信房地產開發有限公司	60.00%
221	南通弘源興房地產有限公司	98.54%
222	湖州弘達房地產開發有限公司	100.00%
223	弘陽集團南通房地產有限公司	98.54%
224	南通弘晏房地產有限公司	32.91%
225	南通錦力置業有限公司	32.81%
226	南通弘創置業有限公司	32.91%
227	南通市華昌房地產有限公司	16.75%
228	南通暄璽房地產有限公司	24.63%
229	南通錦隆置業有限公司	23.16%
230	南通卓蘇房地產開發有限公司	12.32%
231	南通弘俊房地產有限公司	33.79%
232	南通弘耀房地產有限公司	35.57%
233	江蘇通正弘置業有限公司	31.83%
234	江蘇通港弘置業有限公司	30.89%
235	南通弘譽房地產有限公司	100.00%
236	海門市盛弘新房地產開發有限公司	31.83%
237	南通弘盛房地產有限公司	100.00%
238	南通弘通房地產有限公司	100.00%
239	如皋錦瑞置業有限公司	28.08%
240	南通美弘房地產有限公司	42.13%

No.	Chinese Name	Effective Shareholding
241	南通弘騰房地產有限公司	98.54%
242	南通弘都房地產有限公司	47.74%
243	鹽城弘瑞房地產有限公司	50.25%
244	淮安梁頌置業有限公司	45.87%
245	江蘇通園弘置業有限公司	16.71%
246	南通大弘房地產開發有限公司	28.65%
247	南通弘闊房地產有限公司	50.25%
248	淮安陽奕房地產有限公司	98.54%
249	鹽城弘通置業有限公司	98.54%
250	南通弘睿豐房地產有限公司	50.25%
251	南通弘茂揚房地產有限公司	59.12%
252	南通弘鑫陽房地產有限公司	59.12%
253	南通弘源興房地產有限公司	98.54%
254	淮安弘正信房地產有限公司	49.87%
255	淮安陽立房地產有限公司	59.12%
256	南通陽拓房地產有限公司	98.54%
257	淮安陽晏房地產有限公司	98.54%
258	鹽城弘旭房地產有限公司	44.24%
259	淮安瑞悅房地產開發有限公司	20.10%
260	鹽城鴻樾房地產開發有限公司	21.68%
261	南通建秀諮詢管理有限公司	24.63%
262	南通弘豐揚房地產有限公司	98.54%
263	南通弘立揚房地產有限公司	98.54%
264	鹽城市濱恒置業有限公司	32.52%
265	南通長江置業有限公司	19.71%
266	南通招弘建設開發有限責任公司	26.28%
267	鹽城弘立揚房地產有限公司	98.54%
268	南通湖環房地產有限公司	29.56%
269	淮安弘通房地產有限公司	49.87%
270	鹽城弘興揚房地產有限公司	98.54%
271	海門市朗譽裝飾裝修有限公司	33.50%
272	南通弘政揚房地產有限公司	98.54%
273	淮安弘譽揚房地產有限公司	98.54%
274	南通弘易揚房地產有限公司	98.54%
275	鹽城弘茂揚房地產有限公司	98.54%
276	江蘇通開弘置業有限公司	49.27%
277	淮安陽碩房地產有限公司	98.54%
278	安徽弘鵬置業有限公司	80.00%
279	安徽弘嵐房地產開發有限公司	100.00%
280	安徽乾泰房地產開發有限公司	25.00%
281	安徽威林置業有限公司	51.00%
282	亳州碧盛房地產開發有限公司	40.00%
283	蚌埠新弘房地產有限公司	47.50%
284	合肥三巽置業有限公司	38.00%
285	安徽弘灝房地產開發有限公司	100.00%
286	阜陽弘壯房地產開發有限公司	45.00%
287	合肥玖叁置業有限公司	32.30%
288	安徽弘豐房地產開發有限公司	100.00%
289	安徽弘瀚房地產開發有限公司	100.00%
290	合肥新城悅弘房地產開發有限公司	48.75%
291	安徽新創房地產開發有限公司	50.00%
292	安徽弘巽置業有限公司	53.13%
293	安徽力弘房地產開發有限公司	28.50%
294	安慶弘陽置業有限公司	95.00%
295	蕪湖拓弘房地產有限責任公司	38.00%

No.	Chinese Name	Effective Shareholding
296	安徽弘樂房地產開發有限公司	60.00%
297	安徽弘贊房地產開發有限公司	100.00%
298	南昌弘鼎置業有限公司	100.00%
299	江西新越弘嵐房地產開發有限公司	35.20%
300	江西中大弘雲地產有限公司	46.55%
301	南昌佳境房地產開發有限公司	62.70%
302	南昌弘陽房地產開發有限公司	95.00%
303	南昌弘贊房地產開發有限公司	80.00%
304	南昌海奧置業有限公司	49.00%
305	南昌海霖置業有限公司	49.00%
306	南京弘燎房地產開發有限公司	100.00%
307	南昌弘煥科技有限公司	80.00%
308	名流置業武漢有限公司	95.00%
309	武漢弘陽漢都房地產開發有限公司	98.54%
310	武漢弘陽金黃置業有限公司	70.00%
311	武漢弘耀寶盈置業有限公司	68.98%
312	襄陽弘展房地產開發有限公司	93.61%
313	武漢弘陽興展房地產開發有限公司	100.00%
314	武漢弘茂房地產開發有限公司	100.00%
315	武漢弘彰房地產開發有限公司	100.00%
316	岳陽東龍汽車有限公司	30.00%
317	襄陽新城悅隆房地產開發有限公司	47.50%
318	武漢弘坤房地產開發有限公司	100.00%
319	襄陽弘仁房地產開發有限公司	76.00%
320	武漢弘振房地產開發有限公司	100.00%
321	武漢弘華房地產開發有限公司	60.00%
322	武漢弘頌房地產開發有限公司	100.00%
323	武漢弘飛房地產開發有限公司	45.00%
324	武漢陽頌房地產開發有限公司	100.00%
325	武漢陽錦房地產開發有限公司	60.00%
326	武漢市名維安置業有限公司	95.00%
327	武漢陽拓房地產開發有限公司	100.00%
328	湖南德一房地產開發有限公司	66.50%
329	長沙弘興房地產開發有限公司	100.00%
330	長沙弘石房地產開發有限公司	95.00%
331	長沙弘華房地產開發有限公司	100.00%
332	長沙弘磊房地產開發有限公司	100.00%
333	長沙弘高房地產開發有限公司	100.00%
334	衡陽弘濤房地產開發有限公司	95.00%
335	長沙弘暉房地產開發有限公司	100.00%
336	衡陽弘暉房地產開發有限公司	100.00%
337	長沙弘堅房地產開發有限公司	100.00%
338	長沙弘騰房地產開發有限公司	95.00%
339	長沙弘冉房地產開發有限公司	100.00%
340	長沙弘潤房地產開發有限公司	100.00%
341	長沙弘澈房地產開發有限公司	51.00%
342	長沙弘碩房地產開發有限公司	100.00%
343	長沙弘聯房地產開發有限公司	100.00%
344	湖南澳博房地產開發有限公司	50.00%
345	長沙弘浩房地產開發有限公司	60.00%
346	杭州譽乾房地產開發有限公司	30.00%
347	杭州弘招城房地產開發有限公司	31.04%
348	杭州弘陽房地產開發有限公司	100.00%
349	諸暨弘陽房地產開發有限公司	44.55%
350	寧波弘新房地產開發有限公司	47.50%

No.	Chinese Name	Effective Shareholding
351	杭州弘陽瑞尚房地產開發有限公司	50.00%
352	寧波弘陽房地產開發有限公司	50.00%
353	杭州融朗房地產開發有限公司	30.00%
354	杭州弘新房地產開發經營有限公司	100.00%
355	杭州潤仕企業管理諮詢有限公司	49.00%
356	溫州市弘麟房地產開發有限公司	48.75%
357	溫州市弘途房地產開發有限公司	48.75%
358	杭州弘暢房地產開發有限公司	100.00%
359	杭州弘麟房地產開發有限公司	100.00%
360	杭州弘途房地產開發有限公司	100.00%
361	溫嶺嘉辰置業有限公司	47.50%
362	杭州鴻揚投資管理有限公司	33.25%
363	杭州弘辰房地產開發有限公司	33.00%
364	杭州弘鵬房地產開發有限公司	100.00%
365	溫州祥生廣和置業有限公司	47.80%
366	溫州市弘飛房地產開發有限公司	100.00%
367	溫州市弘廣房地產開發有限公司	100.00%
368	杭州弘拓房地產開發有限公司	90.00%
369	杭州弘致房地產開發有限公司	100.00%
370	杭州弘澈房地產開發有限公司	60.00%
371	寧波弘毅房地產開發有限公司	33.00%
372	臺州榮寧企業管理諮詢有限公司	17.85%
373	寧波榮越置業有限公司	17.85%
374	杭州弘譽房地產開發有限公司	51.00%
375	杭州星昀置業有限公司	27.00%
376	杭州星昇商務諮詢有限公司	27.00%
377	杭州弘朗房地產開發有限公司	100.00%
378	寧波弘力企業管理諮詢有限公司	100.00%
379	杭州弘晟房地產開發有限公司	100.00%
380	寧波弘輝企業管理諮詢有限公司	100.00%
381	溫州市弘升房地產開發有限公司	100.00%
382	湖州弘瑞房地產開發有限公司	96.48%
383	湖州弘源房地產開發有限公司	86.58%
384	蘇州弘智房地產開發有限公司	100.00%
385	蘇州弘毅房地產開發有限公司	100.00%
386	湖州弘昇房地產開發有限公司	100.00%
387	湖州弘陽房地產開發有限公司	60.00%
388	湖州弘達房地產開發有限公司	100.00%
389	湖州弘盛房地產開發有限公司	100.00%
390	湖州弘利房地產開發有限公司	100.00%
391	湖州弘成房地產開發有限公司	100.00%
392	桐鄉弘鑫房地產開發有限公司	57.00%
393	海寧鴻周房地產有限公司	33.25%
394	嘉興弘陽房地產開發有限公司	100.00%
395	嘉興嘉陽房地產開發有限公司	100.00%
396	湖州浩源房地產開發有限公司	38.00%
397	寧波弘旭房地產開發有限公司	100.00%
398	寧波弘冉房地產開發有限公司	100.00%
399	寧波弘朔房地產開發有限公司	100.00%
400	寧波弘桀房地產開發有限公司	100.00%
401	寧波弘兮房地產開發有限公司	100.00%
402	寧波弘宇房地產開發有限公司	100.00%
403	寧波卓隆置業有限公司	50.00%
404	寧波海曙興勇商務信息諮詢有限公司	50.00%
405	重慶斗十千房地產開發有限公司	49.95%

No.	Chinese Name	Effective Shareholding
406	重慶柏景銘廈置業有限公司	100.00%
407	重慶弘陽誠道房地產開發有限公司	100.00%
408	重慶弘嘉實業有限公司	45.88%
409	重慶弘環實業有限公司	45.00%
410	重慶弘途誠華企業管理有限公司	100.00%
411	重慶弘途銘遠企業管理有限公司	100.00%
412	重慶弘駿瑞房地產開發有限公司	46.55%
413	成都市弘陽蜀興房地產開發有限公司	95.00%
414	四川仁壽三宇置業有限公司	94.05%
415	成都弘陽錦興房地產開發有限公司	99.02%
416	成都市弘陽蜀秀房地產開發有限公司	99.02%
417	成都金鑫垚房地產開發有限公司	25.87%
418	成都市弘途瑞景房地產開發有限公司	99.02%
419	成都市弘陽錦華房地產開發有限公司	54.46%
420	成都力順房地產開發有限公司	31.04%
421	邛崃市弘陽環粹房地產開發有限公司	94.07%
422	成都市弘陽錦順房地產開發有限公司	99.02%
423	成都市弘璨房地產開發有限公司	99.02%
424	成都市弘陽尚源房地產開發有限公司	99.02%
425	成都市弘勝喆房地產開發有限公司	66.34%
426	成都信軒房地產信息諮詢有限公司	33.84%
427	成都德信杭興置業有限公司	32.14%
428	重慶弘瀾房地產開發有限公司	95.00%
429	重慶弘譽致遠房地產開發有限公司	48.45%
430	重慶恒越行企業管理諮詢有限公司	99.02%
431	重慶玖通智企業管理諮詢有限公司	99.02%
432	成都弘晟瑞環房地產開發有限公司	100.00%
433	成都誠者若茂企業管理諮詢有限公司	99.02%
434	成都弘勝和鼎房地產開發有限公司	69.31%
435	重慶益百泰生企業管理諮詢有限公司	100.00%
436	重慶益鑫仁昇企業管理諮詢有限公司	100.00%
437	成都市弘澤瑞華房地產開發有限公司	59.41%
438	成都市弘浩環粹房地產開發有限公司	99.02%
439	成都市弘潤環粹房地產開發有限公司	99.02%
440	成都市弘祿環粹房地產開發有限公司	99.02%
441	成都市弘源環粹房地產開發有限公司	99.02%
442	重慶融弘樂元房地產開發有限公司	30.00%
443	重慶弘梁融益太房地產開發有限公司	29.71%
444	成都市弘鑫瑞環房地產開發有限公司	59.41%
445	成都市弘灝瑞環房地產開發有限公司	59.41%
446	中山市弘鼎物業管理有限公司	100.00%
447	中山市弘都房地產開發有限公司	100.00%
448	佛山市弘堅房地產開發有限公司	95.00%
449	廣州市弘陽房地產開發有限公司	100.00%
450	佛山市弘升房地產開發有限公司	95.00%
451	廣州市弘途房地產開發有限公司	100.00%
452	江門市弘順房地產開發有限公司	31.35%
453	廣州弘運房地產開發有限公司	100.00%
454	廣州弘盛房地產開發有限公司	54.46%
455	佛山市粵茂房地產開發有限公司	17.07%
456	佛山穗譽置業有限公司	31.35%
457	廣州弘興房地產有限公司	100.00%
458	廣州弘利房地產有限公司	100.00%
459	廣州弘高實業有限公司	100.00%
460	廣州弘晨實業有限公司	100.00%

No.	Chinese Name	Effective Shareholding
461	廣州市弘鴻房地產開發有限公司	51.00%
462	廣州市弘旺房地產開發有限公司	60.00%
463	廣州市弘福房地產開發有限公司	60.00%
464	廣州市弘祿房地產開發有限公司	60.00%
465	佛山市潤元房地產開發有限公司	46.55%
466	廣州鴻遠置地有限責任公司	12.50%
467	廣州弘潤企業管理有限公司	50.00%
468	廣州海恒投資諮詢有限公司	50.00%
469	廣州杭豐德信置業有限公司	25.50%
470	佛山市弘海房地產開發有限公司	48.45%
471	廣州市弘宗房地產開發有限公司	100.00%
472	廣州市弘圖房地產開發有限公司	100.00%
473	廣州市弘茂房地產開發有限公司	100.00%
474	東莞市弘耀房地產開發有限公司	100.00%
475	廣州市弘鵠房地產開發有限公司	100.00%
476	廣州市弘科房地產開發有限公司	60.00%
477	廣州市弘明房地產開發有限公司	60.00%
478	廣州市弘東房地產開發有限公司	100.00%
479	廣州市弘信房地產開發有限公司	100.00%
480	廣州市弘品房地產開發有限公司	100.00%
481	廣州市弘裕房地產開發有限公司	100.00%
482	廣州弘豐房地產開發有限公司	100.00%
483	廣州招贏房地產有限責任公司	34.00%
484	廣州市弘誠企業諮詢服務有限公司	100.00%
485	徐州祥雲景區管理有限公司	75.24%
486	徐州市賈汪區佰特企業管理有限公司	79.20%
487	徐州威新房地產開發有限公司	33.33%
488	中海宏洋置業(徐州)有限公司	33.00%
489	徐州弘陽房地產開發有限公司	100.00%
490	徐州新城億輝房地產開發有限公司	77.60%
491	徐州美君房地產有限公司	18.13%
492	徐州弘通房地產開發有限公司	56.66%
493	徐州泓厚房地產開發有限公司	80.00%
494	徐州新城弘陽房地產開發有限公司	47.00%
495	徐州弘耀房地產開發有限公司	100.00%
496	徐州弘琪房地產開發有限公司	100.00%
497	徐州弘碩房地產開發有限公司	96.10%
498	徐州弘林房地產開發有限公司	100.00%
499	徐州弘冉房地產開發有限公司	51.00%
500	徐州弘淮房地產開發有限公司	51.53%
501	徐州弘南房地產開發有限公司	100.00%
502	宿遷市通金弘置業有限公司	19.00%
503	徐州弘鑫房地產開發有限公司	51.00%
504	徐州弘展房地產開發有限公司	100.00%
505	徐州弘西房地產開發有限公司	100.00%
506	徐州弘路房地產開發有限公司	100.00%
507	徐州梁恒置業有限公司	0.28%
508	徐州祥恒置業有限公司	0.28%
509	徐州弘拓企業管理有限公司	100.00%
510	徐州弘尊房地產開發有限公司	100.00%
511	徐州德盟置業有限公司	51.00%
512	徐州弘鵬房地產開發有限公司	100.00%
513	徐州弘納房地產開發有限公司	100.00%
514	徐州弘謙房地產開發有限公司	100.00%
515	徐州弘諾房地產開發有限公司	100.00%

No.	Chinese Name	Effective Shareholding
516	徐州弘瑾房地產開發有限公司	100.00%
517	徐州弘闕房地產開發有限公司	100.00%
518	蘇州工業園區弘置啟股權投資合夥企業(有限合夥)	49.92%
519	杭州江左投資管理合夥企業(有限合夥)	5.61%
520	徐州陽輝房地產開發有限公司	50.00%
521	徐州弘文企業管理有限公司	60.00%
522	徐州弘德企業管理有限公司	60.00%
523	徐州融宇房地產開發有限公司	50.00%
524	徐州弘舟房地產開發有限公司	50.00%
525	徐州弘方房地產開發有限公司	80.00%
526	徐州弘茂裝飾工程有限公司	51.00%
527	徐州淮洲裝修有限公司	25.00%
528	山東弘泉房地產開發有限公司	100.00%
529	山東弘心房地產開發有限公司	100.00%
530	山東弘智房地產開發有限公司	100.00%
531	山東泉心房地產開發有限公司	100.00%
532	山東泉智房地產開發有限公司	100.00%
533	青島弘立房地產開發有限公司	100.00%
534	煙臺陽科房地產開發有限公司	91.00%
535	青島乾景房地產開發有限公司	28.50%
536	山東偉勝房地產開發有限公司	42.75%
537	青島百俊房地產開發有限公司	35.00%
538	濟南陽帆房地產開發有限責任公司	100.00%
539	開封市寶隆房地產開發有限公司	43.56%
540	鄭州榮萬置業發展有限公司	100.00%
541	鄭州市弘璨房地產開發有限公司	100.00%
542	鄭州市弘嘉業房地產開發有限公司	100.00%
543	鄭州市弘騰越房地產開發有限公司	100.00%
544	鄭州市弘榮暉房地產開發有限公司	100.00%
545	鄭州市弘夢拓房地產開發有限公司	100.00%
546	鄭州市弘優榮房地產開發有限公司	100.00%
547	鄭州萬邦弘陽置業有限公司	90.00%
548	西安弘陽置業有限公司	100.00%
549	西安弘陽錦業置業有限公司	48.45%
550	西安創陽置業有限公司	100.00%
551	西安弘創合房地產開發有限公司	100.00%
552	西安弘致陽房地產開發有限公司	100.00%
553	西安弘越陽房地產開發有限公司	100.00%
554	咸陽萬玉科置業有限公司	44.65%
555	陝西卓越景達置業有限公司	32.40%
556	西咸新區正弘卓置業發展有限公司	32.40%
557	西安弘山合房地產開發有限公司	90.00%
558	南京弘陽商業管理有限公司	100.00%
559	南京弘陽酒店有限公司	100.00%
560	無錫弘陽洛克菲花園酒店管理有限公司	100.00%
561	南京弘寓生活服務有限責任公司	100.00%
562	常州弘陽商業管理有限公司	100.00%
563	南京弘寓生活服務有限責任公司竹山路店	100.00%
564	合肥弘陽商業管理有限公司	100.00%
565	南京弘陽酒店有限公司橋北分公司	100.00%
566	衡陽弘昶商業管理有限公司	100.00%
567	浙江弘灝營銷服務有限公司	100.00%
568	滕州弘陽商業管理有限公司	100.00%
569	宿遷弘陽商業管理有限公司	100.00%
570	上海弘泐企業管理諮詢有限公司	100.00%

No.	Chinese Name	Effective Shareholding
571	三河弘陽商業廣場管理有限公司	100.00%
572	徐州弘陽商業管理有限公司	100.00%
573	常州名力弘陽商業管理有限公司	100.00%
574	安慶弘陽商業管理有限公司	100.00%
575	南京弘陽文化產業管理有限公司	100.00%
576	濟南弘陽商業管理有限公司	100.00%
577	濟寧弘陽商業管理諮詢有限公司	100.00%

BUSINESS

OVERVIEW

We are a comprehensive property enterprise with established presence in the Yangtze River Delta region and keen on national expansion. We focus on residential property development, commercial property investment and operations as well as hotel operating management. Adhering to the core values of “professionalism and building credibility for the long term”, we strictly implement the investment strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities” (做透大江蘇、深耕都市圈、做強中心城), achieving the dual-driven coordinated development in property development and commercial real estate. Since the incorporation of Nanjing Redsun in 1999, we have worked in the sector of property development and sales for over 20 years, established the Hong Yang brand and received widespread recognition for our development capacity and industry position. We have maintained steady growth in recent years. Our net profit increased from RMB1,412.3 million in 2018 to RMB1,467.6 million in 2019, and further increased to RMB1,661.0 million in 2020 and our net profit for the six months ended June 30, 2020 and 2021 amounted to RMB677.4 million and RMB739.3 million (USD114.5 million), respectively. As of December 31, 2018, 2019 and 2020 and June 30, 2021, our total assets amounted to RMB67,922.1 million, RMB95,397.1 million, RMB119,045.2 million and RMB129,607.8 million (US\$20,073.7 million), respectively.

We have established the *Hong Yang* brand, which enjoyed a high reputation and recognition in the Yangtze River Delta region. Sales of the Group for the first half of 2021 increased its rank to 45th nationwide according to the statistics of CRIC (克而瑞研究中心). Our Nanjing Hong Yang Plaza was also recognized as “2021 Commercial Property Benchmarking Project” by the China Index Academy. In 2020, we were ranked 47th among China’s Top 500 property developers and 2nd in terms of growth rate among China’s Top 10 property developers by the China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal.

In 2019, we were ranked TOP 500 China Real Estate Developers by China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal and TOP 50 New and Vigorous Chinese Listed Companies by Brand Value by National Business Daily and Tsinghua SEM, and we also received the award of “2019 Top 30 Brand of China Real Estate Companies (mixed all 11–30) (2019中國房地產公司品牌價值TOP 30 (混合所有11–30)) in the 2019 China Real Estate Brand Value Research Results Release Conference cum 16th China Real Estate Brand Development Summit (2019年中國房地產品牌價值研究成果發布會暨第十六屆中國房地產品牌發展高峰論壇) held in Beijing in 2019.

Designing and developing customer-tailored products and implementing high standards of quality control are the lifeline of us. We conducted an intensive study of customer needs and launched four product lines, from properties with the best improvement, to high-quality rigid demand housing, namely, Times Series (時光系), Sunrise Series (昕悅系), Chenhui Series (宸暉系) and Hongzhu Series (弘著系), to meet the needs of different consumer groups. We use high-quality materials and accessories for construction and decoration and critically review the work of contractors. We use the internal standard of “millimetric quality error” for product quality control. We strive to meet the needs of our customers through fine workmanship and quality control measures.

We have balanced property development and operation abilities. While developing residential properties, we also operate commercial complexes covering shopping malls, amusement parks and community centers, hotels and office buildings. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects. Looking ahead, we will continue to adhere to the “Property + Commercial” dual-driven strategy. In 2018, 2019 and 2020, our commercial properties accounted for a revenue of RMB359.0 million, RMB411.4 million and RMB505.2 million, respectively. In the six months ended June 30, 2021, revenue from commercial operations increased by 37.1% to RMB291.8 million (US\$45.2 million) as compared to RMB212.8 million in the corresponding period of 2020.

We focus our business activities across the Yangtze River Delta region, one of the most economically prosperous and vibrant regions in China, and have gradually extended our reach to the Greater Bay Area, the Chengdu-Chongqing region, the middle reaches of Yangtze River and the Shandong Peninsula. As at June 30, 2021, we had a total of 168 projects under construction with an aggregate planned gross floor area of 18,696,674 sq.m. Keeping abreast of the pace of urban development, we seized the investment opportunities with diversified investment channels and actively enlarged our land bank. As of June 30, 2021, we had land reserves with a total GFA of approximately 21,005,050 sq.m., representing an increase of 4.7% from that of 20,057,380 sq.m. as at December 31, 2020. Our land reserves comprise of (i) completed properties with a saleable GFA of approximately 1,470,311 sq.m., (ii) investment properties with a rentable GFA of approximately 838,065 sq.m., and (iii) properties under development with an aggregate GFA of approximately 18,696,674 sq.m.. We believe our existing land reserves can provide sufficient support for our future development.

We launched our head office in Shanghai in February 2019 to form a dual headquarters’ operation in Shanghai and Nanjing. Shanghai, which has a large property market, is one of our key expansion regions in future. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in the future to provide support for our further business expansion.

We have been successfully listed on the Stock Exchange of Hong Kong since July 12, 2018 and our shares are listed under the stock code “1996”. We believe our listing has provided us an important opportunity for leapfrog development. Starting from 2019, our shares were included in the Hang Seng Composite Index and the southbound Stock Connect, which we believe will further strengthen our influence in the capital markets.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths are the key to our many achievements and distinguish us from our competitors:

Establishing the *Hong Yang* brand and becoming a leading comprehensive property developer in PRC

We are a comprehensive property developer with a strong foothold in the Yangtze River Delta Region and a national strategic layout, focusing on the development of residential properties and the development, operation and management of commercial and multi-use properties. Since the incorporation of Nanjing Redsun in 1999, we have worked

continuously in property development and sale sector, establishing our *Hong Yang* brand and receiving widespread recognition for our property development expertise and market-leading position.

Rooted in the Yangtze River Delta region with a particular focus on Nanjing, Suzhou, Wuxi, Changzhou and Nantong in Jiangsu Province and Hefei, the capital city of Anhui Province, currently we have also expanded our business into selected cities with high growth potential, such as Guangzhou, Kaifeng, Nanchang, Wuhan and Changsha. In terms of GDP, population and per capita income, the Yangtze River Delta region is one of the most dynamic economic regions in China. The Chinese Government also aims to promote the development of the region with favorable policies (such as supporting the growth of the Shanghai Free Trade Zone), with the goal of transforming the region into the world's largest metropolis circle by 2030.

Our development has been based on our foundation in Nanjing, Jiangsu Province. Jiangsu Province is one of the most developed economies in China, with a GDP that reached RMB9,963 billion in 2019, which ranked second among all regional economies in China that year. As the capital of Jiangsu Province, Nanjing is an important coastal transportation hub in eastern China and also one of the commercial, trade and financial centers in the Yangtze River Delta region. Our Nanjing Hong Yang Plaza development received the Nanjing New Commercial Landmark award in 2018. Our Nanjing Solaris Loving City • Section VIII (旭日愛上城八區) development received the Nanjing Single Property Top Sales for Residential Buildings award in 2017 by number of units sold.

Jiangbei New Area, Nanjing, where our Nanjing headquarter is located, is a demonstration new district approved by the State Council in 2015 for the purpose of transforming and upgrading of China's national industries and pioneering new urbanization and development. Jiangbei New Area is the only nationally chartered new district in Jiangsu Province. As a new growing region in southern Jiangsu, Jiangbei New Area is also the northern service center and comprehensive transportation hub of the Nanjing metropolis circle, with promising development potential. The Jiangbei New Area government has adopted several policies to promote growth, such as financial subsidies for scientific research institutions and fund investment for innovative enterprises, in order to attract well-known enterprises and talented individuals to settle in the district. Consistent with these growth policies, we have actively contributed to the development of Jiangbei New Area. Our primary property properties in Jiangbei New Area comprise the Solaris Upper City, Solaris Loving City and Hua Impression residential properties, Nanjing Hong Yang Plaza and Nanjing Hong Yang Hotel.

Our *Hong Yang* brand enjoys a strong reputation and widespread recognition in the Yangtze River Delta region. The brand "Hong Yang" held by Hong Yang Group Company is China well-known trademark. Sales of the Group for the first half of 2021 increased its rank to 45th nationwide according to the statistics of CRIC (克而瑞研究中心). Our Nanjing Hong Yang Plaza was also recognized as "2021 Commercial Property Benchmarking Project" by the China Index Academy. In 2020, we were ranked 47th among China's Top 500 property developers and 2nd in terms of growth rate among China's Top 10 property developers by the China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal. In 2019, we were included in the following categories by the China Real Estate Association, E-house China R&D Institute, China Real Estate Appraisal and National Business Daily and Tsinghua SEM: TOP 500 China Real Estate Developers and TOP 50 New and Vigorous Chinese Listed Companies by Brand Value.

Innovative product design, accurate product positioning, leading quality control system and customer-tailored products

Designing and developing customer-tailored products and implementing high standards of quality control have been critical to our success.

To position our products to meet the needs of different consumer groups, we conducted an intensive study of customer needs and launched four product lines, from properties with the best improvement, to high-quality rigid demand housing, namely, Times Series (時光系), Sunrise Series (昕悦系), Chenhui Series (宸暉系) and Hongzhu Series (弘著系). To optimize our home designs, we worked with famous design companies in China and abroad based on the concept of “the same function with smaller areas and the same area with richer functions.” In respect of landscape design, we engaged international and domestic leading landscape design companies to develop comfortable and pleasant residential environments that surpassed industry benchmarks. When expanding to different cities and regions, we take into account specific regional characteristics, market trends and customer feedback in creating designs that we believe will satisfy our customers’ needs.

We strive to enhance customer satisfaction through fine workmanship and quality control measures. In all of our developments, we used high-quality construction materials and accessories and carefully monitor the work of our contractors. We have adopted a quality standard that we refer to as “millimetric quality error” for product quality control. Our quality control measures consist of several elements: (i) supervising construction on the basis of design drawings, quality targets agreed in project contracts, national construction acceptance rules, construction quality inspection standards and our Hong Yang Real Estate Project Administration System; (ii) engaging third parties to evaluate the construction and delivery stages and to survey customer satisfaction with delivered properties; and (iii) exploring the use of big data analytics to identify signs of consumer satisfaction in the information we accumulate through our information technology platform.

We have achieved a strong reputation and high customer retention rates as a results of our complete product lines, excellent designs in the areas of home layout and landscaping and strict quality control. In 2017, our customer retention as measured by recommendation and repurchase rates reached approximately 22%. Meanwhile, according to the FG Consulting (賽惟諮詢)’s third-party customer satisfaction survey, most of our residential property products achieved high customer satisfaction.

With our innovative product design and standardized operating procedures and system, we have managed to maintain our product leadership in the market while improving our operational efficiency. We have received four industry awards in the first half of 2020, among which our “Chengdu • Future Time” had been recognized as the best cost-effective product in the CRIC Product Power League, with selling rate ranked number 1 in the Shortlisted List of Cost-Effective Products in the First Half of 2020 (2020年上半年高性價比產品測評入圍項目). Our other recent and landmark projects include Chengdu Xinglong Lake project, Suzhou Xiangcheng project and Zhengzhou Hongyang Mansion.

High-quality land reserves and stable and reliable land acquisition ability

Leveraging our deep understanding of the property markets in the Yangtze River Delta region, we have strategically selected and acquired quality parcels of land that will enable us to further develop these markets, particularly in Jiangsu Province and Anhui Province. To achieve rapid and quality growth, we have proposed and promoted the investment strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities” (做透大江蘇、深耕都市圈、做強中心城). In first half of 2021, we made significant progress in implementing comprehensive layout in Jiangsu Province, strengthening foothold in the headquarter city of Nanjing and developing with a focus on key metropolitan areas such as the Yangtze River Delta, the Greater Bay Area, the Chengdu-Chongqing region, Central Plains, the middle reaches of Yangtze River and the Shandong Peninsula, gradually realizing our nationwide expansion. In pursuing developments in new cities, we conduct extensive pilot studies and follow careful evaluation standards before we acquire land. We believe that our high-quality land reserves, will lead to long-term and stable growth.

We have a variety of methods to acquire land, including tender, auction or listing-for-sale, merger and acquisition and cooperative development with third parties. Cooperating with reputable property developers enables us to obtain large, high-quality projects, and we can manage the investment risks we face by minimizing the investment cost. In the Yangtze River Delta region, due to our local resources and brand appeal, many leading property developers in the PRC have established long-term stable partnerships with us. In other regions, the synergistic effect achieved through cooperation also enabled us to benefit from local resources to build our own brand and reputation. For example, the “Great Time at Joy Peak West District” in Nanjing, developed in partnership with Greenland Group, “Best Time Garden” in Nantong, developed in partnership with Country Garden and Zhongnan Group, and “Superior Charm Garden” in Suzhou, developed in partnership with Future Land all achieved satisfactory market responses.

As of June 30, 2021, we had land reserves with a total GFA of approximately 21,005,050 sq.m., representing an increase of 4.7% from that of 20,057,380 sq.m. as at December 31, 2020. Our land reserves comprise of (i) completed properties with a saleable GFA of approximately 1,473,0311 sq.m., (ii) investment properties with a rentable GFA of approximately 838,065 sq.m., and (iii) properties under development with an aggregate GFA of approximately 18,696,674 sq.m.. We believe our existing land reserves can provide sufficient support for our future development.

Excellent commercial property assets and strong operational abilities, forming synergistic effect in residential property development

We have balanced property development and operational abilities and maintained a “Property + Commercial” dual-driven strategy. We began the sale of our first residential development Hongyang Xurihuating in 2003 and commenced development of Nanjing Hong Yang Plaza in 2006, signaling the start of our commercial business. Alongside the development of residential properties, we operate a range of commercial properties that include shopping malls, amusement parks, community centers, hotels and office buildings. During the first half of 2021, the Group’s Hong Yang Plazas in operation were located in Nanjing in Jiangsu (Nanjing Hong Yang Plaza), Changzhou in Jiangsu (Changzhou Central Hong Yang Plaza), Hengyang in Hunan (Hengyang Hong Yang Plaza), Yanjiao in Hebei (Yanjiao Hong Yang Plaza) and Hefei in Anhui (Hefei Hong Yang Plaza), respectively. At

the same time, we were preparing the opening of new Hong Yang Plazas in Dacheng in Changzhou, Fenghuangdong in Changzhou and Anqing, respectively, thereby continuously promoting the “Hong Yang Plaza” brand and enhancing influence in the industry. Further, we also operated one office building (Hong Yang Tower), two hotels (Nanjing Hong Yang Hotel and Wuxi Hong Yang Lakefort Hotel) and an Ibis Hotel under entrusted management model, and were in the process of preparing for the opening of Changzhou Hong Yang Hotel. Most of these commercial property buildings are adjacent to our residential property projects, providing ancillary services for our residents and also driving the appreciation of our residential property projects.

In selected cities, we strive to build integrated living centers in promising locations with the goal of meeting the different needs of customers through various business formats. We believe that this approach helps to develop a city while improving the regional property values and living environments. Our Nanjing Hong Yang Plaza has a large commercial scale. After upgrading, it combines multiple commercial properties, including an integrated shopping mall, an amusement park and a home furniture mall. Nanjing Hong Yang Plaza can provide customers of different age groups with shopping, leisure and entertainment options, including an amusement park with a ferris wheel and a roller coaster. Changzhou Hong Yang Plaza, which is adjacent to the Hong Yang Upper City • Phase IV development has been designed to provide a garden-style shopping experience, a revolving restaurant street and an ecology-themed kids’ park, and will also include hotels and office space. Changzhou Hong Yang Plaza has been designed as a neighborhood center, based on our “Hong Yang Life + (&Home)” design concept, which we believe will provide our customers with a wide variety of dining, shopping, sports and entertainment venues.

We strive to achieve synergies through an organic combination of commercial property projects and residential property projects. Commercial properties can generate stable rents, supplement cash flows for our residential property development business and reduce risks brought by price fluctuations and uncertain delivery schedules in the residential property development business. Our commercial property assets also create more possibilities for financing. Meanwhile, commercial properties can improve the overall positioning, attractiveness and investment value of property projects, driving the growth of residential property sales. In addition, the brand effect produced by commercial properties can also establish customer loyalty for residential property projects. Our commercial property operations have matured over time. In 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, our commercial properties accounted for a revenue of RMB359.0 million, RMB411.4 million, RMB505.2 million, RMB212.8 million and RMB291.8 million (US\$45.2 million), respectively.

An efficient and modern management model that focuses on investment, financing, management and exit (IFME) to maximize returns on property projects

We have established an efficient and modern management model characterized by investment, financing, management (operations) and exit (marketing) and a throughout operation indicator system. These elements are integrated and designed to maximize returns on property projects. We believe that our IFME management model injects vitality and accountability into the Group and helps us to ensure product quality, improve operational efficiency, keep project development on schedule, lower construction costs, and increase shareholder returns.

Investment. We have developed a detailed indicator evaluation system when evaluating projects for investment. Prior to an investment, the main indicators we consider include revenue and cost of land acquisition ratio, gross profit margin and net profit, launch time, destocking cycle, positive cash flow-back cycle. Also prior to an investment, we require preliminary arrangement of financing to be expressly provided in project feasibility report and project investment decision and estimate real-time cash flow. We strive to be disciplined in following the original indicators for a project throughout the pre-investment, investment and post-investment phases. We assign responsibility to specific personnel to adhere to the indicators and they are accountable if there is any deviation. We also have land-acquisition policies in joint venture projects, which are designed to achieve rapid turnover, high profits and low risk and profitability.

Financing. We follow sound financial policies and endeavor to broaden our financial channels to meet our need for capital. We have a variety of sources of funds, including land mortgage financing provided by commercial banks, project development financing, fixed asset financing, working capital loans, debt financing provided by trust companies and asset management companies and capital increases by shareholders. To maintain stable financing sources and lower financing costs, we have established strong relationships with many major banks in China, including Agriculture Bank of China, Bank of China, ICBC and Bank of Communications. In addition, we sought financing from major trust companies, including Chang'an International Trust Co., Ltd. (長安國際信託股份有限公司) and Shanghai Ai Jian Trust Co., Ltd. (上海愛建信託有限責任公司), and major asset management companies, including China Huarong Asset Management Co., Ltd. As of December 31, 2020, we had total bank facilities of RMB80,846 million, with unused bank facilities of RMB46,562 million.

We follow systematic financial management practices and manage our current assets by closely monitoring the cash status and maturity profile of our borrowings, so as to ensure sufficient working capital. We continually review our debt structure in view of our diversified capital sources, high-quality project portfolio and the PBOC's policy of lowering the benchmark lending rate. As of June 30, 2021, our borrowings maturing within one year, in the second year, within two to five years and over five years accounted for 30.8%, 33.4%, 32.7% and 3.1%, respectively, of our total borrowings. By virtue of our close relationships with banks and our good credit history, we believe that we will be able to reduce the interest rates we pay on our current borrowings, thereby reducing our financing costs. The effective interest rates on our debt, in the aggregate, were 7.81%, 8.55% and 7.67% 2018, 2019 and 2020, respectively.

Management (Operation). We have established "large operation" management systems to improve operation efficiency through standardized project development and management procedures, clear meeting decision-making mechanism, assessment indicator system and various information systems that are necessary to conduct large and complex business operations successfully. Our management systems include detailed operation indicators system and procedures for the main workflows in all phases of the project cycle, with responsibility assigned to specific personnel and completion criteria. For example, we set clear objectives for opening new projects by requiring our development teams in various cities to commence work within 85 days and achieve quality opening within 180 days after land acquisition. To help achieve this result, we formulate a "route for realizing opening within 180 days," specify key deadlines, assign various business support lines to participate in the development process and strive for efficiency in applying for and receiving approvals. Meanwhile, we have standardization for planning and design, component parts of the

pioneering zones and demonstration zones, and we have established good relationships with quality general contractors and other suppliers in order to form long-term strategic partnerships with them.

Our information technology systems can monitor real-time data and provide a reference for project evaluation indicator system. On the fourth floor of our headquarters in Hong Yang Tower, we have set up a monitoring center as our operational control platform for remote monitoring of the project implementation. This monitoring center also operates our “400” national complaint service hotline, which we established to receive feedback from our customers. Our objective is to monitor product quality and provide convenient and efficient services for customers after checking each house individually during the delivery.

Exit (Marketing). We have established a comprehensive marketing management system, which includes product positioning management, marketing tactics management, base price management, rate management and goal management. Our headquarters are responsible for auditing the product positioning and marketing tactics of every projects to ensure its rationality and comply with the overall strategy and value proposition of the Company; our Group management controls the base prices and authorizes local branches to adjust selling prices and discounts. Our Group management also controls sales commissions and manages the sales targets. In addition, at each marketing stage, we have adopted standardized marketing plans and a range of approved marketing activities. Improved marketing mechanism can for the most part enhance the selling rate of our projects.

Relying on the payback mechanism with clear time requirements, person in charge and assessment criteria, our marketing department and finance department cooperate closely and make strategy aiming at such as customer’s own capital, mortgage loans from different banks and housing provident fund loans respectively, which makes the sales outstanding flowing back rapidly, has helped us improve our capital turnover rate and shorten the period in which our cash flows turn positive. Overall, we believe that our standardized procedures for project implementation will help us improve exit efficiency in the future.

Experienced senior management and team of employees with strong execution ability

Since the establishment of the company, our experienced senior management team has contributed to promoting our business growth. Our founder, Chairman and Director Mr. Zeng Huansha has over 20 years of experience in China’s real estate development sector. In 1995, Mr. Zeng came to Pukou District, Nanjing and founded Nanjing Redsun Business World (南京紅太陽商業大世界). He established Nanjing Red Sun Real Estate Development Company Limited (南京紅太陽房地產開發有限公司) in 1999, which marked his start in the property sector. In 2003, Mr. Zeng founded Hong Kong Red Sun Group Investment Company Limited (renamed as Hong Yang Group Company Limited in 2008) and served as the Chairman of the Board. Mr. Zeng is a standing committee member of All-China Federation of Returned Overseas Chinese, the Vice President of China Federation of Overseas Chinese Entrepreneurs, a standing committee member of Jiangsu Provincial Committee of the Chinese People’s Political Consultative Conference, Vice Chairman of the Federation Of Jiangsu Returned Overseas Chinese, Chairman of Jiangsu Overseas Chinese Enterprise Federation, Vice Chairman of the seventh Committee of Jiangsu Overseas Chinese Association and has received wide recognition for his entrepreneurial spirit. He has won such awards and titles as the Outstanding Individual of Returned Overseas Chinese and Family Members (全國歸僑僑眷先進個人), Award for Major Contributions to Chinese

Language Education Abroad (熱心海外華教人士重大貢獻獎), Excellent Private Entrepreneur of Jiangsu Province, Top 10 Outstanding Youths of Jiangsu Province and Top 10 Outstanding Youths of Nanjing.

Most of our senior managers have over ten years of work experience in relevant areas, including property development, finance, accounting and management. Our CEO Mr. Yuan Chun also has valuable experience in the property development sector. Mr. Yuan graduated from Tongji University (同濟大學), had over 25 years of work experience in various leading property developer in PRC. The rich expertise and valuable industry experience of our senior management team members will help us seize potential opportunities and identify market risks. In addition, we have a dedicated team of employees with experience in property development, planning, design, construction, financing and other relevant fields. We recruit employees from well-known universities in China and provide them with continuous vocational training to improve their abilities. We believe that our remuneration and incentive policies help us attract and retain talented professionals. We follow performance standards, conduct training and evaluate the performance of employees in a manner that we believe improves the work efficiency of our employees and enhances their execution ability.

Our corporate culture emphasizes professionalism and building credibility for the long term. The focus and determination of our management enables us to respond promptly to the ever-changing trends in the PRC property market. With our keen insights, we have leveraged our resources to make advances in the property sector.

OUR STRATEGIES

We endeavor to become the premier and trusted comprehensive property developer in the country. For this end, we will implement the following strategies:

Continue to proactively explore markets in the Yangtze River Delta region and selectively develop new markets at the same time to form a regional pattern of “1 + 3 + X”

Taking urban agglomeration as our development group, based on consulting companies CRIC China and Yihan’s research on over 300 property markets in Chinese cities, and taking full account of factors including economic development, market capacity, population growth rate and income level of various regions, we selected “1 + 3 + X” strategic zones (namely the Yangtze River Delta region, central China, southern China, southwestern China and other regions).

We will continue to proactively explore markets in the Yangtze River Delta region, the largest economic circle in China featuring highly developed property markets. We have geographical advantages in the markets as we have reached the Yangtze River Delta for many years and our brand has been recognized by consumers. In the cities we have entered, we intend to implement the customer coverage strategy by three product lines to raise the market share. We intend to focus on Shanghai, Nanjing, Hangzhou and Hefei metropolis circles and expand into surrounding cities, and selectively enter some third/fourth-tier cities with development potentials in the Yangtze River Delta region.

Meanwhile, we had expanded our reach to the whole country by dint of our long-term development experience and ability. We took central China, southern China and southwestern China as priority target regions. In these regions, we place emphasis on hub cities, such as Wuhan, Tianjin, Chongqing, Chengdu, Zhengzhou and Changsha, and the metropolis circles formed by these hub cities and their surrounding cities. As of June 30, 2021, we have subsidiaries in Wuhan, Chongqing, Changsha and Chengdu, and plan to establish subsidiaries in the aforesaid remaining hub cities. We set up teams to explore local land resources and cooperation opportunities. In these new markets, we develop projects in a replicable and standardized way and flexibly adapt to local market characteristics for rapid destocking. With the gradual outward extension of these hub cities and metropolis circles, we believe that the Group will be transformed from a regional property company into a first-class, trusted comprehensive property developer in the country.

Continue to adopt diversified land acquisition strategies to enrich and optimize our land reserves

We believe that traditional process of bidding invitation, auction or listing is becoming more difficult and gradually becoming poor popular due to policy intervention, whereas process of bidding invitation, auction or listing based on government industrialization guides will become more popular. However, as industry centralization is increasing, mergers and acquisitions still exist and are expected to expand rapidly in the next two to three years.

We will continue to adopt diversified land acquisition strategies including open tender, auction or listing-for-sale, cooperation with the third-party partners and acquisitions of equity interest of other companies or property interests held by them. Tender, auction or listing-for-sale is the most important way for us to acquire land in recent years and is expected to continue to be one of the most important ways for us to acquire land in future.

In the coming two to three years, we plan to continue making cooperative development as an important way of acquiring land and enhance the strength of acquiring land through mergers and acquisitions. Cooperative development is our important land development channel, specifically including joint trading, land lot trading, alternate trading, and so on. We attach great importance to our partners' goodwill and only choose to cooperate with quality enterprises with strong brand strength and rich resources. Mergers and acquisitions are also an important means for us to acquire land reserves. In recent years, we successfully obtained quality projects including Mountain View Garden in Jurong, Zhenjiang and Wuxi Sanwan Qing by mergers and acquisitions or financial investment. In 2019, we expanded to a number of metropolitan core cities of China including Jinan, Qingdao, Xi'an, Changsha, Wenzhou and Zhengzhou, to expand our urban layout. Through these flexible and diversified land acquisition strategies, we believe that the land reserves of the Group will be further enriched and optimized.

Further improve product quality and design based on customer and created value for customer

We have always valued product quality, as it is closely connected to the brand image of the Group. We will continue to improve product quality, which will help raise popularity and consumer recognition of the Group in China, thus facilitating our nationwide layout plan. While ensuring reliability of product quality, we will also seek to standardize more product lines, design schemes and development process to accelerate destocking by scalable business models.

We will take characteristics of consumer groups as the point of entry and make targeted design of house layout and community facilities to meet needs of different people. In the coming years, we will gradually shift our main service targets from people with rigid demand to upgraders, and eventually achieve full coverage of all types of customers by the three product lines.

As the population structure and social concepts change over time, consumers' demand for housing is also constantly changing. For example, in view of China's aging population, we design our residential communities with the convenience of the elderly in mind. On the other hand, the increase in the proportion of dink families and the implementation of the two-child policy are the main reasons for transformation of our products towards upgraded properties. We have also conducted special market research on young people to learn about their preferences. We will vigorously promote smart home and intelligent community and establish an online to offline platform to realize one-stop management of mobile applications for community services.

Expand the business sector primarily based on the asset-light mode to promote “Hong Yang” brand and form a synergistic effect with the residential property development sector

General consumers' recognition of the brand “Hong Yang” is closely related to the success of commercial properties in history. Nanjing Redsun Home Furniture and Construction Mall gives many consumers in Nanjing a first impression about the Group, and Nanjing Hong Yang Plaza is even synonymous with one-stop life services in the minds of consumers in Jiangbei. Nanjing Hong Yang Plaza boosted the sales of the Group's 22 residential communities in Jiangbei New Area, and the Changzhou Hong Yang Plaza opened in September 2018 and its interpretation of the concept of Hong Yang Life + will also become one of the major selling points of the surrounding residential community Hong Yang Upper City • Phase IV. We will continue to expand the business sector with Hong Yang Plaza as the main product and rely on brand effect of “Hong Yang” to give play to the synergistic effect with the residential property sector.

In expanding the business sector, we intend to adopt a development path combining light assets with heavy assets, dominated by light assets. The combination of light assets and heavy assets helps us optimize resource allocation and avoid risks. For example, in 2019, we managed to develop a number of leasing projects and projects under entrusted management. Among others, Tengzhou Hong Yang Plaza, as a project under entrusted management, achieved contract signing and business opening in the same year, which further boosted the influence of the Hong Yang brand. Regarding commercial operations, three of our shopping centre projects, namely Pavilion C Nanjing Hong Yang Plaza, Yantai Zhifu Hong Yang Plaza and Tengzhou Hong Yang Plaza were grandly opened in 2019, which was astoundingly magnificent. In the future, the commercial property operation sector of the Group will take the expansion of light assets as the main route of incremental development.

Improve operation efficiency, pursue rapid turnover and increase capital use efficiency

We formulated a series of systems to standardize and regulate our business processes. Adhering to the management concept of “making headquarters perfect, cities strong and project settled,” we intend to continually optimize our business processes and establish delayering management models and improve operation efficiency by streamlining

burdensome procedures and shortening decision-making chains. This will help us achieve faster opening and destocking, so as to achieve the goal of fast turnover. We will strive to shorten the average time from our land acquisition to opening to six months in the future.

We will continue to adopt robust financial policies, closely monitor important financial indicators including gearing ratio and interest coverage ratio, and prudently manage capital structure, cash flow and circulating capital to control costs and risks. We plan to maintain a reasonable inventory level to ensure stable cash flows for our operating activities and debt payments.

We also intend to further optimize capital structure via diversified financing channels. At present, our debt ratio is healthy and there is still room for profit margins, so we have greater financing flexibility. In our financing effort, we put more weight on the time value than on the cost of capital, which matches our pursuit of rapid turnover. The headquarters of the Group will continue to exercise overall control over the cash to further increase capital use efficiency.

Accelerate talent system building to attract high-quality talents in the industry

We have established talent system and accelerated to recruit talents with attractive remuneration and benefits. We issued special incentives to motivate the existing team. For example, our project co-investment scheme fully mobilized the enthusiasm of employees by clear co-investment standards.

We launched our head office in Shanghai in February 2019 to form a dual headquarters' operation in Shanghai and Nanjing. Shanghai, which has a large property market, is one of our key expansion regions in future. In addition, our demand for quality talents also increases with the nationwide business layout. There are a number of national key universities and talent pools in Shanghai. Moreover, Shanghai can also attract excellent talents from all over the country with its strong economic strength and Shanghai culture. We hope the second headquarters in Shanghai can attract high-quality talents. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in the future to provide support for our further business expansion.

RECENT DEVELOPMENTS

Co-operation Development Agreement in relation to Guangzhou Zhaoying Real Estate Co., Ltd.

On 10 June 2021, Guangzhou Hongyu Real Estate Development Co., Ltd (廣州市弘裕房地產開發有限公司) (“**Guangzhou Hongyu**”), an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Development Agreement with Guangzhou Merchants Property Development Limited (廣州招商房地產有限公司) (“**Guangzhou Merchants**”), Wuhan Dabenying Commercial Management Co., Ltd. (武漢大本營商業管理有限公司) (“**Wuhan Dabenying**”) and Guangzhou Zhaoying Real Estate Co., Ltd. (廣州招贏房地產有限責任公司) (the “**Project Company**”), pursuant to which Wuhan Dabenying agreed to acquire an aggregate of 33% of the equity interest in the Project Company by way of transfer and contribution to the registered capital and the capital reserve of the Project Company. Upon completion of the transfer, the Project Company will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 60%, 34% and 6%, respectively. Pursuant to the Cooperation Development Agreement, each of Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying will contribute to the registered capital and the capital reserve of the Project Company in the amount of not less than RMB594,000,000, RMB612,000,000 and RMB594,000,000, respectively. Upon completion of the capital increase, (i) the registered capital of the Project Company will be increased from RMB10,000,000 to not less than RMB100,000,000, which will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 33%, 34% and 33%, respectively; and (ii) the Project Company will become a subsidiary (instead of an associate) of the Company as Guangzhou Hongyu will control the composition of the majority of the board of directors of the Project Company.

Contracted sales

The accumulated contracted sales of the Company, together with its subsidiaries and associated companies from January 2021 to August 2021 amounted to approximately RMB62.03 billion.

The COVID-19 Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected our business operation and financial condition. However, the PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected. For details, please see “Risk Factors — Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC”.

OUR BUSINESS

Our business operations consist of three principal business segments: (i) property development and sales; (ii) commercial property investment and operations and (iii) hotel operations. We derive our revenue from sales of residential properties and accompanying retail spaces developed by us, rental income from commercial property investment and operations and service fee income from hotel operations. The table below sets forth a breakdown of our total revenue by business lines and nature of income for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2018		2019		2020		2020		2021			
	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total	Amount (RMB'000)	% of Total (unaudited)	Amount (RMB'000)	Amount (US\$'000) (unaudited)	% of Total (unaudited)	
Property development and sales	8,843,003	95.7	14,718,381	97.0	19,615,845	97.3	9,398,208	97.7	12,650,071	1,959,247	97.6	
Commercial property investment and operations	359,026	3.9	411,368	2.7	505,224	2.5	212,839	2.2	291,773	45,190	2.3	
Hotel operations	36,712	0.4	39,757	0.3	37,632	0.2	12,765	0.1	22,608	3,502	0.1	
Total	9,238,741	100.0	15,169,506	100.0	20,158,701	100.0	9,623,812	100	12,964,452	2,007,938	100.0	

As at June 30, 2021, we had a total of 168 projects under construction with an aggregate planned gross floor area of 18,696,674 sq.m.

Residential Properties: Our residential properties are located either in urban areas with convenient access to transportation facilities or in suburban areas with scenic surroundings. Some of these residential properties include accompanying retail spaces or office spaces. We divide our residential properties into three series:

- *Times Series (時光系)* — featuring delicate and elegant neo-classical style or fashionable and simplistic modern style. Examples include Times in the Garden (時光裡花園) in Nanjing, and In Times (時光裡) in Hefei.
- *Sunrise Series (昕悦系)* — similar to Time Series in styles and also featuring neo-Chinese architectural style. Examples include Jing Garden of Superior Class (上品璟苑) in Wuxi, Sunrise Joy Garden (昕悦花園) in Hefei, and Sunrise Joy Masterpiece Residence (昕悦名邸) in Suzhou.
- *Chenhui Series (宸暉系)* — featuring high-end residence with modern technology.
- *Hongzhu Series (弘著系)* — featuring customized designs.

Commercial Properties: We currently have five Hong Yang Plazas in operation and they are located in Nanjing in Jiangsu, Changzhou in Jiangsu, Hengyang in Hunan, Yanjiao in Hebei and Hefei in Anhui respectively.

- The Nanjing Hong Yang Plaza, located in Jiangbei New Area, Nanjing, Jiangsu Province, is a commercial complex consisting of a shopping mall and entertainment facilities.

- The Changzhou Hong Yang Plaza, located in Tianning district, Changzhou, Jiangsu Province, is a shopping center. It is adjacent to Hong Yang Upper City • Phase IV (弘陽上城四期).
- Hengyang Hong Yang Plaza, located in Hengyang, Hunan Province, is a shopping center newly opened in November 2020.

We had also developed our Hong Yang Tower and two hotels.

Hong Yang Tower: The Hong Yang Tower, located near the Nanjing Hong Yang Plaza, is an office building developed by us. We retain certain office spaces for our own use and have sold the remaining office spaces to third parties.

Hotels: We own and operate two hotels. Our Hong Yang Hotel is located next to the Nanjing Hong Yang Plaza. Our Lakefort Hotel is located near the Lake Tai (太湖) resort in Wuxi, Jiangsu Province. We also operate an Ibis Hotel under entrusted management model. We are also preparing the opening of Changzhou Hong Yang Hotel.

OUR PROJECT PORTFOLIO

The manner in which we classify our projects may be different from the classifications employed by other property developers. Each property project or project phase may require multiple land use right certificates, construction commencement permits, pre-sales permits and other permits and certificates, which may be issued at different times in the development process. The table below sets forth the differences between our classification of properties and in the consolidated financial statements of the Group set out elsewhere in this offering memorandum:

<u>Classification by us</u>	<u>Auditor's report</u>
Completed projects	
Projects or project phases for which the requisite records of application for examination of completion of works have been obtained	<ul style="list-style-type: none">• Completed properties held for sale• Investment properties• Property, plant and equipment
Projects under development	
Projects or project phases for which the requisite land use right certificates and construction work commencement permits have been obtained but the requisite records of application for examination of completion of works have not yet been obtained	<ul style="list-style-type: none">• Properties under development (for the residential portion)• Investment properties (for the commercial portion)
Projects held for future development	
Projects or project phases for which the relevant land use right certificates or land grant contracts have been obtained but the requisite construction work commencement permits have not yet been obtained	<ul style="list-style-type: none">• Properties under development

As at June 30, 2021, we had a total of 168 projects under construction with an aggregate planned gross floor area of 18,696,674 sq.m. By virtue of our deep understanding of the property markets in the Yangtze River Delta region, we strategically selected and acquired quality land in the Jiangsu and Anhui Provinces, and have gradually extended our reach to the Greater Bay Area, the Chengdu-Chongqing region, the middle reaches of Yangtze River and the Shandong Peninsula. As of June 30, 2021, we had land reserves with a total GFA of approximately 21,005,050 sq.m., representing an increase of 4.7% from that of 20,057,380 sq.m. as at December 31, 2020. Our land reserves comprise of (i) completed properties with a saleable GFA of approximately 1,470,311 sq.m., (ii) investment properties with a rentable GFA of approximately 838,065 sq.m., and (iii) properties under development with an aggregate GFA of approximately 18,696,674 sq.m.. We believe our existing land reserves can provide sufficient support for our future development.

Classification of Our Residential Properties

We categorize our residential properties as follows:

- Low-rise apartments (低層住宅) — residential buildings that typically have two to three stories;
- Multi-story apartments (多層住宅) — residential buildings that typically have four to six stories;
- Mid-rise apartments (小高層住宅) — residential buildings that typically have seven to nine stories;
- High-rise apartments (高層住宅) — residential buildings that typically have 10 stories or more;
- Townhouses (聯排房屋) — residential house that are connected to each other and each such house typically has three to four stories.

Portfolio of Our Property Development Projects

Details of the land bank of the Group (including the land bank which is undergoing the acquisition process) as at June 30, 2021 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	—	452,721	—	452,721	100%
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悅府(原名稱: 石湫項目))	131,964	51,031	—	130,509	181,540	48%
Nanjing	Nanjing Jiangbei New District Chengnanhe Road Project (南京江北新區城南河路項目)	66,057	—	—	178,602	178,602	25%
Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園(原名稱: 溧水狀元坊項目))	67,192	—	—	162,507	162,507	31%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	—	—	145,258	145,258	20%
Nanjing	Nanjing Jiangning Tangshan Tianrun Road Project (南京江寧湯山天潤路項目)	68,029	—	—	141,543	141,543	33%
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築(原名稱: 時代大道項目))	60,138	—	—	138,705	138,705	15%
Nanjing	Times Sky Shade (formerly: Nanjing Land Lot No. 2017G36 (時代天樾(原名稱: 南京•2017G36地塊)))	54,173	6,367	—	121,224	127,591	15%
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	126,505	—	—	126,505	33%
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱: 祿口項目))	73,686	—	—	111,849	111,849	47%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	—	—	98,681	98,681	48%
Nanjing	Nanjing Qinhuai Laochengdong Project (南京秦淮老城東項目)	31,813	—	—	66,591	66,591	33%
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No. 2017G57) (小龍灣悅禧苑(原名稱: 2017G57地塊))	58,024	43,279	—	20,657	63,936	100%
Nanjing	Nanjing Jiangbei New District Xinhua Road Project (南京江北新區新華路項目)	18,130	—	—	51,910	51,910	51%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	—	—	42,727	42,727	82%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	—	—	37,065	37,065	48%
Nanjing	Nanjing Land Lot No. 2017G27 (南京•2017G27地塊)	68,644	27,637	—	—	27,637	20%
Nanjing	Nanjing No. 2018G01 (南京2018G01)	7,025	16,970	—	—	16,970	28%
Nanjing	Puzhu North Road Project (浦珠北路項目)	7,232	16,516	—	—	16,516	69%

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Floor Area Area Held for Investment (sq.m.)	Total Gross Floor Area Under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)				
Nanjing	Wave of Swallow New Garden (燕瀾新苑)	61,145	12,539	—	—	12,539	50%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商舖)	989	—	7,301	—	7,301	100%
Nanjing	Residence of Bamboo and Water (竹水居)	52,763	6,562	—	—	6,562	50%
Nanjing	Sea Joy Garden (海悅花園)	57,503	6,024	—	—	6,024	49%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	5,986	—	—	5,986	100%
Nanjing	Solaris Jingcheng Store (旭日景城商舖)	1,371	—	4,450	—	4,450	100%
Nanjing	Garden of Joy and Elegance (昕悅雅苑)	32,246	4,148	—	—	4,148	49%
Nanjing	Mountain and Lake View Garden in Times (時光山湖花園)	14,338	3,571	—	—	3,571	25%
Nanjing	Loving Garden (愛上花園)	77,367	3,115	—	—	3,115	99%
Nanjing	Redsun Solaris Loving City Section 6 (弘陽旭日愛上城六區)	75,237	2,766	—	—	2,766	100%
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰(原名稱: 富元路項目)) . . .	154,101	—	—	424,786	424,786	44%
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	—	—	82,115	82,115	59%
Suzhou	Upper Sunny Masterpiece Garden (上照名苑)	44,701	29,426	—	16,647	46,073	50%
Suzhou	Runyuan Masterpiece Garden (潤元名著花園)	80,669	814	—	27,583	28,397	49%
Suzhou	Luyuan Architecture (洵源名築)	60,961	931	—	8,957	9,888	99%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	—	—	3,092	3,092	99%
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築) . .	45,742	—	—	103,314	103,314	42%
Changshu	Changshu Guli Tieqin Road Project (常熟古里鐵琴路項目)	40,805	—	—	87,541	87,541	34%
Changshu	Shang Jun Hua Court (尚雋華庭)	39,410	—	—	12,798	12,798	47%
Changshu	Changshu No. 005 (常熟005)	17,361	—	—	5,876	5,876	31%
Taicang	Taicang Wutang River Luminaries (formerly: Wutang River Project) (太倉吳塘河明月辰光(原名稱: 吳塘河項 目))	33,325	—	—	55,183	55,183	32%
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠樾世家(原 名稱: 張家港蔣乘路))	44,590	—	—	102,095	102,095	43%
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱: 塘橋富民路項目))	40,317	—	—	70,271	70,271	47%
Zhangjiagang	Beautiful in Ten (十里錦繡)	98,783	1,753	—	20,502	22,255	16%
Zhangjiagang	Sunrise Joy Masterpiece Residence (昕悅名邸)	47,706	5,671	—	—	5,671	69%
Zhangjiagang	Star Great Tang Masterpiece Residence (星盛唐名邸) . . .	36,829	4,877	—	—	4,877	50%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	—	—	111,939	111,939	33%
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱: 濱江浦樂項目))	44,633	—	—	101,545	101,545	26%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	—	—	44,575	44,575	30%
Hangzhou	Yu Zheng Chu Chu [2018] No.9 (余政儲出[2018]9號) . . .	50,888	—	—	7,645	7,645	31%
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	—	—	80,566	80,566	34%
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟四季(原名稱: 會昌河B03 項目))	25,721	—	—	65,203	65,203	49%
Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07項目))	19,967	—	—	52,565	52,565	49%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	—	—	41,022	41,022	48%
Foshan	Nanyou Park No. 1 (南油公園一號)	67,582	—	—	176,419	176,419	31%
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱: 綠島湖))	51,240	—	—	165,077	165,077	17%
Foshan	Foshan Jihua North Joy River No. 1 (佛山季華北悅江一號)	33,220	—	—	89,035	89,035	47%
Foshan	Foshan Zhangcha Sunrise Joy Residence Project (佛山張槎昕悅府項目)	17,059	—	—	46,901	46,901	48%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	37,147	—	—	37,147	95%
Foshan	Benevolence Lake Project (博愛湖項目)	44,156	12,701	6,046	—	18,747	95%
Guangzhou	Guangzhou Zengcheng Times (廣州增城時光薈)	53,392	—	—	186,439	186,439	34%
Guangzhou	Guangzhou Jiaoxin Project (廣州潛心項目)	88,941	—	—	145,201	145,201	34%
Chengdu	Central Road Fanjin 108 (formerly: Central Road) (中環路梵錦108(原名稱: 中環路項目))	72,114	—	41,650	186,155	227,805	26%
Chengdu	Xinglonghu Project (formerly: Tianfu Xinqu 42 mou) (興隆湖項目(原名稱: 天府新區42畝))	28,432	—	—	79,751	79,751	32%
Chengdu	Qionglai Chang'an Avenue Project (邛崃長安大道項目) . .	39,809	19,628	—	25,161	44,789	94%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	—	—	35,187	35,187	31%

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross	Total Gross	Total Area of	The Group's
			Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Floor Area Under Development (sq.m.)	Land Bank (sq.m.)	
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	—	—	9,414	9,414	95%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	—	—	4,849	4,849	95%
Hefei	Luijiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	—	—	343,680	343,680	49%
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	—	—	138,007	138,007	29%
Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡翠東方(原名稱: 瑤海豐樂))	59,233	—	—	127,799	127,799	32%
Hefei	Mountain View Yard (望麓別院)	139,536	—	—	28,558	28,558	25%
Hefei	In Times (時光里)	42,621	2,018	—	6,543	8,561	100%
Hefei	Purple Breeze (紫氣東來)	28,081	163	—	6,511	6,674	51%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	5,713	—	—	5,713	38%
Hefei	Sunrise Joy Garden (昕悅花園)	37,254	124	—	3,510	3,634	80%
Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峯(原名稱: 彭州50+55畝項目))	70,603	—	—	155,287	155,287	66%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	—	—	190,754	190,754	35%
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	—	—	106,592	106,592	28%
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院(原名稱: 小軍山))	128,129	—	—	370,338	370,338	45%
Wuhan	Yin Yue Residence (印月府)	106,207	89,308	—	100,721	190,029	95%
Wuhan	Wuhan Jiangxia Huangjia Hunan Road Project (武漢江夏黃家湖南路項目)	25,290	—	—	59,854	59,854	95%
Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北宸天樾)	95,017	—	—	271,700	271,700	32%
Xi'an	Yan Liang Sunrise Joy Residence (圓良昕悅府)	24,649	—	—	70,299	70,299	48%
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱: 黑石項目))	32,684	—	—	119,978	119,978	95%
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟賦(原名稱: 興聯路))	16,111	—	—	52,124	52,124	48%
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠(原名稱: 瓦窯路))	34,269	—	—	44,336	44,336	48%
Changsha	Wanhou Road Project (formerly: Wanhou Road) (萬侯路 項目(原名稱: 萬侯路))	21,967	—	—	38,185	38,185	95%
Changsha	Deyi In Times (德一時光里)	12,956	20,574	—	—	20,574	67%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	51,191	—	267,135	318,326	95%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	—	—	207,622	207,622	30%
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚樾景臺(原名稱: 北碚項目))	109,540	—	—	188,186	188,186	47%
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱: 璧山295))	106,259	17,538	—	164,230	181,768	45%
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名稱: 巴濱路項 目))	66,926	—	—	148,658	148,658	48%
Chongqing	Taojia Times Billow(formerly: Cypress View • Seattle) (陶家時光瀾庭(原名稱: 柏景•西雅圖))	89,273	19,120	—	70,889	90,009	100%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	—	—	82,054	82,054	30%
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠(原名稱: 中央公園))	39,636	—	—	67,991	67,991	95%
Chongqing	Shapingba District Dayangshi Group Subregion C No. C11-1/03 (沙坪壩區大楊石組團C分區C11-1/03號)	8,749	16,925	—	—	16,925	46%
Chongqing	Guan Yin Tang (觀音塘)	14,785	—	—	6,249	6,249	49%
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合鳴(原名稱: 鳳凰東項目))	115,615	—	32,018	227,218	259,236	49%
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城(原名稱: 三毛地塊))	108,486	—	—	238,588	238,588	31%
Changzhou	Changzhou Jintan Huaxi Yuanzhu Garden (常州金壇花溪源著花園)	129,243	—	—	218,469	218,469	35%
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936(原名稱: 桑麻CD地塊))	156,115	22,208	119,323	38,191	179,722	70%
Changzhou	Shang Mao Yun Feng (商貿雲峯)	50,921	—	—	154,465	154,465	57%
Changzhou	Changzhou Yaoguan Yuhushangguan Garden (常州遙觀昱湖上觀花苑)	58,093	—	—	111,451	111,451	57%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	—	89,866	—	89,866	100%

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			Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)	Floor Area Under Development (sq.m.)	Land Bank (sq.m.)	
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	—	—	78,631	78,631	35%
Changzhou	The Bund No.1 Garden (外灘一號花園)	126,695	—	—	34,329	34,329	85%
Changzhou	Golden Seal and Heaven Shire (金璽天郡)	88,719	22,690	—	9,731	32,421	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	2,829	—	16,604	19,433	40%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	—	11,690	—	11,690	70%
Changzhou	Hong Yang Upper City Phase I — III (弘陽上城一 — 三期)	111,700	8,654	—	—	8,654	100%
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原名稱: 江海路 左岸公元))	75,028	—	—	122,193	122,193	32%
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱: 上品環苑))	203,609	—	—	346,858	346,858	20%
Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱: 雲亭小學項目))	92,953	—	—	200,204	200,204	48%
Jiangyin	Sunrise Joy Residence (昕悅府)	138,902	30,000	—	13,643	43,643	100%
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯(原名稱: 平潮高鐵新城))	84,022	—	—	184,218	184,218	29%
Nantong	Nantong Antai Road Project (南通安泰路項目)	53,761	—	—	116,056	116,056	30%
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海(原名稱: 南通富興路項目))	69,966	—	—	115,140	115,140	20%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	—	—	85,698	85,698	42%
Nantong	Upper Joy Garden (上悅花園)	82,741	297	—	20,150	20,447	25%
Nantong	Oriental Cloud Garden (東方雲苑)	86,652	—	—	9,816	9,816	17%
Nantong	Xitong Times Billow (錫通時光樾瀾庭)	38,920	8,198	—	—	8,198	48%
Nantong	Sutong (蘇通)	47,405	2,319	—	5,805	8,124	36%
Nantong	Esteeming Virtues Garden (尚德苑)	37,348	735	—	5,572	6,307	33%
Nantong	Center Creation Metropolis Garden (中創都市花苑)	47,963	1,995	—	3,470	5,465	23%
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集(原名稱: 萬壽路項目))	89,669	—	—	235,371	235,371	28%
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光汎樾(原名稱: 無錫慶源大道))	57,962	—	—	112,537	112,537	48%
Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鉞悅名邸(原名稱: 羊尖項目))	63,050	—	—	109,523	109,523	38%
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源 長江映(原名稱: 利源項目))	39,021	—	—	84,872	84,872	28%
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫陽山悅陽九璽(原名稱: 無錫陽山))	28,166	—	—	44,427	44,427	30%
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境(原名稱: 惠山城鐵站))	15,017	—	—	41,717	41,717	25%
Wuxi	Sunrise Joy Court (昕悅棠)	85,122	1,387	—	9,489	10,876	100%
Wuxi	Wuxi Sanwan Qing (無錫三萬頃)	800,000	9,122	—	—	9,122	100%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	—	—	613,070	613,070	51%
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河瓏胤(原名稱: 嵩山路項目))	142,721	—	—	361,626	361,626	25%
Xuzhou	Suqian Shinsun Mansion Huayuan (formerly: Suyu Project) (宿遷祥生府花苑(原名稱: 宿豫項目))	90,007	—	—	244,275	244,275	30%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	—	—	229,089	229,089	47%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	—	—	182,340	182,340	48%
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	—	—	182,063	182,063	19%
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公館(原名稱: 中天 仕名路項目))	55,614	—	—	154,856	154,856	48%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	—	—	75,733	75,733	81%
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	—	—	67,973	67,973	50%
Xuzhou	Taoloushan Land Lot Project A (陶樓山A地塊項目)	26,358	—	—	66,677	66,677	50%
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	—	—	63,517	63,517	50%
Xuzhou	Nine Pleasures Splendid Residence (九悅華府)	181,244	25,524	—	—	25,524	33%
Xuzhou	Xuzhou Landscape of the Peach Garden (徐州山水桃花源)	104,284	10,939	—	5,721	16,660	75%

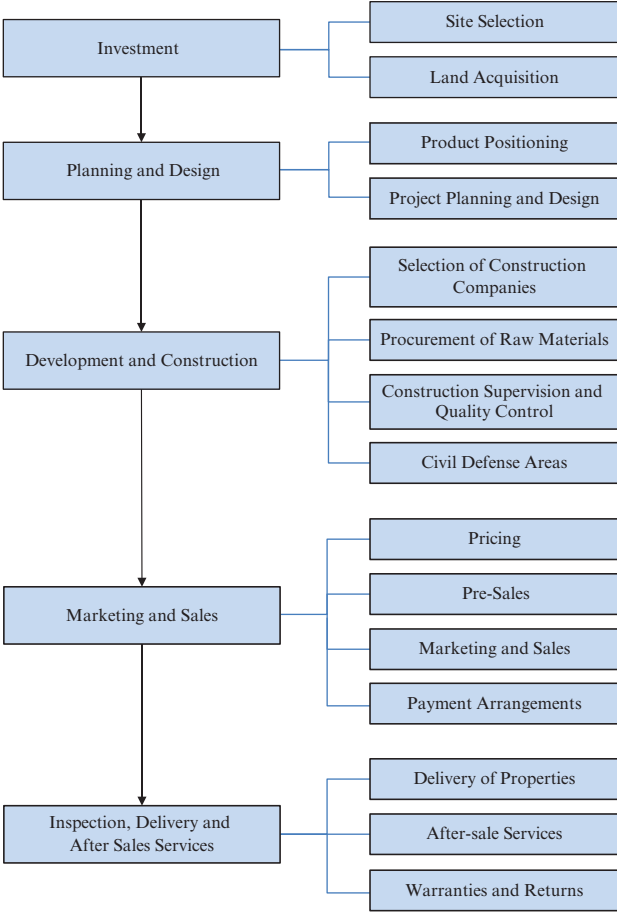
Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area Under Development (sq.m.)		
Xuzhou	Joyful Beautiful Scenery Harmonious Residence (欣欣麗景和府)	26,646	2,187	—	2,338	4,525	33%
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品(原名稱: 隆興路項目))	42,030	—	—	83,598	83,598	33%
Jiaxing	Youchegang Tihong Yueli (油車港題紅樾里)	37,064	—	—	102,701	102,701	43%
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	—	—	186,447	186,447	30%
Ningbo	Ningbo Yaojiang Qingyu (formerly: Yaojiang New City Project) (寧波姚江晴雨(原名稱: 姚江新城項目))	88,930	—	—	151,617	151,617	18%
Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆婆涌潮印府(原名稱: 陳婆婆))	40,148	—	—	78,863	78,863	33%
Taizhou (台州)	Wenling Jiuzhu in Times (溫嶺時代玖著)	14,338	—	—	37,704	37,704	48%
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠(原名稱: 烏鎮龍翔大道項目))	42,811	—	—	82,706	82,706	57%
Zhuji	Zhuji Land Lot No. 2018-11 (諸暨2018-11地塊)	49,492	15,399	—	—	15,399	45%
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱: 濟齊路項目))	34,290	—	—	91,722	91,722	43%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樾)	102,269	—	—	223,314	223,314	63%
Nanchang	New Power Hong Yang Residence (新力弘陽府)	43,410	—	—	105,761	105,761	35%
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱: 青雲譜))	29,452	9,077	—	90,079	99,156	49%
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	—	—	65,514	65,514	49%
Nanchang	Wanli (灣里)	13,717	8,109	—	2,429	10,538	95%
Danyang	Phoenix Terrace (鳳熹臺)	88,498	26,743	—	—	26,743	20%
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	—	—	178,190	178,190	100%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	—	—	167,564	167,564	46%
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱: 淮安豐登 路))	41,476	—	—	129,626	129,626	20%
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No. 2018- J1-06) (句容C紫悅府(原名稱: 2018-J1-06號地塊))	72,609	10,373	—	71,134	81,507	31%
Jurong	Jurong B Project (formerly: Jurong Land Lot No. B) (句容B項目(原名稱: 句容B地塊))	38,731	—	—	74,274	74,274	18%
Suqian	Wutaishan Heyue Garden (五臺山和樾花園)	139,947	—	—	371,486	371,486	19%
Taizhou (泰州)	Wave of Swallow Garden (燕瀾花園)	56,230	12,741	—	—	12,741	99%
Yancheng	Yancheng Haikuo Road Project (鹽城海闊路項目)	100,491	—	—	267,326	267,326	17%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	—	—	241,025	241,025	32%
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路風樾府(原名稱: 鹽城雁蕩山路項目))	104,088	—	—	238,851	238,851	22%
Yancheng	Yandu Dongjin Road Project (鹽都東進路項目)	74,029	—	—	194,471	194,471	45%
Yancheng	Begonia View Residence in Yanzhen Road (鹽杭路觀棠府) (原名稱: 鹽城文港路項目)	69,049	—	—	163,523	163,523	31%
Yancheng	Yancheng Wengang Road Jingyaoshangdong (formerly: Yancheng Wengang Road Project) (鹽城文港路晶耀上東(原名稱: 鹽城文港路項目))	60,421	—	—	156,933	156,933	33%
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅) (原名稱: 儀徵38悅堤灣)	23,234	—	—	41,660	41,660	67%
Yizheng	Yizheng 38 Yuedi Bay (儀徵38悅堤灣)	69,788	18,421	—	86,271	104,692	50%
Yizheng	Yizheng Yuelong Bay (儀徵悅龍灣)	27,589	—	—	73,240	73,240	47%
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀徵39悅江灣(原名稱: 儀徵39))	66,358	9,067	—	42,890	51,957	48%
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	—	—	78,525	78,525	33%
Zhenjiang	Zhoujiazhuang Project (周家莊項目)	16,168	—	—	42,463	42,463	48%
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	—	—	31,250	31,250	31%
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	—	73,000	244,279	317,279	95%
Bengbu	Bengbu Xin Hong (蚌埠新弘)	32,646	1,152	—	5,373	6,525	48%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	—	—	123,684	123,684	47%
Chuzhou	Times Billow (Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	21,653	—	—	21,653	39%
Chuzhou	Garden with Art Atmosphere (藝境花園)	60,189	19,940	—	—	19,940	33%
Chuzhou	Glory Residence (正榮府)	80,867	12,970	—	—	12,970	30%

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			Total Gross Floor Area for Sale (sq.m.)		Floor Area Under Development (sq.m.)		
Chuzhou	New City Hong Yang Garden at Mingfa North (明發北站新城弘陽苑)	8,782	2,514	—	—	2,514	99%
Fuyang	Yingzhou Hong Yang Residence (穎州弘陽府)	38,297	77,142	—	4,439	81,581	45%
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No. 58#) (仁皇58燕瀾府(原名稱: 湖州仁皇58#))	102,218	11,373	—	78,335	89,708	87%
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府(原名稱: 湖州南太湖新區項目))	30,200	—	—	78,204	78,204	38%
Huzhou	Huzhou 2018-43 (湖州2018-43)	48,652	25,165	—	—	25,165	96%
Ma'anshan	Sunny Side of the Yangtze River Peacock City (長江熙岸孔雀城)	97,340	29,758	—	—	29,758	20%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	—	—	136,371	136,371	38%
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂國樞府(原名稱: 禮樂項目))	30,231	—	—	81,897	81,897	31%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	—	—	120,919	120,919	95%
Xianyang	Zhonghua West Road Yulong Fu (中華西路鈺瓏府)	39,136	—	—	147,049	147,049	45%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	—	—	260,002	260,002	48%
Xiangyang	Taiziwan Lu Yun Ting (檀子灣路雲庭)	29,569	—	—	64,209	64,209	76%
Xiangyang	Prime Watery Court (襄御瀾庭)	45,761	21,514	—	—	21,514	94%
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱: 亳州2017-217號地塊))	201,216	—	—	271,048	271,048	40%
Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱: 開封燕瀾府))	63,533	206,726	—	—	206,726	44%
Meishan	Renshou In Times (仁壽時光里)	68,107	44,515	—	122,541	167,056	94%
	Other Projects	311,331	68,237	—	200,426	268,663	
Total		13,704,417	1,470,311	838,065	18,696,674	21,005,050	

For the six months ended June 30, 2021, we recorded contracted sales of approximately RMB49.15 billion, representing an increase of 55.7% as compared to RMB31.57 billion in the corresponding period in 2020. During the same period, the contracted sales in gross floor area of the Group was approximately 2,904,796 sq.m., with an average contracted selling price of RMB16,920 per sq.m.. The significant year-on-year increase in the Group's contracted sales were mainly due to the nationwide layout strategy and realization of economies of scale by strategy of "penetrating the Greater Jiangsu Region, strengthening foothold in major metropolitan areas and expanding into core cities".

PROPERTY DEVELOPMENT AND SALES PROCESS

We have a well-established project development process, which typically includes the major steps illustrated in the diagram below:



Depending on the project scale and complexity, it generally takes 24 to 26 months for us to complete a project after acquiring the relevant land use rights.

Investment

Site Selection

We place great importance on the site selection process because it is a key factor to the success of our project development operation. In conjunction with our ongoing in-depth, economic, political, demographic and market research with respect to the Yangtze River Delta region and other major cities in China, we continuously identify and assess potential development opportunities for new projects.

Our senior management determines the future operational plans based on our overall strategies. We take cost control into consideration from the first stage and throughout the construction work. Based on the development strategies, our investment development department coordinates the site selection process with various other departments. Our marketing management department evaluates the market conditions in the target areas and estimates the expected sales prices and sales period. Our design management department

collects information about local requirements for our regional Subsidiaries designing and construction. Our operational management department makes plans for development and pre-sales.

Based on the information prepared by various departments, our investment management department prepares a feasibility analysis report for each potential site being considered to evaluate its development prospects and risk profile. The feasibility analysis report contains detailed analysis about the site's existing and potential commercial values, potential land acquisition costs, construction budget, expected return and risk control feasibility. Our investment management department submits the feasibility analysis report to the vice president committee for review and approval. The vice president committee comprises our president of real estate department and heads of our strategic investment department, financial management department, marketing management department and operating management department. The feasibility analysis report is then submitted to the president committee for final review and approval. The president committee comprises our chairman, president and heads of our strategic investment department and financial management department.

We take into consideration the following key factors in conducting site selection analyzes:

- general economic conditions, demographics, population density, competitive landscape, composition of industry sectors and economic vitality of the region;
- urbanization growth rate, disposable income and purchasing power of consumers;
- policy trends of the local government and urban planning and development plans of the local government;
- core values of the city and the surrounding areas;
- competitive landscape of the local property development market;
- suitability for property development and development prospects;
- convenience of the site's location, transportation network, infrastructure and ancillary facilities;
- existing plot ratio and potential development scale; and
- complexity of land ownership structure in the region and complexity of property rights relating to the land parcel.

Land Acquisition

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

Public Tender, Auction or Listing-for-sale

We acquire a majority of our land through public tender, auction or listing-for-sale organized by government authorities.

- In a public tender, an evaluation committee consisting of no fewer than five members (typically including one representative of the grantor and other experts) evaluates the tenders submitted by bidders. In selecting the tender, the evaluation committee considers various factors including each bidder's bidding price, real estate development experience and track record, credit history, qualification and development proposal.
- In an auction, local land bureaus hold the auction process and grant the land use rights to the bidder with the highest bidding price.
- In a listing-for-sale process, local land bureaus specify conditions for granting the land use rights before bids are submitted. The land use rights are granted to the bidder with the highest bidding price at the end of the listing-for-sale period.

See “Regulation — Regulations on Land and the Development of Real Estate Projects — Land Grants.”

Acquisition of Equity Interests or Investments in Companies

We acquire a portion of our land through acquiring equity interests or investing in companies that possess land use rights for target lands. This method allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties, which enables us to obtain target lands at competitive prices.

Planning and Design

Product Positioning

We started product positioning at the project site selection stage and formed a preliminary opinion report on land assessment and product positioning. The design management department will formulate the master planning and design specifications for the project under development. By applying our four residential product lines, we will accelerate the process of matching customers, land, products and profit, and constantly improve the quality of work. After the land is acquired, the project team will quickly deepen product positioning and provide sufficient input for planning and design work.

Project Planning and Design

We outsource our project planning and design work to Independent Third Parties. We manage our overall planning and design work through our design management department in Nanjing and the design teams at our regional Subsidiaries. Our design management department has formulized standardized procedures for project design. The design proposals in each step, from the preliminary design to the construction design, must be reviewed and approved by us. We communicate frequently with design companies during the review process to optimize the design plans. We also involve various other departments, such as the marketing management department, the cost management department and operational management department, to review the design plans from the positioning, cost-

control and construction scheduling perspectives. The finalized design plans are submitted to the relevant government authorities for approval, after which they become the blueprint for the construction.

We engage specialized design firms for different types of design work of a project, such as landscape design, architectural design, interior design and scenery design. Through a tender-by-invitation process, we carefully select design firms based on their strengths, pricing and suitability for our specific requirements. To enhance the value and marketability of our projects, we engage reputable domestic and international design firms to perform detailed design work for our projects. In recent years, we worked with certain famous international design companies, such as Callison Construction Co., Ltd., Callison RTKL, DAHLIN Group Architecture Planning Company and WAA International., and major domestic design companies, such as Shanghai Tianhua Construction Design Co., Ltd., Shanghai Tuofang Construction Design Firm and United Design Group.

Our design management department also carries out certain research activities, maintains and updates self-owned design resource database, which may facilitate the standardization, modulation and innovation of our design work stream, and maintains the competitiveness of our products. Most of staff in our design management department has solid industry experience. To strengthen our design team's industry experience, we have organized various site visits in the Canada, Japan, Thailand and multiple cities in China.

Development and Construction

Selection of Suppliers

We outsource the construction work of our projects to external Independent Third Party construction companies. Outsourcing construction work allows us to better focus on our business as a property developer, and to leverage the expertise of the construction companies and minimize certain risks, such as risks from fluctuations in the cost of certain raw materials.

We select construction companies for our projects through a tender process in accordance with the Official Reply of the State Council on the Provisions on Construction Projects Where a Bidding Is Legally Required (《國務院關於《必須招標的工程項目規定》的批覆》). The tender process may be conducted via open tender or tender by invitation. For the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2021, a majority of the construction companies for our projects were selected through tender by invitation. We prefer construction companies with which we have long-term working relationships to ensure the quality of our products, and have an internal list of construction companies that meet our criteria and which we may invite to tender for new projects. To ensure the quality and workmanship of our properties, we apply stringent criteria in the selection of our construction companies. When assessing construction companies, we take into consideration factors such as professional qualifications, reputation, credentials, financial condition, experience, price quote, track record and quality of construction work, proposed construction schedule and plan and technical capabilities.

The construction contracts we enter into with the selected construction companies contain warranties provided by the construction companies with respect to construction schedules, quality and safety standards. The construction companies are required to pay

finances in the event of delays and are responsible for the costs incurred in rectifying construction defects, pre- and post-completion and delivery. In addition, we are entitled to terminate a construction contract and claim damage for losses if the construction company causes any material delay to the development schedule or irreparable damage to the project development.

We make payments to construction companies in installments in accordance with the terms and conditions stipulated in the construction contracts and the milestone payment schedule varies from case to case. In general, we pay the construction companies 80% of the full contract price when the construction work is completed, and pay 95% of the total contract price upon project settlement. We retain the remaining 5% as quality deposit for two to five years. The quality deposit is used to cover any contingent expenses incurred as a result of construction defects.

Procurement of Raw Materials

The construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, used in the construction process. The raw material costs are typically included in the construction contract prices. Our contracts with construction companies contain price adjustment mechanism which requires us to bear the extra costs if the market price of the raw material deviates more than 5% of its contract price. We normally specify a list of brands and the construction companies procure such materials with reference to pricing guidelines issued by local authorities. For materials which materially affect the design of our projects, such as external finishing materials, internal decorative materials and valves, we may require the construction companies to procure these materials at prices pre-negotiated by us. For certain essential raw materials, such as ground and wall tile, we may source them from an exclusive supplier and enter into a strategic agreement with it for one to two years.

We are responsible for purchasing specific materials and fixtures such as elevators, air conditioners and generators. We have a three-tier procurement management system. Our tender and procurement department manages a central supplier database, which contains evaluation information about all the suppliers of the Group. Our regional Subsidiaries maintain their own database for suppliers in their cities. Our project companies conduct on-site management of the suppliers and gather first-hand information about the suppliers. To qualify for our supplier database, the supplier must meet our strict standards on quality, productivity and compliance record. We conduct visit on our suppliers on a quarterly basis as well as on *ad hoc* basis.

To maximize our economies of scale and bargaining power, we centrally procure certain raw materials. We normally seek tenders from no less than three suppliers within our qualified supplier database for regular procurement and from no less than five suppliers for procurement with a total amount of RMB1.0 million or more. We enter into procurement contracts with the winning bidders. The terms of the procurement contracts usually track the construction periods of the relevant projects, which range from one to two years. Suppliers may enter into new tender bids when the contractual periods expire. Typically, we may terminate a contract if the supplier fails to supply the relevant materials in accordance with the terms of the contract, industry standards or relevant regulatory requirements.

The procurement contracts are usually fixed-priced and do not contain any minimum purchase commitments. We can, to a certain extent, pass the increases in raw material costs to our customers by increasing the prices of our properties. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

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

We do not maintain any inventory of construction materials. As we established a qualified supplier database, we have sufficient options and alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. As for the raw materials which we are responsible for purchasing, we require the construction unit to formulate the demand plan in advance. After our review, the joint inspection and acceptance of raw materials by us and the construction unit shall be paid by us after meeting the requirements.

Construction Supervision and Quality Control

We place significant emphasis on quality control with regard to the construction and management of our projects. We are dedicated to develop quality projects with the artisan spirit. Most members of our quality control team hold engineering qualification or assistant engineering qualification. In compliance with relevant PRC laws and regulations, we engage independent certified construction supervision companies and additional independent third-party supervision consultants to monitor the entire construction process of our projects. The construction supervision companies conduct quality inspections on construction materials and on-site workmanship checks to ensure all construction materials and properties meet our prescribed specifications and applicable regulatory requirements.

To ensure quality of properties and compliance with relevant laws and regulations and our own standards, we have established a system of quality control policies and procedures to govern each aspect of the development process. Our operational management department, together with its counterparts in our regional Subsidiaries, is responsible for overseeing the overall construction process for each of our projects. We require daily on-site inspections by three to five professional engineers and in some cases, by third party supervision companies as well. During the inspections, we check whether the construction companies comply with the blueprint and if they deviate from the blueprint, whether such deviation is an appropriate adjustment. We also check whether the construction companies comply with our procedures regarding inspection of raw materials and equipment. Our inspection process includes the following: (i) the samples of all raw materials must be sent to us for pre-approval and stored for records; (ii) all equipment and raw materials must be inspected when entering the construction sites; and (iii) all sub-divided work steps are inspected and only upon the satisfaction of the inspection results of one work step, the next work step may be carried out.

Any instances of non-compliance discovered during the inspections are reported to operational management department, which provides written rectification requests and impose penalties. We will not issue the inspection certificate to any projects that fail to meet our standards. We may request the suspension of the construction work if there are any material quality issues and require remedial measures before the construction work can be re-commenced.

The construction companies which we engage are not allowed to subcontract or transfer their contractual agreements with us to third parties without our prior consent. If the construction companies violate these obligations, we are entitled to terminate the agreements and a penalty of 10% of the contract price.

Civil Defense Areas

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain basement areas that can be used for civil defense purposes in times of war. We engage construction companies to construct civil defense areas for our property projects as required by the applicable PRC laws and regulations. The GFA of the civil defense areas of a property project depends on the size, nature and design of the property project in accordance with the relevant PRC laws. The construction cost of civil defense areas is included in our inventories and charged to cost of sales upon recognition of revenue. The property management companies are in charge of the maintenance of our civil defense areas. We monitor the status of civil defense areas periodically to ensure that their functions as civil defense properties are not impaired.

Marketing and Sales

Pricing

Our ability to price our products at desired levels has been, and will continue to be, important to its results of operations. Generally, we determine the prices of our for-sale properties based on a variety of factors, including market conditions, competitive landscape and prices of comparable properties in the market, expected investment returns, positioning of properties, target customers, locations, floors, facing directions, views, and cost of construction. We also adjust the prices of our for-sale properties during the sales process based on market responses we experience, especially when we experience favorable responses. We occasionally make temporary downward adjustments to the prices to accelerate the turnover rate.

Pre-sales

We commence pre-sale activities for our properties prior to their completion, usually within six to nine months after the acquisition of the relevant land parcels. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for a property under development. These conditions include full payment of the land grant premium and acquisition of all relevant land use right certificates, construction-related permits and pre-sale permits. See “Regulation — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings.” In addition, prior to the pre-sale of each project, our headquarters will conduct project-opening-risk inspection by the departments of design, market, operation, customer service

and etc., and itemize the risk items, to ensure that the project can present its best appearance when faces the customers, and thus to satisfy the selling rate indicator on launch days.

Further, in some cities where we operate, such as Nanjing, the use of pre-sale proceeds is restricted. Under the applicable rules and regulations of these local governments, the use of pre-sale proceeds are restricted to be primarily for the construction and development of the relevant projects. See “Regulation — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings.”

Marketing and Sales

Our properties for sale mainly target the mass market, mainly first home purchasers and purchasers with rigid demand on improving. Purchasers of our properties are mainly individuals. Our marketing management department is responsible for formulating marketing and sales strategies and managing the overall marketing and sales process. It makes decisions with respect to product positioning and is closely involved in each property development process, from land selection to pre-sales and sales of properties. It conducts regular market research studies and constantly monitors the changing market conditions to adjust its marketing and sales strategies in a timing manner.

The marketing and sales strategies vary from project to project and depend on factors including market conditions, project scale and targeted customers. We market properties by way of visual and print media channels such as newspapers, magazines, television and billboards, as well as the Internet.

Although we conduct direct sales for a majority of our properties, we also engage reputable third-party real estate sales agents on a non-exclusive basis to facilitate the marketing and sales of our projects, especially for the small portion of our completed but unsold properties. The standard service agreements we enter into with sales agents include key terms such as the scope of retention, duration of services, scope of authorization, fees and payment method. The standard service agreements also stipulate that the sales agents must not conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and that the sales agents must carry out truthful advertising and comply with all applicable regulatory requirements. Commissions to the sales agents are negotiated on a case-by-case basis and usually range from 0.5% to 1% for residential properties, of the total sale proceeds originated from such agents. The sales agents do not receive any sales payments on behalf of us. Payments are made by the customers directly to company accounts designated by us.

Payment Arrangements

Customers may purchase our properties by one lump-sum payment or payment by installments. For customers who opt to pay by installments, they may fund their purchases by personal funds or mortgage loans provided by commercial banks.

We typically require our customers to pay a deposit amounting to certain percentage of the contract price upon entering into a sale and purchase agreement. Such deposits are non-refundable and are forfeited if the customers default on the purchases. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant sale and

purchase agreements. Customers who pay by installments are required to make payments in accordance with the agreed payment schedules. Outstanding balances must be fully settled prior to property delivery. Customers who purchase properties with mortgage loans are required to pay a down payment of no less than 30% of the total purchase price upon entering into a sale and purchase agreement. The outstanding amounts are settled by the mortgagee banks within the prescribed period pursuant to the respective bank financing agreements.

In line with industry practice in the PRC, we provide guarantees to mortgagee banks for the mortgage loans offered to our customers. These guarantees are typically released upon the issuance of the relevant property ownership certificate for the property and the registration of the mortgage in favor of the mortgage bank. If a purchaser defaults on a mortgage loan during the guarantee period, we are required to repay the outstanding balances owed to the mortgagee bank. We are assigned the title to the mortgage loan, giving us rights to the property, after settling such outstanding balances. In accordance with industry practice, we rely on the credit checks conducted by the mortgagee banks and do not conduct independent credit checks on our customers. As of June 30, 2021, outstanding guarantees provided by us in respect of mortgage loans of our customers amounted to RMB13.89 billion (US\$2.2 billion).

Delivery and After-sale Services

A joint inspection team will be organized by the operational management department, designing department, marketing department and customer service department of our regional companies prior to the completion acceptance for each project by government authorities but no later than 60 days before the delivery date to the owners, to conduct preliminary checks to projects and form a rectification list, which will be written off item by item by the project company, in order to pass the governments' completion acceptance successfully. The Customer Service Department of our headquarters will supervise and censure the performance of city companies.

Delivery of Properties

Delivering quality properties and providing satisfying purchasing experiences to customers are fundamental to the success of our business. We closely monitor the construction progress of our properties so as to deliver properties to our customers within the timeframe specified in the respective sale and purchase agreements and in a manner that complies with PRC laws and regulations. Prior to delivery, our customer service department from city company will take charge of organizing other function departments to conduct delivery risk checking and comprehensive inspection and acceptance for each project, and only when the identified issues have been rectified will the properties be delivered to the customers, thus to ensure customer's satisfaction. Our headquarters' customer service, operations, marketing, design, and other departments jointly supervise the implementation of delivery comprehensive acceptance specifications of the city company's project, and perform spot checks and assessments.

The timeframes for delivery are set out in the relevant sale and purchase agreements. Under a typical sale and purchase agreement, we are liable to pay a monetary penalty of 0.01% of the purchase price on a daily basis until delivery of the property if we fail to

deliver the property on the delivery day stipulated in the agreement. A purchaser may have the right to repudiate the sale and purchase agreement if the delay exceeds 30 days, and we must return the full payment, together with an extra penalty.

After-sale Services

We are committed to customer satisfaction and offer our customers comprehensive after-sale services, including, among others, providing assistance in obtaining property ownership certificates, following up on warranty issues and performing maintenance services. Our after-sale services are managed by our customer service department.

We value feedback from our customers and believe it is important in helping us maintain customer relationships, improve product and service quality and identify customer preferences. We have a customer service telephone hotline for customers to provide feedback and complaints about our products and services. It is our policy to attend to any customer feedback or complaints in a timely manner. In addition, to better understand the needs of our customers so as to improve our offerings, we conduct customer satisfaction surveys in three month following delivery and regular surveys annually.

Warranties and Returns

We provide our customers with warranties for the quality of building structures pursuant to the Measures on the Sales of Commodity Housing (《商品房銷售管理辦法》) and Regulations for the Operations of Urban Property Development (《城市房地產開發經營管理條例》). In addition, in accordance with the published national standards, we provide quality warranties for ground foundations, main structures, waterproofing work, water and electricity work, decorative work and sanitary wares. The warranty durations vary depending on the covered items and are usually for a period of no less than two to five years. The warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design documents.

Our construction companies are responsible for rectifying quality defects in the properties, whether such defects are discovered pre- or post-completion and delivery. We may repair quality defects only if the construction companies cannot repair the defect in a timely manner. We generally retain a quality deposit of 5% of the total contract price for approximately one to five years to cover any contingent expenses that may be incurred as a result of any quality defects.

Except for the breach of a sale and purchase agreement by us, we do not allow returns of properties from our customers.

PROJECT FINANCING

We finance our projects primarily through internal cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, rental income, fee income, and also through bank loans, equity injection and bonds. We also entered into several trust and other financing arrangement to finance the property development of our projects. We aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required.

Sale and Pre-sale Proceeds

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

Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See “— Property Development and Sales Process — Marketing and Sales — Pre-sales” in this section and “Regulation — Regulations on Real Estate Transfer and Sale — Sale of Commodity Buildings.”

Bank Loans

Bank loans are our primary source of external financing. As of December 31, 2018, 2019 and 2020, our outstanding bank loans amounted to RMB13,626.0 million, RMB14,546.2 million and RMB17,388.9 million, respectively.

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

Trust and Other Financing Arrangements

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

As of December 31, 2020, the total amount of trust and other financing arrangements outstanding accounted for 13.0% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to trust and other financing arrangements, see “Regulation — Regulations on Real Estate Financing — Financing Real Estate Development and Acquisition.”

The trust companies, asset management companies and their financing vehicles we have cooperated with are reputable and well-established institutions in the PRC and are Independent Third Parties to us.

Types of Our Trust and Other Financing Arrangements

Our trust and other financing arrangements can be roughly divided into two categories:

- Type I Arrangements are similar to bank loans, which do not involve transfer of equity interest in the project company;
- Type II Arrangements involve pledge of shares and/or transfer of equity interest in the project company to the lending financial institution, which is entitled to appoint directors of the board and senior management of the project company.

Our trust and other financing arrangements are usually secured by one or more types of collateral, including land use rights of the project, shares of the project company or cash, and may also be guaranteed by the project company or our controlling shareholders or their associates. Upon the maturity of the financing arrangements and the satisfaction of repayment, the corresponding share pledges, liens or guarantees will be released and, as the case may be, the equity interest of the project company that is transferred to the financial institutions will be repurchased by the relevant entities at a consideration based on pre-determined formula in accordance with the relevant agreements. We believe that our trust or other financial arrangements are in line with industry practice in the PRC.

COMMERCIAL PROPERTY INVESTMENT AND OPERATIONS

In line with our business strategy, we own and operate a substantial portion of our commercial properties we developed for long-term investment purposes. These commercial properties include Hong Yang Plazas and retail spaces accompanying our residential projects. We hold these commercial properties for capital appreciation and rental income. In addition, we charge certain tenants with site use fees and advertising space use fees. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2020 and 2021, revenue generated from commercial property investment and operations amounted to RMB359.0 million, RMB411.4 million, RMB505.2 million, RMB212.8 million and RMB291.8 million (US\$45.2 million), respectively, representing 3.9%, 2.7%, 2.5%, 2.2% and 2.3% of our total revenue in the respective years.

Nanjing Hong Yang Plaza

The Nanjing Hong Yang Plaza is an integrated commercial complex consisting of department stores, furniture and construction material shopping malls, restaurants, movie theaters, entertainment facilities and amusement parks. Located in the Jiangbei New Area, the north gate of Nanjing, the Nanjing Hong Yang Plaza serves residents in Nanjing as well as in other nearby cities in Jiangsu Province and Anhui Province. In addition to providing its customers with daily necessities, the Nanjing Hong Yang Plaza also caters to a variety of needs with its social, recreational and cultural elements.

Renovation and Upgrade

We commenced the commercial operation of the Nanjing Hong Yang Plaza in May 2011 and started the renovation and upgrading work in 2016 with an investment of more than RMB100.0 million.

Upon the completion of renovation and upgrading in April 2018, the Nanjing Hong Yang Plaza contains one central show field, two themed streets and three segments.

- *One central show field.* Located in the heart of the Nanjing Hong Yang Plaza, the central show field is the largest indoor show filed in Nanjing with a total GFA of approximately 6,000 sq.m. Designed by world-renowned teams and featuring sound effects, light effects and water curtain, it provides a platform for daily shows and large-scale performance.
- *Two themed streets.* The two themed streets are the Happy Town Street and the French Romantic Street. The Happy Town Street invites visitors to the theme park with its cheerful ambiance, while the French Romantic Street provides an immersive sense of romance and nostalgia. There are various types of restaurants, cafes and stylish shops in these themed streets.
- *Three segments.* The three segments are the Hong Yang Home Furniture Mall, Hong Yang Future World amusement park and an integrated shopping mall.
 - The Hong Yang Home Furniture Mall has a total GFA of approximately 320,000 sq.m. and is a one-stop mall for construction materials, furniture and household appliances. The Hong Yang Home Furniture Mall consists of a construction material hall, a furniture exhibition hall and a decoration hall. It offers a wide range of mid- to high-profile construction and decoration products, such as floors, ceramics, paints, doors, curtains, lamps, sanitary appliances, hardware accessories and home and office furniture. The tenants of the Hong Yang Home Furniture Mall includes various renowned brands, such as American Standard, Kohler, TOTO, Panasonic, Siemens, Jomoo, Osram and Philips. After the Reorganization, the Hong Yang Home Furniture Mall is not part of our Group.
 - The Hong Yang Future World has a total GFA of approximately 100,000 sq.m. and is a fourth-generation amusement park featuring the theme of science, future and space. It contains over 30 types of recreational facilities, such as a 116-meter-tall ferris wheel, an indoor to outdoor motorbike shuffle launch coaster, and a recreational exploration center. The Hong Yang Future World uses cutting-edge technologies, such as virtual realities, which allow visitors to fully immerse themselves in its four exploration zones of the future world, City of Wisdom, Energy, Life and Adventure. Each visitor to the Hong Yang Future World is issued a smart bracelet, which allows the visitor to access various recreational facilities online and offline and earn credits from games.
 - The integrated shopping mall is a one-stop mall for shopping, leisure and entertainment. The commercial mall contains grocery stores, restaurants, bars, Internet cafes, bookshops, photo studios and yoga places. It also has a

one-stop kids place offering children's clothing, dining and education. The tenants of the integrated shopping mall include a myriad of international fashion brands and trendy stores, such as H&M, C&A, MUJI, Sephora, Charles & Keith, Guess, Hardy Hardy and G-Super.

Operation

We operate our Nanjing Hong Yang Plaza through the operational management department of the relevant Subsidiary. It is responsible for planning, project management, tender recruitment, tenant management, lease management, finance and marketing of our Nanjing Hong Yang Plaza. Our operating team is dedicated to providing customers with high quality products and services. We strive to adapt to the regional market and enhance the competitiveness of our Nanjing Hong Yang Plaza.

Our amusement park operation team puts safety as their priority in operating the amusement park. We strictly follow the safety check procedure and conduct regular inspection on the entertainment equipment. Our staff are required to take intensive training in relation to operational security and are not allowed to operate the entertainment equipment until they pass our tests.

Marketing and Promotion

We carry out various marketing and promotional activities to enhance our brand of Hong Yang Plaza and attract tenants. Our promotional events are tailored to the preferences of our tenants and shoppers with an aim to enhance visitors' shopping experience. Sales and discounts are scheduled throughout the year to maintain abundant visitor flows. For instance, we hold Spring Sound Festival (春茗會), an activity participated by over 200 major corporations each year, to promote the brand awareness among our potential tenants.

Further, we carry out various marketing and promotions through WeChat, websites and outdoor LED advertisements in addition to mainstream news and advertising media to attract shoppers to experience our Nanjing Hong Yang Plaza in person.

Site Selection

In selecting suitable sites for our Hong Yang Plaza, we focus on areas with maturing road network and great potential in population growth.

Conveniently located near the north bridgehead of the Yangtze River Bridge, the Nanjing Hong Yang Plaza is easily accessible to residents in both north and south sides of the Yangtze River. The expanding road network in Nanjing, which is expected to have 11 cross-river passageways, provides further accessibility to the Nanjing Hong Yang Plaza. It is currently connected by Metro Line 3 and will be connected by Metro Line S8 once its planned south extension is completed.

According to Overall Plan of Nanjing Jiangbei New Area (2014–2030), the location of the Nanjing Hong Yang Plaza will be the center of the Jiangbei New Area in the future. As the first nationally-planned new district in Jiangsu Province, the Jiangbei New Area enjoys the priority in government's development plan. The Jiangbei New Area has a total site area

of 2,451 sq.km, and is expected to have a total population of approximately three million by 2030. Within 90 minutes of driving, the Hong Yang Plaza covers other cities in Nanjing Metropolitan Area with a total population over five million.

Design

We strive to build the Hong Yang Plazas using high standards from the outset. We are committed to devoting our attention to details and providing quality properties to our customers, which will reinforce our market reputation. We invited world famous architecture and design firms, such as CallisonRTKL (U.S.), COX Design and Consult (Australia) and Ho and Partners Architects Engineers & Development Consultants (Hong Kong), to participate in preliminary planning and designing of the Nanjing Hong Yang Plaza. The overall planning, development and construction of the Nanjing Hong Yang Plaza were jointly completed by C&P Design and Architect (France), Hong Kong Baer High Forest Architectural Landscape Design and Research Institute, Synergistic Real Estate Management & Network Pte (SRE) (Singapore), ACOR Consultants Pty (Singapore), Dataway Group, as well as our in-house design team. Our collaboration with design consulting firms helps us better address to the different tastes of our tenants and shoppers.

We carefully plan the layout of our Nanjing Hong Yang Plazas to optimize the overall shopping experience of visitors. The Nanjing Hong Yang Plaza is divided into different zones and tenants are grouped based on their industry sectors. This layout provides ease of navigation to shoppers and optimizes compatibility of tenants.

Tenant Selection

We select tenants of Nanjing Hong Yang Plaza that fit our market position and benefit our growth strategies. Positioned as one of the leading integrated commercial complex in Jiangbei New Area, Nanjing Hong Yang Plaza strives to attract tenants that are first to its type in this area, such as the IMAX cinema. We also select tenants with a balanced mix of industry sectors with special focus on fashion, international boutique retails, streetwear fashion brands and boutique supermarkets. We also take into account a number of other factors including the needs of the surrounding communities and the attractiveness to visitors.

Lease

The terms and conditions of the leases are usually negotiated with reference to that for comparable properties in local markets. A typical lease agreement entered into between our tenants and us specifies the term, the rent (whether it's fixed or performance-based or a mix of both), security deposit, the permissibility for tenants to renovate the leased property, as well as the payment arrangements of rents, property management fees and utilities.

Depending on the types of tenants, the terms of leases vary from two-three years to 10 years. We usually enter into leases with longer terms with large companies such as supermarkets. Upon the expiration of the lease term, the tenant usually has the priority to renew the lease for the same terms and conditions.

Rents are usually fixed during a preliminary period, and for the remaining term, are charged at an increased fixed rate. For certain tenants, rents are determined on a pre-determined percentage of the retail gross revenue of the tenants. The tenants must accurately report their gross revenue to us on a monthly basis. Failure to do so will subject them to a contractual penalty.

The tenant is usually required to pay a security deposit at the day of signing the lease and pay its rents before the 15th day of each month. We are required to refund the security deposit to the tenant within three months after the lease expires or terminates if the tenant fulfills its obligations under the lease. We are entitled to deduct penalties from the security deposit with cause, with prior written notice the tenant.

We are entitled to terminate the lease if the tenant defaults the payment of all kinds for three times or more, changes the construction structure of the leased property, or changes the brand it operates without our consent. If the tenant defaults its payment for 15 days or more, it must pay 2% of the delayed payment per day and we are entitled to suspend partial or all of the utility supplies or property management services on its leased property until the defaulted amount is repaid.

To maintain the competitiveness and profitability of our investment properties, we closely monitor the operation of individual stores to assess their attractiveness to customers. We also review the performance of our tenants and assess their rent payment ability on a regular basis. The performance assessment may be taken into account during the negotiations for the lease renewal with our tenants.

Car parking facilities

Our Nanjing Hong Yang Plaza has car parking facilities for the convenience of visitors and tenants. We provide hourly parking and, in some cases, monthly parking at such car parking facilities. Hourly parking services mainly benefit shoppers and other visitors, whereas the monthly users of the car parking facilities are mainly tenants of Nanjing Hong Yang Plaza and residents of our residential property projects nearby.

Changzhou Hong Yang Plaza

Our Changzhou Hong Yang Plaza commenced its operation in September 2018. Adjacent to Hong Yang Upper City • Phase IV (弘陽上城四期), the Changzhou Hong Yang Plaza is a community center for local residents to satisfy all aspects of their needs. Changzhou Hong Yang Plaza has a total GFA of approximately 80,844 sq.m. featuring a garden-style shopping center, a revolving restaurant street, an ecology-themed kids park, an open garden and farm, a rooftop sports field and one of the biggest multi-story parking garage in Changzhou.

Changzhou Hong Yang Plaza is located in Tianning District, Changzhou, which has a permanent population of approximately 640,000 and is the commercial, cultural and entertainment center of Changzhou. Changzhou Hong Yang Plaza will be accessible from two subway exits, when the construction of the subway is completed, and several bus stops. With approximately 4,000 households in our Hong Yang Upper City. Phase IV and several other communities nearby, we estimate that the Changzhou Hong Yang Plaza will attract an annual foot traffic of 500,000.

We adopt the concept of “Hong Yang Life + (& Home)” when we design the Changzhou Hong Yang Plaza. We aim at building a community center that serves as an extension of home for our residents of all age groups. We strive to create a family-friendly environment that brings our customers rich experience in dining, shopping, sports and entertainments.

To promote the Changzhou Hong Yang Plaza, we organize large-scale public relation events, such as tenant recruitment events, investment fairs and media roadshows, to build connections with potential tenants. We also disseminate project information through media and commercial channels to increase our target tenants’ awareness of the Changzhou Hong Yang Plaza. After it commences operation, we will manage our Changzhou Hong Yang Plaza through the operational management department of the relevant Subsidiary.

Hong Yang Plazas in Other Cities

We aim to promote our “Hong Yang Plaza” brand and make it more influential. The reputation of our Hong Yang Plaza, together with its mature business model, operational management and client relationships, enable us to replicate the success of Hong Yang Plaza in other cities. We plan to adopt asset-light business model by outputting our Hong Yang Plaza brand and operation to local commercial property owners and we believe that it will minimize our market risks.

In February 2018, we entered into an agreement with Yifu Real Estate (Hefei) Development Co. Ltd. (義福房地產(合肥)發展有限責任公司), an Independent Third Party, to lease a shopping mall with an aggregate GFA of 150,827.3 sq.m. on West Changjiang Road (長江西路) in Hefei, Anhui Province. Our plan is to operate it according to our Hong Yang Plaza standard, and the Hefei Hong Yang Plaza commenced its commercial operation in 2019.

In June 2018, we entered into an agreement with Hengyang City Jin Liu Yuan Real Estate Development Co. Ltd. (衡陽市金六源房地產開發有限公司), an Independent Third Party, to lease a shopping mall under construction with an aggregate GFA of approximately 150,000 sq.m. in Zhengxiang District (蒸湘區) in Hengyang, Hunan Province. We plan to renovate it and operate it according to our Hong Yang Plaza standard. The Hengyang Hong Yang Plaza commenced its commercial operation in November 2020.

New development projects including Changzhou Mingli Hong Yang Plaza and Changzhou Hong Yang Times are currently under construction and expected to commence operation in September 2022 and April 2023, respectively and Anqing Hong Yang Plaza is in the planning stage and expected to be completed in September 2022.

HOTELS

Nanjing Hong Yang Hotel

We commenced operating our Nanjing Hong Yang Hotel in 2013. Nanjing Hong Yang Hotel is conveniently located near our Nanjing Hong Yang Plaza near the north bridgehead of the Yangtze River Bridge. Nanjing Hong Yang Hotel occupies a total site area of 784 sq.m. and has an aggregate GFA of 12,536.9 sq.m.

Nanjing Hong Yang Hotel is well equipped with five restaurant rooms that serve Chinese cuisines, one buffet restaurant, one multifunction room and one physical fitness center. It has a total of 215 rooms offering ten room types, all of which are equipped with business facilities and free mini-bars. The hotel also has a few small- to medium-sized meeting rooms that cater to the needs of different customers.

Nanjing Hong Yang Hotel is wholly owned and managed by us.

Wuxi Hong Yang Lakefort Hotel

We commenced operating our Wuxi Hong Yang Lakefort Hotel in 2014. Conveniently located near the Lingshan Giant Buddha (靈山大佛) resort in Wuxi, Jiangsu Province, Wuxi Hong Yang Lakefort Hotel occupies a total site area of approximately 18,000 sq.m. and has an aggregate GFA of approximately 21,000 sq.m.

Wuxi Hong Yang Lakefort Hotel features French romanticism with four main themes of health, honor, privacy and art. Decorated with baroque style and warm colors, it is well equipped with one dining complex, one multifunction room, several medium-sized and large-sized meeting rooms that can accommodate 30–200 attendees each, one physical fitness center and three chess rooms. In addition, the hotel has various types of pools, such as indoor and outdoor swimming pools, spa pools, hot spring pools and fish pedicure pool.

The dining complex of Wuxi Hong Yang Lakefort Hotel includes one buffet restaurant, four private dining rooms and multiple banquet rooms. We provide local food cooked in western style, aiming to provide customers with unique dining experiences. Wuxi Hong Yang Lakefort Hotel has 105 rooms that are equipped with smart customer control system and 24-hour butler service. The 17 types of rooms of the hotel cater to the needs of different customers.

Wuxi Hong Yang Lakefort Hotel is wholly owned and managed by us. Depending on the profitability of the Wuxi Hong Yang Lakefort Hotel, we may sell it in the future.

Others

We also operate an Ibis Hotel under entrusted management model. We are also in the process of preparing for the opening of Changzhou Hong Yang Hotel.

COMPETITION

We are a comprehensive property developer with a strong foothold in the Yangtze River Delta Region and a national strategic layout, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. According to the statistics of CRIC (克而瑞研究中心), our sales for the first half of 2021 were ranked 45th nationwide.

We believe that the commercial and residential property markets in the regions we operate and in China as a whole are highly competitive and fragmented. We compete primarily with other major national and regional commercial and residential developers, especially those that operate in Nanjing and other cities in the Yangtze River Delta region where we operate. We compete with other real estate developers in terms of a number of factors, including, but not limited to, geographic location, management expertise, product and service quality, price, financial resources, brand recognition and ability to acquire proper land reserves.

Despite the high level of competition, we have demonstrated resilience to market changes and competition with our substantial experience and reputation in property development and commercial property operations, prudent project planning and implementation of business strategies and high quality property products and services. Further, given our brand recognition and strong execution capabilities, we believe that we can continue to react promptly to the challenges in the PRC property market. We endeavor to further strengthen our market position in Nanjing while we make selective entries into other cities in the Yangtze River Delta region as well as other major cities nationwide.

INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and pay great attention to the protection of our intellectual property rights. We believe our brand **rsun** and **3688** are well known and widely recognized in the Yangtze River Delta. As of June 30, 2021, we had registered 20 trademarks in the PRC and one domain name for which our Subsidiaries were the registered proprietor.

The right to use **rsun** and **3688** other trademarks were granted to our Company on a royalty-free basis according to a trademark licensing agreement entered into between our Company and Hong Yang Group Company on June 25, 2018. The trademark licensing agreement has an indefinite term.

We rely to a significant extent on our brand, **rsun** and **3688**, in marketing our properties, but our business is otherwise not materially dependent on any intellectual property rights.

AWARDS

Over the years, we have received a number of awards and honors from various organizations in the PRC in recognition of our property development projects and, among other things, our brand and overall reputation in the property development industry in the PRC. The table below sets forth descriptions of certain awards and honors we have received:

Awards for our Group/companies

<u>Year</u>	<u>Recipient</u>	<u>Honor/Award</u>	<u>Awarding body</u>
2021	Our Company	Ranks 45 th in terms of full-caliber sales during January to June 2021 in the TOP 200 Sales List of Chinese Real Estate Enterprises in the First Half of 2021 (2021年1-6月中國房地產企業銷售榜TOP200·名列第45)	CRIC (克而瑞研究中心)
2020	Our Company	2020 Top 40 China Real Estate Enterprises with Super Product Competitiveness 2020中國房企超級產品力TOP40	Yihan Zhiku (億翰智庫)
2020	Our Company	47th among China's Top 500 property developers (中國房地產500強,名列第47)	China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)
2020	Our Company	2 nd in terms of growth rate among China's Top 10 property developers (中國房地產開發企業成長速度10強,名列第2)	China Real Estate Association, Shanghai E-house China R&D Institute and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)
2020	Our Company	Ranks 12 th among China's top 100 commercial property developers (中國商業地產百強企業,名列第12)	Corporate Research Institute of the Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University, China Index Academy (國務院發展研究中心企業研究所,清華大學房地產研究所,中指研究所)
2019	Our Company	Top 30 Brand of China Real Estate Companies (mixed all 11-30) (中國房地產公司品牌價值TOP 30 (混合所有11-30))	The 2019 China Real Estate Brand Value Research Results Release Conference cum 16th China Real Estate Brand Development Summit (2019年中國房地產品牌價值研究成果發佈會暨第十六屆中國房地產品牌發展高峰論壇)

Year	Recipient	Honor/Award	Awarding body
2019	Our Company	Ranks 52 nd among China's top 500 property developers (中國房地產500強，名列第52)	China Real Estate Association, Shanghai E-House China R&D Institute (中國房地產協會，上海易居房地產研究院)
2019	Our Company	A top 10 Chinese commercial property developer by growth potential (中國商業地產成长性十強)	EH Consulting (億翰智庫)
2019	Our Company	Ranks 14th among China's top 100 commercial property developers (中國商業地產百強企業，名列第14)	Corporate Research Institute of the Development Research Center of the State Council, Real Estate Research Institute of Tsinghua University, China Index Academy (國務院發展研究中心企業研究所，清華大學房地產研究所，中指研究所)
2019	Our Company	Ranks 6th among China's enterprises with excellent asset-light operations (年輕資產運營優秀企業，名列第6)	China Corporate Research Institute of School of Economics and Management of Tsinghua University, National Business Daily (清華大學經濟管理學院中國企業研究中心，每日經濟新聞)
2019	Our Company	A top 100 Chinese commercial property developer by brand value (中國商業地產品牌價值百強企業)	China Corporate Research Institute of School of Economics and Management of Tsinghua University, National Business Daily (清華大學經濟管理學院中國企業研究中心，每日經濟新聞)
2019	Our Company	Ranks 22nd among China's emerging listed companies by brand value (中國上市公司品牌價值新銳榜，名列第22)	China Corporate Research Institute of School of Economics and Management of Tsinghua University, National Business Daily (清華大學經濟管理學院中國企業研究中心，每日經濟新聞)
2019	Our Company	Ranks 45th among China's top 50 property developers by overall strength (中國房地產業綜合實力排名50強，名列第45)	EH Consulting (億翰智庫)
2019	Our Company	TOP 500 China Real Estate Developers (中國房地產開發商500強)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產業協會、上海易居房地產研究院、中國房地產測評中心)
2019	Our Company	TOP 50 New and Vigorous Chinese Listed Companies by Brand Value (2019 中國上市公司品牌價值新銳榜TOP50)	National Business Daily and Tsinghua SEM (每日經濟新聞、清華經管學院)
2018	Our Company	2018 Best 10 China Real Estate Developers by Brand Value Growth (2018年中國房地產開發企業品牌成長價值10強)	EH Consulting (億翰智庫)

<u>Year</u>	<u>Recipient</u>	<u>Honor/Award</u>	<u>Awarding body</u>
2018	Our Company	2018 Best 500 of China Real Estate Developers, ranked 77; Best 10 of Development Potential of China Real Estate Developers, ranked 6; and Best 50 of China Commercial Properties Developers, ranked 29 (2018年中國房地產開發企業500強第77位、發展潛力十強第6位、2018年中國房地產開發企業商業地產綜合實力50強第29名)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產協會、上海易居房地產研究院、中國房地產測評中心)
2018	Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司)	2017 Champion of Number of Sold Apartments in Nanjing (2017年南京市公寓銷售套數冠軍)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2018	the Group (Nanjing Office) (集團南京區域公司)	2017 Top 5 of Sold Area among Nanjing Real Estate Developers (2017年南京市開發企業銷售面積五強)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2018	the Group (Nanjing Office) (集團南京區域公司)	2017 Top 10 of Sales Revenue among Nanjing Real Estate Developers (2017年南京市開發企業銷售金額十強)	Winsun Real Estate Economy Research Center (網尚房地產經濟研究中心)
2017	Hong Yang Group Company Ltd. (HK) (弘陽集團有限公司) (香港)	2016 Top 500 China Enterprises, ranked 394; Top 500 China Service Industry Enterprises, ranked 147 (2016年中國企業500強第394位、中國服務業企業500強第147位)	China Enterprise Confederation/ China Enterprise Directors Association (中國企業聯合會/中國企業家協會)
2017	Hong Yang Group Company Ltd. (HK)	2017 Best 100 of China Real Estate Developers; Best 10 of Development Potential of China Real Estate Developers; and Best 10 of East China Real Estate Developments Brand Value (2017年中國房地產開發企業100強發展潛力10強、品牌價值華東10強)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產協會、上海易居房地產研究院、中國房地產測評中心)
2017	Hong Yang Group Company Ltd. (HK)	2017 Best 10 of Jiangsu Real Estate Developers (2017年中國房地產開發企業江蘇省10強)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產協會、上海易居房地產研究院、中國房地產測評中心)
2017	Nanjing Red Sun Real Estate Development Co., Ltd	2017 Best 100 of China Real Estate Developers, ranked 88 (2017年中國房地產開發企業100強第88位)	China Real Estate Association, E-house China R&D Institute, and China Real Estate Appraisal (中國房地產協會、上海易居房地產研究院、中國房地產測評中心)

Year	Recipient	Honor/Award	Awarding body
2016	Hong Yang Group Company Ltd. (HK)	2016 Top 500 ChinaEnterprises, ranked 409; Top 500 China Service Industry Enterprises, ranked 141 (2016年中國企業 500強第409名，中國服務業企 業500強第141名)	China EnterpriseConfederation/ China Enterprise Directors Association (中國企業聯合會/ 中國企業家協會)
2016	Nanjing Red Sun Real Estate Development Co., Ltd	2015 Top 50 Jiangsu Real Estate Developers (2015年度江蘇省 房地產開發行業綜合實力五十 強企業)	Jiangsu Real Estate Association(江蘇省房地產業 協會)
2016	Hong Yang Group Company Ltd. (HK)	2015 Top 100 Emerging China Real Estate Developers (2015年中國房地產新勢力百 強企業)	Tencent (騰訊)
2015	Hong Yang Group Company Ltd. (HK)	2015 Top 500 ChinaEnterprises, ranked 436th; Top 500 China Service Industry Enterprises, ranked 139 (2015年中國企業 500強第 436名，中國服務業 企業500 強第 139名)	China Enterprise Confederation/China Enterprise Directors Association (中國企業聯合會/ 中國企業家協會)
2015	Nanjing Red Sun Real Estate Development Co., Ltd	2014Top 50 Jiangsu Real Estate Developers (2014年度江蘇省 房地產開發行業綜合實力五十 強企業)	Jiangsu Real Estate Association(江蘇省房地產業 協會)
2017	Solaris City • Section II Subsection B Building 01; Section III Subsection B Building 09 and 16, Subsection C Building 25; Hong Yang Solaris Loving City • Section VII Building 02 and 04 (旭 日上城二區B標01# ；旭 日上城三區B標09#、 16#、C標25# ；弘陽旭 日愛上城七區02#、04#)	Jinling Cup (金陵杯)	Nanjing Architecture Industry Association (南京建築業協會)
2016	Solaris Loving CitySection • 10 Building 4 (part of Hong Yang Solaris Loving City • Section VI) (南京旭日愛上城10 區04幢(隸屬於弘陽旭日 愛上城六區))	Jiangsu Province Yangtse Cup for High-quality Projects (江蘇省“揚子杯”優質工程獎)	Jiangsu Housing and Urban- Rural Development Bureau (江蘇省住房和城鄉建設廳)
2012	Hong Yang Tower, Solaris Loving City Section • 10 Building 4 (part of Solaris Loving City • Creative Wings Garden) (弘陽大廈、南 京旭日愛上城17區01-02 幢(隸屬於旭日愛上城創 翼園))	Jiangsu Province Yangtse Cup for High-quality Projects (江蘇省“揚子杯”優質工程獎)	Jiangsu Housing and Urban- Rural Development Bureau (江蘇省住房和城鄉建設廳)

EMPLOYEES

As of June 30, 2021, the Group had 3,450 employees in total, of which 2,898 employees were engaged in the real estate development business, 426 employees were engaged in the commercial property operation business, and 126 employees were engaged in the hotel management business.

We mainly recruit employees from the labor market, universities and through headhunting. We are committed to training and retaining skilled employees at all levels. We provide on-going and systematic training programs for our employees based on their positions and expertise to enhance their understanding and knowledge of the property industry and related areas. For instance, training programs for our marketing and sales personnel focus on improving their sales capabilities, whereas trainings designed to improve management and leadership skills are offered to mid- to senior-level management personnel. In addition to providing internal trainings, we also engage external experts to conduct training sessions for our employees from time to time.

We launched our head office in Shanghai in February 2019 to form a dual headquarters' operation in Shanghai and Nanjing. Shanghai, which has a large property market, is one of our key expansion regions in future. In addition, our demand for quality talents also increases with the nationwide business layout. There are a number of national key universities and talent pools in Shanghai. Moreover, Shanghai can also attract excellent talents from all over the country with its strong economic strength and Shanghai culture. We hope the second headquarters in Shanghai can attract high quality talents. Our investment, financing, research and development and human resources departments will be mainly set up in Shanghai in the future to provide support for our further business expansion.

We are dedicated to maintaining good working relationships with our employees. As of the date of this offering memorandum, we did not experience any significant labor disputes which adversely affected in a material manner on our business operations. We enter into individual employment contracts with our employees which cover the wages, employee benefits and other matters required by applicable PRC laws and regulations.

We offer our employees salaries and benefits which are competitive with market standards. We also contribute to basic medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees. Despite what is otherwise disclosed in this prospectus, we pay relevant insurance premiums according to applicable PRC laws and regulations.

Our employees have established the employee union, which is responsible for facilitating communication between us and our employees. The employee union handles complaints from the employees, liaises between the employees and our management and ensures the legal rights of the employees are protected.

INSURANCE

We maintain insurance, including social insurance, for our employees as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. Under applicable PRC laws and regulations, construction companies as employers are required to purchase insurance for their construction workers. In line with industry practice, we do not currently maintain additional insurance in this respect.

As required by banks with respect to properties that have been pledged as collateral to secure bank loans, we have obtained property damage and third-party liability insurance for such properties in accordance with the relevant loan documents.

We are of the view that we have maintained adequate insurance coverage for our operations and that the scope of our coverage is in line with industry norms. However, there are certain risks for which we are not insured or which we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in the course of our business operation. See “Risk Factors — Risks Relating to Our Business — Our current insurance coverage may not be adequate to cover all risks related to our operations.”

LEASED PROPERTIES

As of the date of this offering memorandum, we leased over 90 properties in 20 cities mainly for our office premises. Our leases generally have a term ranging from three months to 20 years, and we expect to renew the leases upon their expiry. All of the landlords are Independent Third Parties.

As of the date of this offering memorandum, we failed to register a number of lease agreements as the tenant. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. The lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See “Risk Factors — Risks Relating to Our Business — We may be subject to fines due to the lack of registration of our leases.”

In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, where we are the tenant to an executed lease agreement, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future. We have improved our standard lease terms with our potential landlords. We have also established a database of our leased properties with detailed information, including the status of the lease registration of office premises, to ensure timely registration of our leased properties. We believe we have implemented adequate and effective measures internally. However, as we do not control the landlords, there is no assurance whether and when our landlords will register the leases.

ENVIRONMENTAL MATTERS

We are subject to a number of environmental laws and regulations including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Environmental Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). See “Regulation — Development of a Real Estate Project.”

Pursuant to applicable laws and regulations, each of our development projects must undergo an environmental assessment before the commencement of construction. We must submit an environmental impact assessment report, along with other required documents, to the relevant environmental protection authorities for approval. The approval may contain certain standards, which must be incorporated into the design, construction and operation of the project. We require our construction companies to comply with these standards during the construction process. We also encourage our construction companies to use environmentally friendly equipment and technologies. Upon the completion and before the delivery of the property, the relevant environmental protection authorities inspect the project to ensure compliance with all applicable environmental laws and regulations.

As of the date of this offering memorandum, we had not encountered any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of our properties. None of our properties has received any material fines or penalties associated with the breach of any environmental laws or regulations in recent years.

HEALTH AND SAFETY MATTERS

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular training to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under applicable PRC laws and regulations, our construction companies are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction companies to purchase accident insurance in accordance with applicable laws and regulation, adopt effective occupational safety control measures and offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require both our own workers as well as workers employed by third party construction companies to follow during the construction process. We closely monitor each project at every stage to ensure the construction process is in

compliance with relevant laws and regulations. We also engage Independent Third Party supervising companies to monitor the safety of our construction sites throughout the construction process.

FUND MANAGEMENT

To manage our idle cash on hand, we purchase and redeem wealth management products using them as our “cash pool” from which we could readily access cash as needed and, generate higher yield than bank deposits, as these products are highly liquid and bear a relatively low level of risk. The underlying financial assets of the wealth management products in which we invested primarily consist of PRC treasury bonds, commercial paper, interbank borrowings and bills issued by the PBOC. As of January 1, 2018, we adopted new accounting standards which are effective for accounting periods beginning on or after January 1, 2018 and classified our available-for-sale investments as financial assets measured at fair value through profit or loss as these financial instruments were held for trading. As of December 31, 2018, our financial assets measured at fair value through profit or loss was RMB1,130.6 million. See Note 2.2 to the consolidated financial statements as of and for the year ended December 31, 2018 for further details. As of December 31, 2019, our financial assets measured at fair value through profit or loss was RMB1,148.4 million. As of December 31, 2020, our financial assets measured at fair value through profit or loss was RMB428.5 million. The Group invests in unlisted investments, which represent wealth management products issued by banks in mainland China and a wealth management private fund in Hong Kong.

Depending on the amounts of our idle cash and our budget plan, our finance department applies for approval by our senior management of the purchase of available-for-sale investments. Before making an application to our senior management, our finance department conducts a feasibility study of the available-for-sale investments taking into consideration the size of the investments, their risk profiles and the rate of return. Our finance department is required to select available-for-sale investments issued by reputable banks and financial institutions with a low risk and high liquidity profile to ensure that such investments are compatible with our working capital requirements and strategic plans.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may face arbitration, litigation or administrative proceedings in the ordinary course of our business. As of the date of this offering memorandum, we are not aware of any material arbitration, litigation or administrative proceedings against us that may have a material adverse impact on our business, financial condition on results of operations.

REGULATION

This section sets forth a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

According to the *Law of the People's Republic of China on Urban Real Estate Administration* (中華人民共和國城市房地產管理法) (the “**Urban Real Estate Law**”) promulgated by the SCNPC, effective on January 1, 1995, amended on August 30, 2007, and August 27, 2009 and August 26, 2019, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) (the “**Development Regulations**”) promulgated and implemented by the State Council on July 20, 1998, and amended on March 19, 2018, March 24, 2019, March 27, 2020 and November 29, 2020, the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following requirements: 1) its registered capital shall be RMB1 million or above; and 2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

However, *the Notice on Adjusting the Portion 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) issued by the State Council on May 25, 2009 has reduced the requirement on the minimum capital for Social Welfare Housing and general commercial residence from 35% to 20%, while the requirement on the minimum capital for other real estate projects has been reduced to 30%. Under the *Notice on Adjusting and Perfecting the System of Capital Fund for Fixed Assets Investment* (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on September 9, 2015, the minimum portion of capital funding for Social Welfare Housing and general commercial residence maintained at 20%, while the minimum portion of capital funding for other real estate projects has been reduced from 30% to 25%.

Foreign-Invested Real Estate Enterprises

On July 11, 2006, the Ministry of Construction (中華人民共和國建設部), MOFCOM, the NDRC, the PBOC, the State Administration for Industry and Commerce (國家工商行政管理總局) (the “**SAIC**”) and the State Administration of Foreign Exchange (國家外匯管理局) (the “**SAFE**”) jointly promulgated *Opinions on Regulating the Entry and Administration of Foreign Capital 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 “**Opinions**”), which provides, that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an

operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies.

On August 19, 2015, Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) (“**MOHURD**”), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated *Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market* (關於調整房地產市場外資准入和管理有關政策的通知) (the “**Circular**”). Pursuant to the Circular, the ratio of registered capital to total investment of foreign invested real estate companies shall be subject to the *Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定) that a foreign invested real estate company must fully pay its registered capital before applying for domestic or foreign loans, or settlement of foreign exchange loans has been canceled.

On December 30, 2019, Ministry of Commerce and State Administration of Market Supervision issued the Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法), which took effect on January 1, 2020, foreign investors carrying out investment activities in China directly or indirectly shall submit investment information to the commerce administrative authorities pursuant to these Measures.

On July 9 2019, NDRC issued Notice by the General Office of the National Development and Reform Commission of the Relevant Requirements for Registration of Real Estate Enterprises’ Applications for Issuance of Foreign Debts (國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]778號)) (the “**2019 NDRC Notice**”), which became effective on the same day. According to the 2019 NDRC Notice, a real estate enterprise may issue foreign debts only for the purpose of replacing medium and long-term foreign debts that are to expire within the coming year.

Qualification of a Real Estate Developer

Classification of a real estate enterprise’ Qualification

Under the Development Regulations, a real estate developer must file its establishment to competent department of real estate development of the place where the registration authority is located within 30 days from the date of obtaining Business License. The real estate development authorities shall examine applications for classification of a real estate developer’s qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the *Provisions on Administration of Qualifications of Real Estate Development Enterprises* (房地產開發企業資質管理規定) (the “**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction of PRC and implemented on March 29, 2000 and amended on May 4, 2015, a real estate developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a real estate enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council and there is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people’s government of the relevant province, autonomous region or municipality directly under the central government and the GFA of each project developed by an enterprise who holds a class 2 or lower qualification shall not exceed 250,000 sq. m. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for 1 year from its issuance while the real estate development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within 1 month before the expiry of the Provisional Qualification Certificate.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

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

Under the *Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-owned Urban Land* (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Provisional Regulations on Grant and Transfer**") promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the *Regulations on the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources (中華人民共和國國土資源部) (the "**MLR**") on May 9, 2002 and implemented on July 1, 2002 and revised on September 28, 2007 with the name *Regulations on the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有建設用地使用權規定) effective on November 1, 2007 (the "**Land Grant Regulations**"), land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 11, 2011, the MLR promulgated the *Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Sale* (國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides stipulations to improve policies on the supply of land through public tender, auction and listing-for-sale, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the MLR promulgated the *Regulations on the Grant of State-owned Land Use Rights by Agreement* (協議出讓國有土地使用權規定). According to this regulation, if there is only one party interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more parties are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction and listing-for-sale.

According to the *Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Project (2012 Edition)* (關於印發《限制用地項目目錄(2012年本)》和《禁止用地項目目錄(2012年本)》的通知) promulgated by the MLR and NDRC on May 23, 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by MLR, MOF, the PBOC and the CBRC on January 3, 2018, define “reserved land” and stipulate the administrative, regulatory and implementing procedures involved with the planning, standard, development, management and protect, supply and capital expenditure of reserved land.

Development of a Real Estate Project

Commencement of real estate project and regulations with respect to idle land

Under the *Urban Real Estate Law*, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the *Measures on Disposal of Idle Land* (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, amended on June 1, 2012 and implemented on July 1, 2012, the land can be defined as idle land under any of the following circumstances:

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

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

The Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) issued by the MLR on September 8, 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

Planning of a real estate project

Under the *Regulation on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area* (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority. The SCNPC promulgated the *Urban and Rural Planning Law of PRC* (中華人民共和國城鄉規劃法) on October 28, 2007 and amended on April 24, 2015 and April 23, 2019, pursuant to which, a construction work planning permit (建設工程規劃許可證) must be obtained from relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction work planning permit, a real estate developer shall apply for a construction work commencement permit (建築工程施工許可證) from the construction authority under the local people's government at the county level or above in accordance with the *Measures for the Administration of Construction Permit for Construction Projects* (建築工程施工許可管理辦法) promulgated by MOHURD on June 25, 2014 and implemented on October 25, 2014 and was amended on September 19, 2018 and March 30, 2021.

In accordance with the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) promulgated by State Council on July 20, 1998 and amended on January 8, 2011, March 24, 2019, March 27, 2020 and November 29, 2020, the *Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure* (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on April 7, 2000 and amended on October 19, 2009 and the *Rules for the Confirmation of the Completion of Building Construction and Municipal Infrastructure Projects* (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD implemented on December 2, 2013, after the completion of construction of a project, the real estate development enterprise must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Sale of Commodity Buildings

Under the *Regulatory Measures on the Sale of Commodity Buildings* (商品房銷售管理辦法) (the “**Regulatory Measures**”) promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the *Measures for Administration of Pre-sale of Commodity Buildings* (城市商品房預售管理辦法) (the “**Pre-sale Measures**”) promulgated by the Ministry of Construction on November 15, 1994 and amended on August 15, 2001 and July 20, 2004 respectively, any pre-sale of commodity buildings is subject to specified procedures. If a real estate development enterprise intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Conditions of the sale of post-completion commodity buildings

Under the *Regulatory Measures*, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a real estate developer; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction work planning permit and construction work commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued A *Notice on Accelerating a Stable and Healthy Development in the Real Estate Market* (關於促進房地產市場平穩健康發展的通知), which stipulates:

- (i) Increase the effective supply of security housing and common commercial housing.
- (ii) Reasonably steer housing consumption and suppress speculative house purchasing demand.
- (iii) Strengthen risk prevention and market supervision.
- (iv) Quicken the security Comfort Housing Project construction.

On April 17, 2010, the State Council issued the *Notice on Restraining Resolutely Over-rise of Housing Prices in Some Cities* (關於堅決遏制部分城市房價過快上漲的通知), which requires that:

- (i) Each district and each department practically implement their duty to stabilize property prices and residential housing guarantees.

- (ii) Unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should be implemented.

The *Provisions on Sales of Commodity Properties at Clearly Marked Price* (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency (“**real estate operators**”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On February 26, 2013, the General Office of the State Council issued a *Circular on Continuing the Regulation of Real Estate Market* (關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures:

- (i) Firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits;
- (ii) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

On September 24, 2015, PBOC and CBRC jointly issued *the Notice of the People’s Bank of China and the China Banking Regulatory Commission on Further Improving the*

Relevant Issues concerning the Differential Housing Credit Policy (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知), which provides that in cities where “property purchase control measures” are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%.

According to *the Notice on Certain Matters Concerning Individual Housing Loan Policies* (關於個人住房貸款政策有關問題的通知), promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date, and *the Notice on Adjusting the*

Business Tax Policies Concerning Transfer of Individual Housing (關於調整個人住房轉讓營業稅政策的通知) promulgated by MOF and SAT on March 30, 2015 and effective on March 31, 2015 (collectively, the “**330 New Policy**”), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower’s credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

On February 1, 2016, PBOC and CBRC jointly issued *The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loans Policies* (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

Notice on Adjusting the Preferential Policies on Deed Tax and Business Tax During 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) was jointly promulgated by MOF, SAT and MOHURD on February 17, 2016 and implemented on February 22, 2016. The business tax policy subject to the notice are as follows: when an individual sells his/her house to an external party within the two-year period from the purchase, he/she shall pay the full amount of business tax; when an individual sells his/her house to an external party after two years (including the second anniversary) from the purchase, he/she is exempted from paying business tax.

Mortgage on real estate

Under the *Measures on the Administration of Mortgages of Real Estate in Urban Areas* (城市房地產抵押管理辦法) issued by the Ministry of Construction on May 9, 1997, effective on June 1, 1997 and amended on August 15, 2001 and March 30, 2021 and the *Civil Code of the People’s Republic of China* (中華人民共和國民法典), which is going to be effective on January 1, 2021, when a mortgage is created on a building legally obtained, a mortgage

shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgager and the mortgagee shall sign a mortgage contract in writing.

Lease of buildings

Pursuant to the *Administrative Measures for Commodity Housing Leasing* (商品房租賃管理辦法) promulgated on December 1, 2010 and effective as of February 1, 2011, the parties to a real estate lease shall apply for lease registration with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Real Estate Registration

The *Interim Regulations on Real Estate Registration* (不動產登記暫行條例) promulgated by the State Council on November 24, 2014 and enforced on March 1, 2015 and amended on April 23, 2019, and the *Implementing Rules of the Interim Regulations on Real Estate Registration* (不動產登記暫行條例實施細則) promulgated by the Ministry of and Resources on January 1, 2016 and amended on July 24, 2019, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for people.

REGULATIONS ON REAL ESTATE FINANCING

Financing real estate development and acquisition

Pursuant to the *Guidance on Risk Management of Real Estate Loans of Commercial Banks* (商業銀行房地產貸款風險管理指引) issued by the CBRC on August 30, 2004, any real estate developer applying for real estate development loans shall have at least 35 percent of capital required for the development.

On July 29, 2008, PBOC and CBRC jointly issued the *Notice on Promoting Economical and Intensive Use of Land through Finance* (關於金融促進節約集約用地的通知). Banks must provide financial support preferentially to the projects with economical and intensive use of land, such as the development of low-rent housing, economically affordable housing, price-capped housing and small to medium-sized ordinary commercial housing with a total GFA of less than 90 sq.m. The banks are prohibited from granting loans to the property developers for payment of land premium. The Notice emphasizes tightening the policy requirements and management of loans to certain projects, including:

- (i) the management of loans for construction projects. The banks are prohibited from providing loans to (i) the projects which do not meet the relevant planning and control requirements, (ii) the projects which have illegal land use and (iii) the

projects for which the relevant land falls into the catalog of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to the projects which falls into the catalog of restricted land use projects.

- (ii) the examination of loans for municipal infrastructures and industrial land use projects.
- (iii) the management of loans for rural collective construction land use projects. The banks are prohibited from providing loans to the commercial projects which use rural collective land.
- (iv) the management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project or has not commenced the project after one year from the date of construction commencement as stipulated in the land grant contract, the banks must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

On March 1, 2007, The Measures for Administration of Trust Companies (《信托公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, “Trust Financing Company” shall mean any financial institution established pursuant to the PRC Company Law and these Measures, and that primarily engages in trust activities.

From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Financing Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and effective beginning the same date, pursuant to which Trust Financing Companies are restricted from providing trust loans, in form or in nature, to property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits and the property, projects of which less than 35% of the total investment is funded by the property developers’ own capital (the 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009).

On December 28, 2020, PBOC and CBRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain requirements for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). These financial institutions, based on the statistical data on December 31, 2020, will be given a business adjustment transition period of 2 or 4 years, which depends on whether they exceed 2% of the legal proportion, to legitimate their loan structures. PBOC and CBRC shall take measures, such as additional capital requirements and weight adjustments of risk of real estate assets for these banking financial institutions that fail to implement proportional rectification within certain period.

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the *Law of the People's Republic of China on Safe Production* (中華人民共和國安全生產法) implemented by the SCNPC on November 1, 2002, and revised on August 31, 2014, the developer shall apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction work commencement permit. Contractors for the construction shall establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

REGULATIONS ON FIRE PREVENTION MANAGEMENT

According to the *Fire Prevention Law of the People's Republic of China* (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and implemented on September 1, 1998, later amended on October 28, 2008 and implemented on May 1, 2009 and amended on April 23, 2019, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction.

REGULATIONS ON CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (中華人民共和國國防法) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009 and January 1, 2021, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (中華人民共和國人民防空法), or the Civil Air Defense Law, promulgated by the SCNPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in construction of civil air defense property and investors in civil air defense are permitted to use (including lease), manage the civil air defense property in time of peace and profit therefrom. However, such use may not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the *Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times* (人民防空工程平時開發利用管理辦

法) and the *Administrative Measures for Maintaining the Civil Air Defense Property* (人民防空工程維護管理辦法), which specify how to use, manage and maintain the civil air defense property.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), the *Prevention and Control of Noise Pollution Law of the People's Republic of China* (中華人民共和國環境噪聲污染防治法), the *Environmental Impact Assessment Law of Peoples Republic of China* (中華人民共和國環境影響評價法) and the *Administrative Regulations on Environmental Protection of Construction Projects (2017 revision)* (建設項目環境保護管理條例) (2017年修訂). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

REGULATIONS ON TAXATION

Income Tax

According to the EIT Law enacted by the NPC on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Furthermore, pursuant to the *EIT Law* and the *Implementation Rules on the Enterprise Income Tax* (企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008 and amended on April 23, 2019, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the *Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the *Notice of the SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential

income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. On July 30, 2019, the State Administration of Taxation issued Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局頒佈的「關於發佈《非居民納稅人享受協議待遇管理辦法》的公告」), effective on January 1, 2020, Non-resident taxpayers referred to in these Measures shall mean taxpayers which are deemed as tax residents of the other contracting party pursuant to the provisions of the resident clauses of the treaty. Non-resident taxpayers making their own declaration shall self-access whether they are entitled to treaty benefits and need to claim such benefits, and shall submit an “Information Report on Non-resident Taxpayers Claiming Treaty Benefits” (see Appendix) at the time of declaration, gather and retain the relevant materials pursuant to the provision of Article 7 of these Measures for future inspection.

Value-added Tax

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例) promulgated on December 13, 1993 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax.

According to the *Interim Administrative Measures on the Management of Levying and Collection of Value-Added Tax on sale of Self-developed Real Estate Project by the Real Estate Developers* (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on March 31, 2016 and implemented on May 1, 2016 by SAT, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax

In accordance with the requirements of the *Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例) (the “**Land Appreciation Tax Provisional Regulations**”) promulgated on December 13, 1993, implemented on January 1, 1994 and amended on January 8, 2011, and the *Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例實施細則) (the “**Land Appreciation Tax Detailed Implementation Rules**”) which were promulgated and implemented on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items.

Deed Tax

Pursuant to the *Interim Regulations of the People’s Republic of China on Deed Tax* (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997 and amended on March 2, 2019, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3 percent to 5 percent. The governments

of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for record.

Urban Land Use Tax

Pursuant to the *Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas* (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and last amended on March 2, 2019, land use tax in respect of urban land is levied according to the area of relevant land.

Building Tax

In accordance with the *PRC Provisional Rules on Real Estate Tax* (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the *PRC State Council Order 546* (中華人民共和國國務院令2008第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the rate of 12% on rental income derived from real estate.

Stamp Duty

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

Municipal Maintenance Tax and Education Surcharge

On October 18, 2010, the State Council issued *Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) to resume the collection of surtaxes from foreign invested enterprises, foreign enterprises and individuals, effective from December 1, 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises and individuals is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises and individuals is 3%.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION AND FOREIGN CURRENCY EXCHANGE

Foreign currency exchange

Under the *PRC Foreign Currency Administration Rules* (中華人民共和國外匯管理條例) promulgated in January 29, 1996 and revised in January 14, 1997 and August 5, 2008 and various regulations issued by SAFE and other relevant PRC government authorities, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of RMB into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

Pursuant to *Notice of SAFE on Relevant Issues Relating to Foreign Exchange Control on Offshore Investment, Financing and Round-trip Investments by Domestic Residents Through Special Purpose Vehicles* (the “**Circular 37**”) (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), which was promulgated on July 4, 2014 and implemented on the same date, domestic residents establishing or taking control of a special purpose company abroad which makes round-trip investments in the PRC are required to effect foreign exchange registration with the local foreign exchange bureau. Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, etc.) if domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

According to the *Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies* (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**Circular 13**”) which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

REGULATIONS ON LABOR AND SOCIAL SECURITY

On June 29, 2007, the PRC government promulgated the *PRC Labor Contract Law* (中華人民共和國勞動合同法), which became effective on January 1, 2008, amended on December 28, 2012 and became effective on July 1, 2013. Pursuant to the *PRC Labor Contract Law* and the *PRC Labor Law* (中華人民共和國勞動法), which became effective on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, (i) employers must execute written labor contracts with full-time employees, (ii) employers are prohibited from forcing employees to work overtime unless they pay overtime payment to the employees and the hours worked beyond the standard working hours are within the statutory limits, (iii) employers are required to pay salaries to employees on time and the salaries paid to employees shall not be lower than the local minimum salary standard, and (iv) employers shall establish its work safety and sanitation system, and provide employees with workplace safety training. In addition, in accordance with the relevant laws and regulations on social security, employers in the PRC are required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) and the housing fund on behalf its employees.

Pursuant to the *Social Insurance Law of the PRC* (中華人民共和國社會保險法) (the “**New Social Insurance Law**”) promulgated on October 28, 2010 by the SCNPC and implemented on July 1, 2011 and amended on December 29, 2018, the *Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例) promulgated and implemented on January 22, 1999 and amended on March 24, 2019 by the State Council, the *Interim Measures Concerning the Maternity Insurance of Employees of an enterprise* (企業職工生育保險試行辦法) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, the *Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例) promulgated and implemented on April 3, 1999 and amended on March 24, 2002 and March 24, 2019 by the State Council, the *Regulation on Occupational Injury Insurances* (工傷保險條例) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. After the New Social Insurance Law became effective, where an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed; and if it still fails to pay the premiums within the prescribed time limit, a fine of one to three times the outstanding amount might be imposed by the relevant administrative department.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information in respect of the members of our Board:

<u>Name</u>	<u>Age</u>	<u>Time of joining our Group</u>	<u>Existing position in our Company</u>	<u>Date of appointment</u>	<u>Key role</u>	<u>Relationship with other Directors or senior management</u>
ZENG Huansha (曾煥沙)	53	December 1999	Executive Director and chairman of our Board	December 21, 2017	Responsible for the overall development strategy and daily operations of our Group	None
Yuan Chun (袁春)	47	October 31, 2019	Executive Director and chief executive officer	January 29, 2021	Responsible for providing strategic advice and recommendations on the operations and management of our Group	None
ZENG Junkai (曾俊凱)	27	May 2016	Executive Director	February 26, 2021	Responsible for assisting the planning of corporate strategy of our Group	Son of Mr. Zeng Huansha, the chairman of the Company, an executive Director and a controlling shareholder of the Company
LUI Wai Pang (雷偉彬)	48	July 5, 2019	Executive Director	July 5, 2019	Responsible for assisting the planning of corporate strategy of our Group	None
LEE Kwok Tung Louis (李國棟)	53	June 2018	Independent non-executive Director	June 25, 2018	Responsible for supervising and providing independent judgment to our Board	None
LEUNG Yau Wan John (梁又穩)	61	June 2018	Independent non-executive Director	June 25, 2018	Responsible for supervising and providing independent judgment to our Board	None
AU YEUNG Po Fung (歐陽寶豐)	53	June 2018	Independent non-executive Director	June 25, 2018	Responsible for supervising and providing independent judgment to our Board	None

Executive Directors

Mr. ZENG Huansha (曾煥沙), aged 53, is the founder of our Group and has been our chairman and Director since December 21, 2017. He was re-designated as the chairman of our Board and an executive Director on March 15, 2018. Mr. Zeng is primarily responsible for the overall development strategy and daily operations of our Group. He is the director of Nanjing Redsun, Redsun Properties Investment (Holdings) and Hong Yang Properties Investment. He is also the general manager of our Subsidiaries, including Redsun Properties Investment (Holdings), Hong Yang Properties Investment and Redsun Properties.

Mr. Zeng established Nanjing Redsun Business World in 1995 and began his involvement in the business of construction and building materials. In December 1999, Mr. Zeng established Redsun Properties and began engaging in residential property development in Nanjing, Jiangsu province. Since establishing Hong Yang Group Company in 2003, Mr. Zeng's businesses have mainly focused on real estate development, commercial operations and property services.

Mr. Zeng has served as the vice president of the China Overseas Chinese Entrepreneurs Investment Enterprise Association (中國僑商投資企業協會) since January 2008; a member of the standing committee of the China Federation of Overseas Chinese (中國僑聯常務委員) since December 2013; the vice chairman of the Jiangsu Federation of Overseas Chinese (江蘇僑聯副主席) since August 2017; and a member of the standing committee of the Jiangsu Chinese People's Political Consultative Conference (江蘇政協常委) since January 2018. Additionally, in April 2001 he was selected as one of the Ten Young Entrepreneurs of Jiangsu province (江蘇省十大傑出青年); in September 2002, he was recognized as an Outstanding Individual of Provincial Returned Overseas Chinese (江蘇省全省歸僑僑眷先進個人); and in August 2017, he was awarded as an Outstanding Overseas Chinese Individual of Jiangsu province (江蘇省僑界傑出人物). Mr. Zeng received a master's degree in Economics from Shanghai Academy of Social Sciences (SACC) in August 2010.

Mr. Yuan Chun (袁春), aged 47, has been appointed as our executive Director, the chief executive officer and a member of the remuneration committee since January 29, 2021. Mr. Yuan is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group.

Mr. Yuan was appointed as our associate president from October 2019 to January 2021. He was the president of Hongkun Group Co., Ltd. (鴻坤集團有限公司) from October 2017 to October 2019. He served as the general manager of Hangzhou Longfor Real Estate Development Co., Ltd. (杭州龍湖房地產開發有限公司) from March 2010 to January 2014, and was re-designated as the vice president of Longfor Group Holdings Limited (龍湖集團控股有限公司) together with its subsidiaries, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 00960), from January 2014 to October 2017. Prior to joining Hangzhou Longfor Real Estate Development Co., Ltd., he worked for China Overseas Land & Investment Ltd. (中國海外發展有限公司) from July 1996 to March 2010.

Mr. Yuan graduated from Tongji University (同濟大學) in the People's Republic of China and obtained a bachelor degree in Heating and Ventilating in 1996.

Mr. ZENG Junkai (曾俊凱), aged 27, has been appointed as an executive Director, a member of the remuneration committee of the Board and a vice president of the Company with effect from 26 February 2021. Mr. Zeng is primarily responsible for assisting the planning of corporate strategy of our Group. Mr. Zeng has been the general manager of the Nanjing regional companies (南京區域公司總經理) of the Group since January 2021. He served as the general manager of the Chengdu regional companies (成都區域公司總經理) of the Group from October 2018 to January 2021 and the assistant president of Hong Yang Group Company, the controlling shareholder of the Company, from May 2016 to October 2018.

Mr. Zeng graduated from Wharton School of Business, University of Pennsylvania in the United States of America and obtained a bachelor degree in Economics (majoring in Finance) in May 2016. He is a youth committee member of China Overseas Chinese Entrepreneurs Association, an executive committee member of Federation of Industry and Commerce of Jiangsu Province and the executive vice president of Jiangsu Young Entrepreneurs Federation. Mr. Zeng is the son of Mr. Zeng Huansha, the chairman of the Company, an executive Director and a controlling shareholder of the Company.

Mr. LUI Wai Pang (雷偉彬), aged 48, has been appointed as an executive Director, a vice president and a member of the nomination committee since July 5, 2019. Mr. Lui is primarily responsible for assisting the planning of corporate strategy of our Group. Mr. Lui currently holds the position of director or other managing positions in several of our Subsidiaries.

He was the chief financial officer, the joint company secretary and the authorised representative of Times China Holdings Limited (Stock Exchange stock code: 1233) since March 2015 and was re-designated as the chief financial officer, the company secretary and the authorised representative from August 2018 to June 2019. From September 2006 to March 2015, Mr. Lui worked with Agile Group Holdings Limited (Stock Exchange stock code: 3383), with his last position as a financial controller. Mr. Lui also worked in several listed companies in Hong Kong, during which he participated in initial public offering projects and was responsible for matters relating to corporate finance and financial reporting.

Mr. Lui has over 20 years of working experience in accounting, corporate finance and investor relations. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”). He holds a bachelor degree in Business Administration in Accounting from the University of Science and Technology.

Independent Non-executive Directors

Mr. LEE Kwok Tung Louis (李國棟), aged 53, has been our independent non-executive Director since June 25, 2018. He is responsible for supervising and providing independent judgment to our Board.

Mr. Lee has possessed extensive experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993.

In addition, Mr. Lee currently holds or had held directorships in a number of listed companies, including those set out below:

<u>Name of entity</u>	<u>Principal Business</u>	<u>Place of listing and stock code</u>	<u>Position and duration of service</u>
Zonbong Landscape Environmental Limited 中邦園林環境股份有限公司 . . .	Landscape and ecological restoration project service provider	Main Board of the Stock Exchange (Stock code: 1855)	Independent non-executive director from January 2021 to present
TUS International Limited 啟迪國際有限公司	Automotive driving assistance system (ADAS) and other automotive components supplier	Main Board of the Stock Exchange (Stock code: 872)	Independent non-executive director from August 2020 to present
CGN Mining Company Limited (中廣核礦業有限公司)	Investment holding company principally engaged in the investment and trading of natural uranium	Main Board of the Stock Exchange	Independent non-executive director from August 2014 to present
Windmill Group Limited (海鑫集團有限公司)	Installation, maintenance, repairs and inspection of various fire services	Main Board of the Stock Exchange (stock code: 1850)	Independent non-executive director from March 2017 to present
Fusen Pharmaceutical Company Limited (福森藥業有限公司)	Manufacturing and sale of pharmaceutical products	Main Board of the Stock Exchange (Stock code: 1652)	Independent non-executive director from April 2019 to present

Mr. Lee expects that the time to be spent on his above roles will occupy only a limited portion of his working time. As such, he will have sufficient time to regularly attend the Board meetings and serve as the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Board. He will be able to fulfill his responsibilities and functions as an independent non-executive Director.

Mr. Lee was awarded the bachelor's degree in Economics from Macquarie University, Australia in April 1993. Mr. Lee has been a Certified Practicing Accountant of CPA Australia (formerly known as the Australian Society of Certified Practicing Accountants) in June 1996 and registered as a Certified Public Accountant with HKICPA since October 1999 and Mr. Lee is currently a Fellow Certified Practicing Accountant of CPA Australia and a Fellow Certified Public Accountant of HKICPA.

Mr. LEUNG Yau Wan John (梁又穩), aged 61, has been our independent non-executive Director since June 25, 2018. He is responsible for supervising and providing independent judgment to our Board. Since January 2014, Mr. Leung has served as an executive director of Easternflair, where he is responsible for managing project developments and project finance, and a senior partner at Linkers CPA Limited, a company principally engaged in corporate compliance and corporate secretarial services. Additionally, Mr. Leung has been the managing director at JR Plus Capital Limited, a company principally engaged in business and corporate finance consulting services, since November 2015. Mr. Leung has over 15 years of experience in the PRC real estate industry. Before joining our Group, Mr. Leung served as the chief financial officer of a number of listed real estate and commercial property development companies, including China Aoyuan Property Group Company Limited (Stock Exchange stock code: 3883) and South China Land Limited (currently

known as South China Assets Holdings Limited) (Stock Exchange stock code: 8155) between May 2010 and October 2013. In addition, he served as the general manager of finance department (Eastern China) of K Wah Construction Materials (China) Limited and the group financial controller of SPG Land (Holdings) Limited (currently known as Greenland Hong Kong Holdings Limited (Stock Exchange stock code: 0337)) between June 2006 and May 2010. Previously, Mr. Leung had also served as the company secretary of China Aoyuan Property Group Company Limited and the company secretary and authorized representative of South China Assets Holdings Limited.

In addition, Mr. Leung was the chief executive officer of SMI Corporation Limited (currently known as SMI Holdings Group Limited (Stock Exchange stock code: 198)), from November 2005 to February 2006; the financial controller and deputy general manager of Beijing Oriental Plaza Co., Ltd., a commercial property development company, from July 2003 to May 2005; and the deputy general manager of the finance department of GD Holdings, an investment holding company, as well as the director and chief financial officer of Guangdong Assets Management Ltd. from July 2000 to May 2003. From July 2002 to May 2003, Mr. Leung was also the director and chief financial officer of Guangdong Alliance Ltd.

Since November 2019, Mr. Leung has been an independent non-executive director of Beng Soon Machinery Holdings Limited (Stock Exchange stock code: 1987). Since February 2020, Mr. Leung has been an independent non-executive director of Siberian Mining Group Company Limited (Stock Exchange stock code: 1142).

Mr. Leung received a master's degree in Business Administration from the University of East Asia Macau (currently known as the University of Macau) in October 1988 and a master's degree of Accounting Studies from the University of New England, Australia in April 1994. In November 1995, Mr. Leung was admitted as a Certified Practising Accountant of the Australian Society of Certified Practising Accountants (currently known as CPA Australia), and registered as a Certified Public Accountant with HKICPA in February 1996. Additionally, he is a fellow of the Association of Taxation and Management Accountants, a founding member of the Hong Kong Business Accountants Association and a founding associate member of The Hong Kong Independent Non-Executive Director Association.

Mr. AU YEUNG Po Fung (歐陽寶豐), aged 53, has been our independent non-executive Director since June 25, 2018. He is responsible for supervising and providing independent judgment to our Board.

Mr. Au Yeung has extensive experience in the PRC real estate industry. He holds or had held senior management positions in a number of listed real estate companies, including those set out below:

<u>Name of entity</u>	<u>Principal Business</u>	<u>Place of listing and stock code</u>	<u>Position and duration of service</u>
China LNG Group Limited (中國天然氣集團有限公司) . . .	Investment in and trading of assets and engaged in the development of new energy businesses	Main Board of the Stock Exchange (stock code: 931)	Independent non-executive director, chairman of the remuneration committee and member of the audit committee and nomination committee from July 2016 to September 2019
South China Holdings Company Limited (南華集團控股有限公司)	Trading and manufacturing, property investment and development, agriculture and forestry	Main Board of the Stock Exchange (stock code: 413)	Chief financial officer (China Properties) from July 2016 to August 2017
Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司) . .	Stock and futures operations	Main Board of the Stock Exchange (stock code: 388)	Senior manager from January 2001 to January 2005
Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司)	Fashion	Main Board of the Stock Exchange (stock code: 1749)	Independent non-executive director since May 2018
eBroker Group Limited (電子交易集團有限公司)	Financial technology solution provider	GEM of the Stock Exchange (stock code: 8036)	Independent non-executive director since February 2019

Mr. Au Yeung expects that the time to be spent on his abovementioned existing roles other than that as an independent non-executive Director will occupy approximately 20% of his working time. As such, he will have sufficient time to regularly attend the Board meetings and serve as a member of the audit committee, remuneration committee and nomination committee. He will be able to fulfill his responsibilities and functions as an independent non-executive Director.

Mr. Au Yeung received a bachelor of Arts degree in Business Studies from The Hong Kong Polytechnic University in November 1990. Mr. Au Yeung is a fellow member of the Institute of Chartered Accountants in England and Wales and a Chartered Financial Analyst charterholder. Additionally, he is a fellow member of The Association of Chartered Certified Accountant and a fellow member of HKICPA.

Save as disclosed in this section above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of our listing on HKSE.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information concerning our senior management personnel.

<u>Name</u>	<u>Age</u>	<u>Time of joining our Group</u>	<u>Position in our Company</u>	<u>Key role</u>	<u>Relationship with other Directors or senior management</u>
Yuan Chun (袁春)	47	October 31, 2019	Executive Director and chief executive officer	Responsible for assisting the planning of corporate strategy of our Group	None
ZENG Junkai (曾俊凱)	27	May 2016	Executive Director	Responsible for assisting the planning of corporate strategy of our Group	Son of Mr. Zeng Huansha, the chairman of the Company, an executive Director and a controlling shareholder of the Company
LUI Wai Pang (雷偉彬)	48	July 5, 2019	Executive Director and vice president	Responsible for assisting the planning of corporate strategy of our Group	None
ZHANG Di (張鎰)	48	January 2019	Vice president	Responsible for architectural design and cost management	None
CHEN Bin (陳彬)	52	March 2018	Vice president	Responsible for the Group's operations management, engineering, customer service and procurement	None
SHEN Guangping (申廣平)	37	June 2018	Chief financial officer	Responsible for the Group's finance and tax	None

Mr. Yuan Chun (袁春) is our executive Director and chief executive officer. Please refer to the subsection headed “— Board of Directors” for details of his biography.

Mr. ZENG Junkai (曾俊凱) is our executive Director and vice president. Please refer to the subsection headed “— Board of Directors” for details of his biography.

Mr. LUI Wai Pang (雷偉彬) is our executive Director and chief executive officer. Please refer to the subsection headed “— Board of Directors” for details of his biography.

Mr. ZHANG Di (張鎰), aged 48, has been our vice president since January 2019. Mr. Zhang is responsible for architectural design and cost management.

From 2001 to May 2018, Mr. Zhang served as the chief architect of China Overseas Real Estate (中海地產) in Beijing, the director and deputy general manager of China Overseas Real Estate in Suzhou, the regional deputy general manager of China Overseas Real Estate in Eastern China region and the general manager of China Overseas Real Estate in Nanchang. From September 2018 to December 2018, he served as the assistant president of Huaxia Xingfu Jiye Peacock City Group (華夏幸福基業孔雀城集團).

Mr. Zhang obtained a bachelor's degree in Architecture from Tianjin University (天津大學) and an Executive Master of Business Administration degree from Nankai University (南開大學). Mr. Zhang is a member of Youth Committee of China Green Building Council (中國綠色建築與節能青年委員會).

Mr. CHEN Bin (陳彬), aged 52, has been our vice president since March 2019. Mr. Chen is responsible for operations management, engineering, customer service, recruitment and procurement. Mr. Chen served as our assistant president from March 2018 to March 2019.

Previously, Mr. Chen served as the general manager for Southern Jiangsu Vanke Properties Wuxi Project (蘇南萬科地產無錫項目) and the deputy general manager of Southern Jiangsu Vanke Properties Co., Ltd. (江蘇蘇南萬科房地產有限公司) from June 2006 to November 2013, the regional deputy general manager of business division of CIFI Holdings (Group) Co. Ltd. in Shanghai region and the regional general manager of business division of CIFI Holdings (Group) Co. Ltd. in Shandong region from December 2013 to February 2018.

Mr. Chen obtained a bachelor's degree in Refrigeration Engineering from Tianjian University of Commerce (天津商業大學), previously known as Tianjin Commercial College (天津商學院), and a master's degree in Engineering Management from Shanghai Jiaotong University (上海交通大學).

Mr. SHEN Guangping (申廣平), aged 37, has been our chief financial officer since August 2020, was our chief finance officer from November 2018 to July 2020 and the general manager of Hong Yang Group Company's finance management center from June to November 2018. Previously, Mr. Shen served as the financial controller and the head of funding and financing department of the subsidiary of Jingrui Holdings Ltd. (景瑞控股有限公司). Mr. Shen has over ten years of financial management experience in the real estate sector and has extensive knowledge of finance and taxation. He is also familiar with financial and operational management and control of real estate group companies as well as financing in domestic and overseas capital market.

Mr. Shen obtained a bachelor's degree in Accounting from Tongji University (同濟大學) and a master's degree in Accounting from Shanghai Jiaotong University (上海交通大學). Mr. Shen has been pursuing an EMBA in the China Europe International Business School. Mr. Shen is a fellow of the Royal Chartered Management Accountants, a member of Institute of Public Accountants and a Chartered Global Management Accountant.

COMPANY SECRETARIES

Mr. YIM Lok Kwan (嚴洛鈞) was appointed on June 12, 2018 as a company secretary of our Company. Mr. Yim is a manager of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services. He has over seven years of experience in corporate services field. Mr. Yim graduated from Hong Kong Shue Yan University with a bachelor's degree in Accounting in July 2010 and The Hong Kong Polytechnic University with a master's de-gree in Corporate Governance in September 2016. Mr. Yim is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

Mr. Yim graduated from Hong Kong Shue Yan University with a bachelor's degree in Accounting in July 2010 and The Hong Kong Polytechnic University with a master's degree in Corporate Governance in September 2016. Mr. Yim is an associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

Mr. LI Yong Gang (李永剛), aged 43, was appointed on April 23, 2019 as a joint company secretary of our Company. Mr. Li has been the head of listing office of Hong Yang Group Company Limited since September 2016. Mr. Li is primarily responsible for the listing and compliance matters of the Group.

Mr. Li has over 10 years of experience in the corporate governance and company secretarial field. Before joining the Company, from 2000 to 2008, he served as a financial staff of Anhui BBKA Biochemical Co., Ltd., LTD (安徽豐原生物化學股份有限公司) (now renamed as COFCO Biochemical (Anhui) Co., Ltd. (中糧生物化學(安徽)股份有限公司), Shenzhen Stock Exchange stock code: SZ000930) and Anhui Fengyuan Pharmaceutical Co., Ltd. (安徽豐原藥業股份有限公司) (Shenzhen Stock Exchange stock code: SZ000153), and served as a chief financial officer of BBKA France SAS and BBKA Belgium NV, the deputy head of financial department and investment development department of Anhui Fengyuan Group Co., Limited. (安徽豐原集團有限公司). From 2008 to 2011, he served as secretary to the board and chief financial officer of Anhui Tiger Biotechnology Co., Ltd. (安徽泰格生物技術股份有限公司). From 2011 to 2016, he served as the deputy general manager and secretary to the board of Taifu Industrial Co., Ltd. (泰復實業股份有限公司) (now renamed as Shandong Geo-Mineral Co., Ltd. (山東地礦股份有限公司), Shenzhen Stock Exchange stock code: SZ000409).

Mr. Li obtained a bachelor degree of economics from Zhengzhou Grain College (鄭州糧食學院) (now known as Henan University of Technology (河南工業大學)) in June 2000 and a master degree of management from Anhui University of Finance and Economics (安徽財經大學) in June 2013. Mr. Li was awarded the qualification of Middle Grade Accountant by the Personnel Department in Anhui Province in May 2009, and he was awarded the qualification of Middle Grade Economist by the Human Resources and Social Security Department in Shandong Province in November 2014.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of four members, namely Mr. Leung Yau Wan John, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. The chairman of the audit committee is Mr. Leung Yau Wan John.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

The remuneration committee consists of four members, namely Mr. Lee Kwok Tung Louis, Mr. Yuan Chun, Mr. Zeng Junkai, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung. The chairman of the remuneration committee is Mr. Lee Kwok Tung Louis.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of five members, namely Mr. Zeng Huansha, Mr. Lui Wai Pang, Mr. Leung Yau Wan, John, Mr. Lee Kwok Tung Louis and Mr. Au Yeung Po Fung. The chairman of the nomination committee is Mr. Zeng Huansha.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The remuneration (including fees, salaries, contributions to pension schemes and social welfare, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Directors in aggregate for the three years ended December 31, 2018, 2019 and 2020 was approximately RMB17,637,000, RMB22,241,000 and RMB44,734,000, respectively.

The remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals in aggregate for the three years ended December 31, 2018, 2019 and 2020 was approximately RMB19,707,000, RMB23,106,000 and RMB46,457,000, respectively.

Directors' Interests

As of December 31, 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

Long position in the Shares of the Company

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Mr. Zeng Huansha ⁽¹⁾ 曾煥沙先生 ⁽¹⁾	Interest in Controlled Corporation	2,400,000,000	72.24%

Note:

- (1) Redsun Properties Group (Holdings) Limited ("Redsun Properties Group (Holdings)") is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International Limited ("Hong Yang International"), which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited ("Hong Yang Group (Holdings)") (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng Huansha is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) by virtue of the SFO.

Long position in Underlying Shares

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of underlying Shares subject to the Pre-IPO Share Options</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
Jiang Daqiang 蔣達強 ⁽²⁾	Beneficial owner	16,018,922	0.48%
Zhang Liang 張良 ⁽³⁾	Beneficial owner	13,182,922	0.40%
He Jie 何捷 ⁽⁴⁾	Beneficial owner	9,605,922	0.29%

Notes:

- (1) The total number of Shares interested represents: (i) 11,814,000 underlying Shares, 9,845,000 underlying Shares and 7,357,000 underlying Shares granted to Mr. Jiang Daqiang, Mr. Zhang Liang and Mr. He Jie respectively subject to the Pre-IPO Share Options; and (ii) shares granted and vested to Mr. Jiang Daqiang, Mr. Zhang Liang and Mr. He Jie respectively pursuant to the Share Award Scheme. In 2020, the Company granted 4,205,000 Award Shares, 3,338,000 Award Shares and 2,249,000 Award Shares to Mr. Jiang Daqiang, Mr. Zhang Liang and Mr. He Jie respectively, among which 78 Award Shares were disposed by the Trustee of the scheme upon vesting on behalf of each of them to settle the handling fees.
- (2) Mr. Jiang Daqiang had resigned as a non-executive Director and a member of the audit committee of the Board with effect from 26 February 2021.
- (3) Mr. Zhang Liang had resigned as a non-executive Director and a member of the remuneration committee of the Board with effect from 22 November 2020.
- (4) Mr. He Jie had resigned as an executive Director, the chief executive officer of the Company and a member of the remuneration committee of the Board with effect from 29 January 2021.
- (5) Mr. Zeng Junkai 曾俊凱先生 was appointed as a Director of the Company with effect from February 26, 2021. As at the date of the offering Memorandum, Mr. Zeng Junkai was interested in options granted under the pre-IPO share option scheme of the Company adopted on June 14, 2018 to subscribe for 37,801,000 shares of the Company.

Long position in shares of associated corporations

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Name of associated corporation</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
Mr. Zeng Huansha	Interest in controlled corporation	Redsun Properties Group (Holdings) 弘陽地產集團(控股)	100%
	Interest in controlled corporation	Hong Yang Group Company 弘陽集團	100%
	Interest in controlled corporation	Hong Yang International 弘陽國際	100%
	Interest in controlled corporation	Hong Seng Limited ⁽¹⁾ 弘昇有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Huaibei Hong Yang Furniture Management Co., Ltd. ⁽¹⁾ 淮北弘陽家居管理有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Hong Yang Furniture Co., Ltd. ⁽¹⁾ 江蘇弘陽家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Life Real Estate Consulting Co., Ltd. ⁽¹⁾ 南京弘生活置業顧問有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Yantai Hong Yang Furniture Co., Ltd. ⁽¹⁾ 煙台市弘陽家居有限公司 ⁽¹⁾	100%

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Name of associated corporation</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
	Interest in controlled corporation	Qingdao Hong Yang Furniture Co., Ltd. ⁽¹⁾ 青島弘陽家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Red Sun Industrial Raw Materials City Co., Ltd. ⁽¹⁾ 江蘇紅太陽工業原料城有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Chuzhou Hong Yang Furniture Co., Ltd. ⁽¹⁾ 滁州弘陽環滁家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Yang Furniture Co., Ltd. ⁽¹⁾ 南京弘陽家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Hong Life Property Management Co., Ltd. ⁽¹⁾ 弘生活物業服務管理有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Life Investment Management Co., Ltd. ⁽¹⁾ 南京弘生活投資管理有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Life Info Tech Ltd. ⁽¹⁾ 南京弘生活信息科技有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Life Pension Service Corporation Co., Ltd. ⁽¹⁾ 南京弘生活養老服務有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Bengbu Hong Yang Commercial Management Co., Ltd. ⁽¹⁾ 蚌埠弘陽商業管理有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Wuhu Hong Yang Furniture Co., Ltd. ⁽¹⁾ 蕪湖弘陽家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Tianjin Hong Yang Furniture Co., Ltd. ⁽¹⁾ 天津弘陽家居有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Shanghai Hong Yang Info Tech Development Co., Ltd. ⁽¹⁾ 上海弘陽信息科技發展有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Zhi Cheng Info Tech Co., Ltd. ⁽¹⁾ 南京智誠信息科技有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Hong Yang Commercial Factoring (Shenzhen) Co., Ltd. ⁽¹⁾ 弘陽商業保理(深圳)有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Bang Enterprise Management and Consulting Co., Ltd. ⁽¹⁾ 南京宏邦企業管理諮詢有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Feng He Construction Management Co., Ltd. ⁽¹⁾ 江蘇豐和建設管理有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Cheng Property Management Co., Ltd. ⁽¹⁾ 南京弘誠物業管理有限公司 ⁽¹⁾	72.77%

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Name of associated corporation</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
	Interest in controlled corporation	Zhejiang Hong Han Marketing Services Co., Ltd. ⁽¹⁾ 浙江弘瀚營銷服務有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Hong Yang Small Town Operation and Development Co., Ltd. ⁽¹⁾ 江蘇弘陽小鎮運營發展有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Yang E-Commerce Co., Ltd. ⁽¹⁾ 南京弘陽電子商務有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Yang Enterprise Management Co., Ltd. ⁽¹⁾ 南京弘陽企業管理有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Yang Life Commercial Management Co., Ltd. ⁽¹⁾ 南京弘陽全生活商業管理有限公司 ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Yang Property Management Co., Ltd. ⁽¹⁾ 南京弘陽物業管理有限公司 ⁽¹⁾	72.77%
	Interest in controlled corporation	Wuxi Hong Yang Commercial Management Co., Ltd. ⁽¹⁾ 無錫弘陽商業管理有限公司 ⁽¹⁾	100%

Note:

(1) These companies are subsidiaries of Hong Yang Group Company.

Save as disclosed above, as of December 31, 2020, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share-option Scheme

The Company approved and adopted a pre-IPO share option scheme on June 14, 2018 (“**Pre-IPO Share Option Scheme**”) and a post-IPO share option scheme on June 25, 2018 (“**the Post-IPO Share Option Scheme**”). The purpose of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interest in the Company and to encourage selected participants to work toward enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the selected participants. See Note 33 to the consolidated financial statements as of and for the year ended December 31, 2020, included elsewhere in this offering memorandum, for more details.

PRINCIPAL SHAREHOLDERS

The table below sets forth shareholding information on our principal shareholders as of December 31, 2020:

<u>Name of shareholders</u>	<u>Approximate percentage of share capital (%)</u>	<u>Number of shares held</u>
Redsun Properties Group (Holdings) ⁽¹⁾	72.24%	2,400,000,000
Hong Yang Group Company ⁽¹⁾	72.24%	2,400,000,000
Hong Yang International ⁽¹⁾	72.24%	2,400,000,000
Hong Yang Group (Holdings) ⁽¹⁾	72.24%	2,400,000,000
Mr. Zeng Huansha ⁽¹⁾	72.24%	2,400,000,000
Ms. Chen Sihong ⁽²⁾	72.24%	2,400,000,000

Notes:

- (1) Redsun Properties Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng Huansha is deemed to be interested in the shares held by Redsun Properties Group (Holdings) by virtue of the SFO.
- (2) Ms. Chen Sihong is the spouse of Mr. Zeng Huansha and is therefore deemed to be interested in the shares in which Mr. Zeng Huansha is interested by virtue of the SFO.

Save as disclosed above, as of December 31, 2020, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares that were recorded in the register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

We currently engage in, and expect from time to time in the future to engage in, financial and commercial transactions with our subsidiaries, associates, and shareholders. All such transactions are conducted on an arm's length and commercial basis and in accordance with the applicable laws and rules.

See Note 40 to the consolidated financial statements as of and for the year ended December 31, 2019 and Note 42 to the consolidated financial statements as of and for the year ended December 31, 2020, included elsewhere in this offering memorandum, for more details.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have entered into loan and other financing agreements with banks and other financial institutions in China. As of June 30, 2021, our total outstanding indebtedness (comprising interest-bearing bank and other borrowings (current portion), interest-bearing bank and other borrowings (non-current portion) and senior notes) was RMB33,874.1 million (US\$5,246.4 million), consisting of interest bearing bank and other borrowings (current portion) of RMB6,845.7 million (US\$1,060.3 million), senior notes (current portion) of RMB3,571.3 million (US\$553.1 million) and interest bearing bank and other borrowings (non-current portion) of RMB15,176.1 million (US\$2,350.5 million) and senior notes (non-current portion) of RMB8,281.0 million (US\$1,282.6 million). Set forth below is a summary of the material terms and conditions of these loans and other material indebtedness.

PRC Bank Loans

We and certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks, including but not limited to Bank of Jiangsu, Industrial and Commercial Bank of China, Ping An Bank, China Bohai Bank, Agricultural Bank of China, Bank of Communications Limited, Hua Xia Bank, Bank of China, China Minsheng Bank, Bank of Nanjing and China Construction Bank. These loans are mainly used to finance our business and our working capital requirements. They have terms generally ranging from one to five years. As of June 30, 2021, the aggregate outstanding amount under these loans amounted to approximately RMB16,489 million (US\$2,553.8 million). Our bank loans are primarily secured by our fixed assets and shares of certain subsidiaries. See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness.”

Interest

The principal amounts outstanding under our PRC bank loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these PRC loans with banks, many of our subsidiary borrowers have agreed, among other things, not to take some of the following actions without obtaining the relevant lender’s prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;

- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- declaring or paying dividends;
- selling or disposing of assets that may adversely affect their ability to repay their loans; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

Events of Default

The PRC loan agreements with banks contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

We and certain of our PRC subsidiaries have entered into guarantee agreements with PRC banks and financial institutions in connection with some of the PRC loans, pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Further, as of December 31, 2020, RMB21,161.5 million of the PRC loans were secured, including by properties plant and equipment held by or prepaid land lease payments made by the subsidiary borrowers and/or our other PRC subsidiaries.

Customer Guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Such guarantee obligations typically terminate upon the delivery of the relevant property ownership certificates for purchasers of our properties on the underlying property to the bank. As of June 30, 2021, we had outstanding guarantees for mortgage loans of our purchasers in the amount of RMB13.89 billion (US\$2.2 billion).

Trust and Other Financing Arrangement

We, from time to time, entered into loan agreements with various types of financial institutions, including trust companies, asset management companies and their financing vehicles. We use such funds for our business operations. Most of the loans are secured by collateral or guarantees. As of December 31, 2020, total funds raised through such arrangements amounted to RMB2,883.3 million.

Offshore Bank Loan

2019 Term Loan Facilities

On December 17, 2019, we entered into a facilities agreement with, *inter alia*, several financial institutions as lenders and Hang Seng Bank Limited as agent and security agent, in connection with certain term loan facilities of up to US\$70,000,000 (with the option to increase the total commitments by not exceeding US\$80,000,000 (or its equivalent in HK\$)) subject to and on the terms thereto. The final repayment date under the 2019 Term Loan Facilities is 36 months from the date of the facilities agreement. As of the date of this offering memorandum, we have drawn down US\$70,000,000.

Guarantee

The 2019 Term Loan Facilities are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Collateral

The 2019 Term Facilities are secured by (a) a charge over an account opened with Hang Seng Bank Limited (as account bank) dated December 17, 2019 executed by the Company (as chargor) in favour of Hang Seng Bank Limited (as security agent) and (b) a deed of assignment of intercompany loans dated December 17, 2019 executed by the Company (as assignor) in favour of Hang Seng Bank Limited (as security agent).

Interest

Principal amounts outstanding under the 2019 Term Loan Facilities bear interest at a floating rate calculated by reference to LIBOR for the USD facility and HIBOR for the HKD facility, in each case with an additional margin of 5.50% per annum.

Covenants

The 2019 Term Loan Facilities limit our ability and the ability of the other obligors under the 2019 Term Loan Facilities to, among other things: (i) create securities over its assets; (ii) sell, lease, transfer or otherwise dispose assets; (iii) enter into amalgamation, demerger, merger or corporate reconstruction; and (iv) make loans to or guarantees of the indebtedness of third parties.

Financial Ratio Requirements

The terms of the 2019 Term Loan Facilities requires the Company to maintain certain financial ratios, tested on a semi-annual or annual basis. For example, the Company's consolidated tangible net worth must not be less than RMB9,000,000,000 at any time and the Company's ratio of total net debt to tangible net worth in respect of any relevant period must not exceed 1.0: 1.

Events of Default

The 2019 Term Loan Facilities contain certain customary events of default, including non-payment, failure to comply with the applicable financial ratio requirements or other covenants, cross default, insolvency and substantial changes in the Company's controlling shareholding.

Other Loan Facilities

We have also entered into loan agreements with certain banks and financial institutions in Hong Kong, under which certain uncommitted loan facilities (with terms ranging from 12 months to 36 months) have been made available to us. These loan facilities are mainly used for refinancing the Group's existing indebtedness and financing the Group's general working capital. These loan facilities are unsecured but they are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited. As of the date of this Offering Memorandum, the aggregate outstanding amount under these loan facilities amounted to approximately RMB65.25 million (US\$10 million).

Offshore Debt Securities

2022 I Senior Notes

In April 2019, we issued US\$300,000,000 principal amount of 9.95% senior notes due 2022. In November 2019, we further issued US\$150,000,000 principal amount of 9.95% senior notes due 2022 consolidated and forming a single class with the US\$300,000,000 principal amount 9.95% senior notes due 2022 issued on April 11, 2019. As of the date of this offering memorandum, the entire principal amount of the 2022 I Senior Notes remains outstanding.

Guarantee

The 2022 I Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2022 I Senior Notes bear an interest rate of 9.95% per annum, payable semi-annually in arrears on April 11 and October 11 of each year, commencing on October 11, 2019.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2022 I Senior Notes (the "**2022 I Senior Notes Indenture**") contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;

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

Events of Default

The 2022 I Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2022 I Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2022 I Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2022 I Senior Notes Indenture or the holders of at least 25% of the outstanding 2022 I Senior Notes may declare the principal of the 2022 I Senior 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, we are obliged to make an offer to repurchase all outstanding 2022 I Senior 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 2022 I Senior Notes is April 11, 2022.

At any time and from time to time on or after April 11, 2021, we may redeem the 2022 I Senior Notes, in whole or in part, at a redemption price equal to 104% of the principal amount of the 2022 I Senior Notes redeemed plus accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time and from time to time prior to April 11, 2021, we may redeem up to 35% of the aggregate principal amount of the 2022 I Senior Notes at a redemption price of 109.95% of the principal amount of the 2022 I Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, we may at any time and from time to time before April 11, 2021, redeem the 2022 I Senior Notes, in whole

but not in part, at a price equal to 100% of the principal amount of such notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2022 I Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

2022 II Senior Notes

In July 2019, we issued US\$250,000,000 principal amount of 10.50% senior notes due 2022. As of the date of this offering memorandum, the entire principal amount of the 2022 II Senior Notes remains outstanding.

Guarantee

The 2022 II Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2022 II Senior Notes bear an interest rate of 10.50% per annum, payable semi-annually (except for the first interest payment) in arrears on April 3 and October 3 of each year, commencing on April 3, 2020.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2022 II Senior Notes (the “**2022 II Senior Notes Indenture**”) contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness by restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;

- enter into transactions with shareholders or affiliates;
- engage in any business other than permitted businesses; and
- effect a consolidation or merger.

Events of Default

The 2022 II Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2022 II Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2022 II Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2022 II Senior Notes Indenture or the holders of at least 25% of the outstanding 2022 II Senior Notes may declare the principal of the 2022 II Senior 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, we are obliged to make an offer to repurchase all outstanding 2022 II Senior 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 2022 II Senior Notes is October 3, 2022.

At any time and from time to time on or after July 3, 2021, we may redeem the 2022 II Senior Notes, in whole or in part, at a redemption price equal to 104% of the principal amount of the 2022 II Senior Notes redeemed plus accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time and from time to time prior to July 3, 2021, we may redeem up to 35% of the aggregate principal amount of the 2022 II Senior Notes at a redemption price of 110.5% of the principal amount of the 2022 II Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, we may at any time and from time to time before July 3, 2021, redeem the 2022 II Senior Notes, in whole but not in part, at a price equal to 100% of the principal amount of such notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2022 II Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

2021 II Senior Notes

In October 2019, we issued US\$100,000,000 principal amount of 13.00% senior notes due 2021. As of the date of this offering memorandum, the entire principal amount of the 2021 II Senior Notes remains outstanding.

Guarantee

The 2021 II Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2021 II Senior Notes bear an interest rate of 13.00% per annum, payable semiannually in arrears on April 30 and October 30 of each year, commencing on April 30, 2020.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2021 II Senior Notes (the “**2021 II Senior Notes Indenture**”) contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

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

Events of Default

The 2021 II Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2021 II Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2021 II Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2021 II Senior Notes Indenture or the holders of at least 25% of the outstanding 2021 II Senior Notes may declare the principal of the 2021 II Senior 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, we are obliged to make an offer to repurchase all outstanding 2021 II Senior 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 2021 II Senior Notes is October 30, 2021.

At any time and from time to time prior to October 30, 2021, we may redeem up to 35% of the aggregate principal amount of the 2021 II Senior Notes at a redemption price of 113.0% of the principal amount of the 2021 II Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, we may at any time and from time to time before October 30, 2021, redeem the 2021 II Senior Notes, in whole but not in part, at a price equal to 100% of the principal amount of such notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2021 II Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

2023 Senior Notes

In January 2020, we issued US\$300,000,000 principal amount of 9.70% senior notes due 2023 and consolidated with an additional US\$155,000,000 principal amount of 9.70% senior notes due 2023 in July 2020 forming a single class. As of the date of this offering memorandum, an aggregate principal amount of US\$452,000,000 of the 2023 Senior Notes remains outstanding.

Guarantee

The 2023 Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2023 Senior Notes bear an interest rate of 9.70% per annum, payable in arrears on January 16 and July 16 from 2022 to 2022, and January 16 and April 16 in 2023, commencing on July 16, 2020.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2023 Senior Notes (the “**2023 Senior Notes Indenture**”) contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

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

Events of Default

The 2023 Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2023 Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2023 Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2023 Senior Notes Indenture or the holders of at least 25% of the outstanding 2023 Senior Notes may declare the principal of the 2023 Senior 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, we are obliged to make an offer to repurchase all outstanding 2023 Senior 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 2023 Senior Notes is April 16, 2023.

At any time and from time to time on or after January 16, 2022, we may redeem the 2023 Senior Notes, in whole or in part, at a redemption price equal to 103% of the principal amount of the 2023 Senior Notes redeemed plus accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time and from time to time prior to January 16, 2022, we may at our option redeem the 2023 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Senior Notes plus the Applicable Premium (as defined in the 2023 Senior Notes Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 16, 2022, we may redeem up to 35% of the aggregate principal amount of the 2023 Senior Notes at a redemption price of 109.7% of the principal amount of the 2023 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2023 Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

2025 Senior Notes

In January 2021, we issued US\$350,000,000 principal amount of 7.30% senior notes due 2025. As of the date of this offering memorandum, an aggregate principal amount of US\$350,000,000 of the 2025 Senior Notes remains outstanding.

Guarantee

The 2025 Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2025 Senior Notes bear an interest rate of 7.30% per annum, payable in arrears semi-annually (except for the last interest payment) on January 13 and July 13 from 2021 to 2025, commencing on July 13, 2021.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2025 Senior Notes (the “**2025 Senior Notes Indenture**”) contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

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

Events of Default

The 2025 Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2025 Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2025 Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2025 Senior Notes Indenture or the holders of at least 25% of the outstanding 2025 Senior Notes may declare the principal of the 2025 Senior 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, we are obliged to make an offer to repurchase all outstanding 2025 Senior 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 2025 Senior Notes is January 13, 2025.

At any time and from time to time on or after January 13, 2023, we may redeem the 2025 Senior Notes, in whole or in part, at the redemption prices set forth below, plus accrued and unpaid interest (if any) to (but not including) the redemption date if redeemed to (but not including) the redemption date if redeemed during the twelve-month period beginning on January 13 of the year indicated below:

<u>Period</u>	<u>Redemption Price</u>
2023	103%
2024	101.5%

At any time and from time to time prior to January 13, 2023, we may at our option redeem the 2025 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2025 Senior Notes plus the Applicable Premium (as defined in the 2025 Senior Notes Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 13, 2025, we may redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes at a redemption price of 107.3% of the principal amount of the 2025 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2025 Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

2024 Senior Notes

In May 2021, we issued US\$210,000,000 principal amount of 7.30% senior green notes due 2024. As of the date of this offering memorandum, the entire principal amount of the 2024 Senior Notes remains outstanding.

Guarantee

The 2024 Senior Notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

Interest

The 2024 Senior Notes bear an interest rate of 7.30% per annum, payable in arrears semi-annually on May 21 and November 21, commencing November 21, 2021.

Covenants

Subject to certain conditions and exceptions, the indenture governing 2024 Senior Notes (the “**2024 Senior Notes Indenture**”) contains certain covenants, limiting the ability of us and each of the related restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;

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

Events of Default

The 2024 Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2024 Senior Notes, when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2024 Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2024 Senior Notes Indenture or the holders of at least 25% of the outstanding 2024 Senior Notes may declare the principal of the 2024 Senior 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, we are obliged to make an offer to repurchase all outstanding 2024 Senior 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 2024 Senior Notes is May 21, 2024.

At any time and from time to time on or after May 21, 2023, we may redeem the 2024 Senior Notes, in whole or in part, at the redemption price equal to 103% of the principal amount of the 2024 Senior Notes redeemed plus accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time and from time to time prior to May 21, 2023, we may at our option redeem the 2024 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2024 Senior Notes plus the Applicable Premium (as defined in the 2024 Senior Notes Indenture) 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 May 21, 2023, we may redeem up to 35% of the aggregate principal amount of the 2024 Senior Notes at a redemption price of 107.3% of the principal amount of the 2024 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, in each case, using the net cash proceeds from sales of certain kinds of capital stock.

Additionally, if we or a surviving person would become obliged to pay certain additional amounts as a result of changes in certain tax laws, we may at our option to redeem the 2024 Senior Notes as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, subject to certain exceptions.

Green Bonds

The 2024 Senior Notes are being issued as “Green Financing Instruments” under our green Financing Framework. Pursuant to our Green Financing Framework, we will allocate an amount equal to the net proceeds received from the offering to finance or refinance eligible green projects in accordance with the Green Financing Framework.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Issuer” refers only to Redsun Properties Group Limited (弘陽地產集團有限公司) and any successor obligor on the Notes and not to any of its Subsidiaries. Each Subsidiary of the Issuer which Guarantees the Notes is referred to as a “Subsidiary Guarantor,” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Issuer 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**”) dated as of September 20, 2021, among the Issuer, the Subsidiary Guarantors, and The Bank of New York Mellon, London Branch, as trustee (the “**Trustee**”).

The following is a summary of the 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 subject to, 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 documents 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, during normal business hours and by giving prior notice at the corporate trust office of the Trustee at One Canada Square, London E14 5AL, United Kingdom.

Brief Description of the Notes

The Notes are:

- general obligations of the Issuer;
- senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations 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 Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees”;
- effectively subordinated to the secured obligations of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on the Maturity Date, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 9.50% per annum from September 20, 2021 or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on March 20 and September 20 (each an “**Interest Payment Date**”), commencing March 20, 2022.

Interest on the Notes will be paid to Holders of record at the close of business on March 5 or September 5 immediately preceding an Interest Payment Date (each, a “**Record Date**”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under “Optional Redemption,” “Redemption for Taxation Reasons” and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “**Additional Notes**”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

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

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

The Subsidiary Guarantees and the JV Subsidiary Guarantees

Redsun Properties Investment (Holdings) Limited (弘陽地產投資(控股)有限公司) and Hong Yang Properties Investment Limited (弘陽地產投資有限公司) will be initial Subsidiary Guarantors on the Original Issue Date.

The Issuer will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries, the Finance Subsidiaries and the Listed Subsidiaries), as soon as practicable after such Person becomes a Restricted Subsidiary, and each Exempted Subsidiary that ceases to be an Exempted Subsidiary, as soon as practicable after it ceases to be an Exempted Subsidiary, and each Finance Subsidiary that ceases to be a Finance Subsidiary, as soon as practicable after it ceases to be a Finance Subsidiary, and each Listed Subsidiary that ceases to be a Listed Subsidiary, as soon as practicable after it ceases to be a Listed Subsidiary, as the case may be, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such entity will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Issuer may elect to have (i) any future Subsidiary Guarantor or JV Subsidiary Guarantor; (ii) any future Restricted Subsidiary organized under laws outside the PRC, at the time such entity becomes a Restricted Subsidiary, (iii) any Exempted Subsidiary, at the time that such entity ceases to be a Exempted Subsidiary, (iv) any Finance Subsidiary, at the time such entity ceases to be a Finance Subsidiary, or (v) any Listed Subsidiary, at the time such entity ceases to be a Listed Subsidiary not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (Restricted Subsidiaries that are so elected not to provide Subsidiary Guarantee or JV Subsidiary Guarantee, together with each of the Initial Non-Guarantor Subsidiaries (other than W Ocean), to the extent that such Initial Non-Guarantor Subsidiary is not an Exempted Subsidiary, Finance Subsidiary or Listed Subsidiary, the "**Other Non-Guarantor Subsidiaries**"); *provided* that, at the time such entity becomes a Restricted Subsidiary or ceases to be a Subsidiary Guarantor or JV Subsidiary Guarantor or an Exempted Subsidiary or a Finance Subsidiary or a Listed Subsidiary, as the case may be, after giving effect to the consolidated assets of such entity, the Consolidated Assets of all Other Non-Guarantor Subsidiaries do not account for more than 20% of the Total Assets.

In addition, if, at any time, the Consolidated Assets of all Other Non-Guarantor Subsidiaries account for more than 20% of the Total Assets, the Issuer must cause one or more Other Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Other Non-Guarantor Subsidiaries will Guarantee the payment of the Notes such that the 20% limitation is complied with, *provided* that, such supplemental indenture shall be executed and delivered as soon as practicable from the date of the most recent fiscal quarter for which the consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile on a timely basis and which may be internal consolidated financial statements) become available.

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.” Each Restricted Subsidiary that provides a JV Subsidiary Guarantee for the Notes after the Original Issue Date is referred to as a “Future JV Subsidiary Guarantor” and, upon execution of the applicable supplemental indenture to the Indenture, will be a “JV Subsidiary Guarantor.”

The Other Non-Guarantor Subsidiaries and W Ocean, together with Restricted Subsidiaries organized under the laws of the PRC, the Exempted Subsidiaries (for so long as they are Exempted Subsidiaries), the Listed Subsidiaries (for so long as they are Listed Subsidiaries) and the Finance Subsidiaries (for so long as they are Finance Subsidiaries), are referred to herein as the “Non-Guarantor Subsidiaries.”

None of the existing or future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. None of the existing or future Exempted Subsidiaries, Listed Subsidiaries or Finance Subsidiaries (for so long as they maintain the relevant status) will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Issuer or any of its Restricted Subsidiaries to be, established or acquired after the Original Issue Date, (ii) that is not a Non-Guarantor Subsidiary and (iii) in respect of which the Issuer or any of its Restricted Subsidiaries (x) is proposing to sell, whether through the sale of existing Capital Stock or the issuance of new Capital Stock, no less than 20% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase no less than 50.1% and no more than 80% of the Capital Stock of an entity and designate such entity as a Restricted Subsidiary, the Issuer may, concurrently with the consummation of such sale or purchase, cause the provision of a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are not Non-Guarantor 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 Issuer or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Issuer or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (b) requiring the Issuer 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 purchased from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;

- concurrently with providing the JV Subsidiary Guarantee, the Issuer shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the “**JV Subsidiary Guarantee**”) and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by the Board of Directors and if the Board of Directors comprises of any disinterested members, a majority of such disinterested members; 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 Issuer and its Subsidiaries had total outstanding indebtedness of approximately RMB33,874 million (US\$5,246.4 million), of which RMB21,260 million (US\$3,292.8 million) was secured.

As of June 30, 2021, our Non-Guarantor Subsidiaries had total outstanding indebtedness of approximately RMB21,067 million (US\$3,262.9 million) and capital commitments and contingent liabilities arising from guarantees of approximately RMB15,307 million (US\$2,370.8 million) and RMB19,407 million (US\$3,005.8 million), respectively.

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

- If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:
- will be a general obligation of such JV Subsidiary Guarantor;
- will, 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 the 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 and unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).

Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor will not be secured.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided that*, any JV Subsidiary Guarantee, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

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

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

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

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — The Subsidiary Guarantees and the JV Subsidiary Guarantees, if any, may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any."

Release of the Subsidiary Guarantees or JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "— Defeasance — Defeasance and Discharge;"
- upon the designation by the Issuer 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 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 Issuer’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;

- upon a Subsidiary Guarantor or a JV Subsidiary Guarantor becoming an Exempted Subsidiary, a Finance Subsidiary or a Listed Subsidiary;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee; or
- upon a Subsidiary Guarantor or JV Subsidiary Guarantor becoming an Other Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Issuer has delivered to the Trustee an Officers’ Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Issuer or any of its Restricted Subsidiaries 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% and no more than 49.9% 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 Issuer or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Issuer or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee, (b) prohibiting the Issuer or any of the Restricted Subsidiaries from providing a JV Subsidiary Guarantee, or (c) requiring the Issuer or any of the Restricted Subsidiaries 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 has been made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;

- concurrently with the release of such Subsidiary Guarantee, the Issuer shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (a) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (b) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by the Board of Directors and if the Board of Directors comprises of any disinterested members, a majority of such disinterested members; and
 - (c) 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 Issuer (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" covenant.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the "Limitation on Indebtedness and Preferred Stock" covenant described below.

Optional Redemption

At any time and from time to time prior to September 20, 2023, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent is responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to September 20, 2023, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of the Common Stock of the Issuer in an Equity Offering at a redemption price of 109.50% 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 (including any Additional Notes) originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

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

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

A Note of US\$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 the Notes or portions of them called for redemption.

Delisting Put Right

Not later than 30 days following a Delisting Event, the Issuer will make a Delisting Offer to Purchase all outstanding Notes (a “**Delisting Offer**”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the Delisting Put Date (subject to the right of Holders of record on the applicable Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Delisting Put Date).

The Issuer has agreed in the Indenture that upon a Delisting Event it will timely repay all Indebtedness governed by, or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Delisting Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer, it is important to note that if the Issuer is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Delisting Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Issuer’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

The Trustee shall not be required to take any steps to ascertain whether a Delisting Event or any event which could lead to a Delisting Event has occurred and shall not be liable to any person for any failure to do so.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer 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 Issuer 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 Issuer, it is important to note that if the Issuer is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure of the Issuer 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 Issuer and its Subsidiaries. Future debt of the Issuer may also (1) prohibit the Issuer 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 Issuer 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 Issuer. The ability of the Issuer to pay cash to the

Holders following the occurrence of a Change of Control Triggering Event may be limited by the Issuer's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The phrase "all or substantially all," as used with respect to the assets of the Issuer in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer has occurred.

Notwithstanding the above, the Issuer 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 within the same time frame and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering Event has occurred and shall not be liable to any person for any failure to do so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under the caption "**Consolidation, Merger and Sale of Assets**") or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (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 Issuer, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional

amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

1. for or on account of:

- (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Taxing Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein; or
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder, to provide information concerning such Holder’s or its beneficial owner’s nationality, residence, identity or connection with any Taxing Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law,

regulation or other official guidance enacted in any jurisdiction implementing such intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

- (d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Issuer, a Surviving Person, a Subsidiary Guarantor, or a JV Subsidiary Guarantor, as the case may be, will (i) make any such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Issuer, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Taxing Jurisdiction imposing such taxes. The Issuer, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will furnish to the Holders and the Trustee, within 90 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor will be obligated to pay Additional Amounts with respect to such payment, the Issuer, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee an Officers' Certificate, stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, the Issuer or a Surviving Person, will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Taxing Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees or any documentation with respect thereto.

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 Issuer or a Surviving Person (as defined under “— Consolidation, Merger and Sale of Assets”), as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or a Surviving Person, as the case may be, for redemption (the “**Tax Redemption Date**”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of an official position, is announced) (i) with respect to the Issuer or any initial Subsidiary Guarantor, on or after the date of the final offering memorandum relating to the issue of the Notes, or (ii) with respect to any Future Subsidiary Guarantor, Future JV Subsidiary Guarantor or Surviving Person, on or after the date such 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 Issuer, a Subsidiary Guarantor, a JV Subsidiary Guarantor or a Surviving Person, 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 Issuer, the Subsidiary Guarantor, the JV Subsidiary Guarantor or the Surviving Person, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, the Subsidiary Guarantor, the JV Subsidiary Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, a Subsidiary Guarantor, a JV Subsidiary Guarantor or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers’ Certificate stating that such change or amendment or stating 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 Issuer, the Subsidiary Guarantor, the JV Subsidiary Guarantor or the Surviving Person, as the case may be, by taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment or stating of an official position referred to in the prior paragraph.

The Trustee shall be entitled to 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. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion. The Trustee is not obligated to investigate or verify any information in such certificate and opinion.

Any Notes that are redeemed for tax reasons will be canceled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Issuer will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Issuer, any Subsidiary Guarantor or JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness), any Finance Subsidiary may Incur Finance Subsidiary Indebtedness and the Issuer may issue Additional Notes, and any Non-Guarantor Subsidiary (other than a Finance Subsidiary when Incurring Finance Subsidiary Indebtedness) may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the Issuer will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Issuer or a Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Issuer and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“**Permitted Indebtedness**”):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) Any *Pari Passu* Guarantee;
 - (c) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below; *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g), (m) and (o) below);
 - (d) Indebtedness of the Issuer or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Issuer or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary to which such Indebtedness is owed or by which such Preferred Stock is held ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness or Preferred Stock (other than to the Issuer or any

Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Issuer is the obligor on such Indebtedness and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be 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 none of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, 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; *provided* further that, any Preferred Stock issued by a Subsidiary Guarantor or a JV Subsidiary Guarantor and held by the Issuer or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;

- (e) Indebtedness (“**Permitted Refinancing Indebtedness**”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (c), (h), (n), (p), (q), (r), (s), (t), (u) or (v) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes, 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, 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 Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (e) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor (other than Finance Subsidiary Indebtedness), and (iv) in no event may Indebtedness of the Issuer or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Issuer or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (g) Pre-Registration Mortgage Guarantees by the Issuer or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Issuer or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Issuer 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 Issuer or such Restricted Subsidiary in the Permitted Business; *provided* that in the case of sub-clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (p), (q), (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (i) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

- (j) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit or trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Issuer or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Issuer 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 sale of such business, assets or Restricted Subsidiary;
- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the “Limitation on Issuances of Guarantees by Restricted Subsidiaries” covenant;
- (n) Indebtedness of the Issuer or any Restricted Subsidiary with a maturity of one year or less used by the Issuer or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding (together with refinancings thereof) does not exceed US\$50 million (or the Dollar Equivalent thereof);
- (o) Indebtedness of the Issuer 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 Issuer or such Restricted Subsidiary enters into such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;
- (p) Indebtedness Incurred or Preferred Stock or Disqualified Stock issued by any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a PRC Restricted Subsidiary, and Indebtedness of the Issuer or a Restricted Subsidiary constituting a Guarantee by, or grant of a Lien on the assets of, the Issuer or a PRC Restricted Subsidiary in favor of a

Financial Company Investor with respect to the obligation to pay a guaranteed or preferred return to such Financial Company Investor on Capital Stock of a PRC Restricted Subsidiary held by such Financial Company Investor, *provided* that on the date of such Incurrence of all such Indebtedness or issuance of such Preferred Stock or Disqualified Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under this clause (p) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clause (h) above and clauses (q), (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (p) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;

- (q) Bank Deposit Secured Indebtedness Incurred by the Issuer or any Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h) and (p) above and clauses (s), (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (r) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$30 million (or the Dollar Equivalent thereof);
- (s) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Issuer or any Restricted Subsidiary) by the Issuer or such Restricted Subsidiary, *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h), (p) and (q) above and clauses (t), (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (t) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of

transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (t) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h), (p), (q) and (s) above and clauses (u), (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;

- (u) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Issuer or any Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (u) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h), (p), (q), (s) and (t) above and clauses (v) and (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (v) Indebtedness of the Issuer or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Issuer or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (v) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h), (p), (q), (s), (t) and (u) above and clause (w) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (w) Indebtedness of the Issuer or any Restricted Subsidiary under the Credit Facilities; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (w) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness, Preferred Stock or Disqualified Stock Incurred or issued under clauses (h), (p), (q), (s), (t), (u) and (v) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (w) to

the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;

- (x) Indebtedness constituting a Subordinated Shareholder Loan; and
 - (y) Indebtedness of the Issuer or any Restricted Subsidiary in respect of Non-recourse Receivable Financing.
- (3) 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 of this covenant, the Issuer, in its sole discretion, shall classify or divide, and from time to time may reclassify or divide, such item of Indebtedness in one or more types of Indebtedness described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Issuer 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 Issuer’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable or paid in shares of the Issuer’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire such shares) held by Persons other than the Issuer or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Issuer 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 Issuer held by any Persons other than the Issuer or any Restricted Subsidiary other than (i) the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement or (ii) the purchase of Capital Stock of a Restricted Subsidiary held by any Financial Company Investor;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Issuer 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 has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Issuer could not Incur at least US\$1.00 of Indebtedness under the proviso in paragraph (1) of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock;” or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Issuer (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 the first day of the fiscal semi-annual period during which the Measurement Date falls and ending on the last day of the Issuer’s most recently ended fiscal quarter for which consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile in a timely manner) (which may include internal consolidated financial statements) are available; *plus*
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Issuer after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Issuer, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Issuer into Capital Stock (other than Disqualified Stock) of the Issuer, or (B) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock) in each case after deducting (without double counting) 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 Issuer; *plus*
 - (iii) the amount by which Indebtedness of the Issuer or any of its Restricted Subsidiaries is reduced on the Issuer’s consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to the Measurement Date of any Indebtedness of the Issuer or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Issuer upon such conversion or exchange); *plus*
 - (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer 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 Issuer or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Issuer or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) any Person becoming a Restricted Subsidiary (whereupon all Investments made by the Issuer or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of the definition of “**Permitted Investment**”) but only to the extent such Investments by the Issuer or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (c); *plus*

(v) US\$30 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of any of the following:

- (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 Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Subsidiary of the Issuer) of, shares of the Capital Stock (other than Disqualified Stock) of the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided however* that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified

Stock) of the Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided however* that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);

- (5) the declaration and payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by, any Financial Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under paragraph (2)(p) of the “Limitation on Indebtedness and Preferred Stock” covenant;
- (7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer, *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of this “— Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Issuer);
- (8) (a) the declaration and payment of dividends on the Issuer’s Common Stock by the Issuer with respect to any financial year, to the extent that such dividends do not exceed 30% of the distributable profits of the Issuer in such financial year, or (b) the declaration and payment of special dividends on the Issuer’s Common Stock by the Issuer solely for the purpose of the repayment or payment of the principal, interest or premium (if any) under the Hong Seng Notes, to the extent that such special dividends do not exceed the amount of the outstanding principal, interest or premium (if any) of the Hong Seng Notes as of the date of the declaration and payment of such special dividends;
- (9) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary in connection with an employee benefit plan of the Issuer or any Restricted Subsidiary, or the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary held by an employee benefit plan of the Issuer or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Issuer or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing), *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US\$5.0 million (or the Dollar Equivalent thereof), or the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer in connection with the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme as disclosed in “Directors, Senior Management and Employees — Compensation of Directors and Senior Management — Share-option Scheme.” or the repurchase, redemption

or other acquisition or retirement for value of any Capital Stock of the Issuer held by any trust or fund established for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, any current or former officer, director, consultant, or employee of the Issuer or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing) provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed the aggregate amount payable pursuant to the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme;

- (10) distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture; or
- (11) the purchase by the Issuer or any Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Issuer from an Independent Third Party, *provided* that in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock, provided further that the aggregate principal amount paid by the Issuer or any Restricted Subsidiary for any purchase made pursuant to this clause (11) does not exceed an amount equal to 20.0% of Total Assets,

provided that, in the case of clause (2), (3), (4), (8) or (11) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment made pursuant to clauses (1) and (8) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this “— Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer 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 must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (11) above), the Issuer will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “— Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this “— Limitation on Restricted Payments” covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this “— Limitation on Restricted Payments” covenant and paragraph

(18) of the definition of “Permitted Investment” at any time, the Issuer, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of them.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Issuer 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 Issuer or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Issuer or any other Restricted Subsidiary;
 - (c) make loans or advances to the Issuer or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Issuer 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 Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Issuer and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm’s length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture or *Pari Passu* Guarantee, and any extensions, amendments, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, amendment, 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, amended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) with respect to any Person or the property or assets of such Person acquired by the Issuer or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so

acquired, and any extensions, amendments, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, amendment, 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, amended, refinanced, renewed or replaced;

- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or any Restricted Subsidiary;
- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Limitation on Indebtedness and Preferred Stock” and “— Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock or Disqualified Stock of the type described under clause (2)(h), (2)(o), (2)(p), (2)(q), (2)(s), (2)(t), (2)(u), (2)(v) or (2)(w) or permitted under clause (2)(n) or (2)(r) of the “— Limitation on Indebtedness and Preferred Stock” covenant if 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 Issuer, any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payment on the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and any extensions, amendment, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, amendment, 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, amended, refinanced, renewed or replaced; *provided* further that, the Board of Directors is empowered to determine as to whether the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive;
- (g) existing in customary provisions in shareholders agreements, joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (i) the

encumbrances or restrictions are customary for a shareholders agreement, joint venture agreement or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Issuer to make the required payments on the Notes or (y) the ability of any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; *provided* further that, the Board of Directors is empowered to determine as to whether the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive; or

- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such former Unrestricted Subsidiary or its subsidiaries or the property or assets of such former Unrestricted Subsidiary or its subsidiaries, and any extensions, amendments, refinancing, renewals or replacements thereof; *provided* that, the encumbrances and restrictions in any such extension, amendment, 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, amended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer 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 Issuer 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 Issuer and its Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Issuer or a Wholly Owned Restricted Subsidiary;
- (3) the sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "— Limitation on Restricted Payments" covenant if made on the date of such sale or issuance and provided that the Issuer complies with the "— Limitation on Asset Sales" covenant; or

- (4) the sale or issuance of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such sale or issuance); *provided* that the Issuer or such Restricted Subsidiary applies the Net Cash Proceeds of such sale or issuance in accordance with the “— Limitation on Asset Sales” covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer 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 Issuer 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 Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee is permitted by clauses (2)(c), (2)(d) or (2)(q), under the caption “— Limitation on Indebtedness and Preferred Stock.”

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Issuer or (y) any Affiliate of the Issuer (each an “**Affiliate Transaction**”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Issuer; and

- (2) the Issuer 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 if the Board of Directors comprises of any disinterested members, such Affiliate Transaction has been approved by a majority of such disinterested members; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$15.0 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 Issuer or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other reasonable and customary compensation to directors or officers of the Issuer or any Restricted Subsidiary;
- (2) transactions between or among the Issuer and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clauses (1) or (2) of the first paragraph and clause (8) of the second 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 Issuer;
- (5) any purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, and any purchase of Capital Stock of a Restricted Subsidiary held by a Financial Company Investor;
- (6) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary pursuant to clause (9) of the second paragraph of the covenant entitled “— Limitation on Restricted Payments;”
- (7) any transaction between (A) the Issuer 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 the 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;

- (8) any transaction between (A) the Issuer 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 in compliance with the rules of any Qualified Exchange on which the Capital Stock of a Subsidiary of the Issuer in the Restructuring Group is listed pursuant to the Restructuring; and
- (9) any provision of Guarantee by any direct or indirect shareholder of the Issuer or any Permitted Holder for Indebtedness Incurred by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and the provision of Guarantee by any Restricted Subsidiary of the Issuer for Indebtedness incurred by its wholly owned Restricted Subsidiaries.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (18) of the definition of “Permitted Investments” but otherwise excluding any other Permitted Investments) not prohibited by the “— Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect or otherwise publicly disclosed on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Issuer and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction (A) between or among any of the Issuer, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or (C) between or among the Issuer or a Restricted Subsidiary on the one hand and a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary on the other hand and (iv) any transaction involving Receivable Financing Assets, or participation therein, in connection with any Receivable Financing; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business, (b) in the case of a transaction with a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, none of the minority shareholders or minority partners of or in such Restricted Subsidiary is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary or being a Subsidiary of the Issuer), and (c) in the case of a transaction with a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary, none of the shareholders or partners (other than the Issuer or a Restricted Subsidiary) of such Jointly Controlled Entity, Associate 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 shareholder or partner being a director or officer of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary or by reason of such shareholder or partner being, the Issuer or a Subsidiary, Jointly Controlled Entity or Associate of the Issuer).

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on any Capital Stock of a Subsidiary Guarantor or a JV Subsidiary Guarantor (other than a Permitted Lien specified in clauses (1) and (6) of the definition of “**Permitted Liens**”), unless the Notes are equally and ratably secured by such Lien.

The Issuer 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.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided* that the Issuer or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Issuer or any Restricted Subsidiary 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 Issuer 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 Issuer 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 Issuer 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 Issuer or such Restricted Subsidiary receives Replacement Assets

involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Issuer shall deliver to the Trustee an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

- (a) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such Restricted Subsidiary from further liability; and
- (b) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer 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 Issuer (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Issuer or a Subsidiary Guarantor or a JV Subsidiary Guarantor (if any) or any Indebtedness of a Restricted Subsidiary that is not an Issuer or a Subsidiary Guarantor or a JV Subsidiary Guarantor, if any (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 Issuer or a Restricted Subsidiary; or
- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (other than current assets that are not land use rights, properties under development or completed property held for sale), including any shares of Capital Stock in a Person holding such properties or assets, that will be used in a Permitted Business ("**Replacement Assets**"),

provided that, pending the application of Net Cash Proceeds in accordance with clauses (1) or (2) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer 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 related Asset Sale,

rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount of the Notes purchased plus accrued and unpaid interest to but excluding the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Issuer or any Restricted Subsidiary 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 Trustee will select the Notes to be purchased on a *pro rata* basis by lot or such other method the Trustee determines in its sole and absolute discretion. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Issuer's Business Activities

The Issuer 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 Issuer or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “— Limitation on Restricted Payments.”

Use of Proceeds

The Issuer 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 (or in the case of Additional Notes, the offering or other document relating to the sale of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than the Issuer) 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 Issuer nor any Restricted Subsidiary provides credit support (other than any Guarantee in compliance with clause (6) below) 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 Issuer; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Issuer or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Issuer 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 organized under the laws of the PRC, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Government Approvals and Licenses; Compliance with Law

The Issuer will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Issuer 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 Issuer 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 Issuer, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical

terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a “**Suspension Event**”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (2) “— Certain Covenants — Limitation on Restricted Payments”;
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (6) “— Certain Covenants — Limitation on the Issuer’s Business Activities”;
- (7) “— Certain Covenants — Limitation on Sale and Leaseback Transactions”;
- (8) “— Certain Covenants — Limitation on Asset Sales”; and
- (9) Clause (4) under paragraphs (a) and (b) of the covenant described under “— Consolidation, Merger and Sale of Assets.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer 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 Issuer 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 Issuer's Common Stock are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Issuer ceases to be listed for trading on a recognized stock exchange, the Issuer 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 Issuer, copies of its financial statements (on a consolidated basis and in English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Issuer, copies of its financial statements (on a consolidated basis and in English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Issuer, copies of its unaudited financial statements (on a consolidated basis and in English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Issuer together with a certificate signed by the person then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer 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 Issuer 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 Issuer's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that, the Issuer 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 Issuer becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Issuer proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Issuer to make or consummate a Delisting Offer to Purchase in the manner described under the caption "— Delisting Put Right," the failure by the Issuer 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," "— Limitation on Asset Sales," or the occurrence of an "Event of Default" as defined under the Hong Seng Notes;
- (4) the Issuer or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any Indebtedness of the Issuer, any Restricted Subsidiary, Hong Yang Group Company Limited (弘陽集團有限公司) or any of its subsidiaries which constitute the "Restricted Subsidiaries" as defined in the indentures governing the Hong Seng Notes, having an outstanding principal amount of US\$15 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Issuer or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15 million (or the Dollar Equivalent thereof) (in excess of amounts which the Issuer's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (7) an involuntary case or other proceeding is commenced against the Issuer 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 Issuer or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Issuer 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 Issuer or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Issuer or any Significant Restricted Subsidiary, other than in connection with a solvent liquidation or reorganization (except for any solvent liquidation or reorganization of the Issuer), (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Issuer or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Issuer 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 principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of all the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of 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 that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its funds in following such direction if it does not reasonably believe that reimbursement or indemnity 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 and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or pre-funding; 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 direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

If the Trustee collects any money pursuant to the Indenture, it shall pay out the money in the following order:

First, to the Trustee to the extent necessary to reimburse the Trustee and its agents for any unpaid expenses incurred in connection with the collection or distribution of such amounts held or realized and any properly incurred fees and expenses incurred in connection with carrying out its functions under the Indenture (including properly incurred legal fees);

Second, to the Trustee for the benefit of Holders; and

Third, any surplus remaining after such payments will be paid to the Issuer or to whomever may be lawfully entitled thereto.

Officers of the Issuer must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date and within 14 days of demand by the Trustee, that a review has been conducted of the activities of the Issuer and the Restricted Subsidiaries and the Issuer's and the Restricted Subsidiaries' performance under the Indenture and that the Issuer and each Restricted Subsidiary have fulfilled all of their respective 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 Issuer will also be obligated to notify the Trustee in writing of any Default or Defaults in the performance of any covenants or agreements under the Indenture. See “— Provision of Financial Statements and Reports.”

The Trustee and the Agents need not do anything to ascertain whether any Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that an Event of Default has occurred or the Issuer is not performing all of its obligations under the Indenture and the Notes. The Trustee is entitled to rely on any Opinion of Counsel or Officers' Certificate regarding whether an Event of Default has occurred.

Consolidation, Merger and Sale of Assets

(a) The Issuer 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 the properties and assets of the Issuer and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

- (1) the Issuer shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Issuer consolidated or merged, or that acquired or leased such property and assets (the “**Surviving Person**”) shall be a corporation organized and validly existing under the laws of the British Virgin Islands, the Cayman Islands or Hong Kong and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture, including the obligation to pay Additional Amounts with respect to any Relevant Jurisdiction, and the Indenture 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 Issuer 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 Issuer or the Surviving Person immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness”;
- (5) the Issuer shall deliver to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision, that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (6) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Issuer has entered into a transaction described under “— Consolidation, Merger and Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Issuer or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture; and
- (7) no Rating Decline shall have occurred.

(a) 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 Issuer or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Issuer 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 such Subsidiary Guarantor or JV Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Issuer, 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 Issuer 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 Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts with respect to any Relevant Jurisdiction and the Indenture, the Subsidiary Guarantee or the JV Subsidiary Guarantee, 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 Issuer or the Surviving Person shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer or the Surviving Person immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock;”
- (5) the Issuer delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “— Limitation on Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case

may be, is unconditionally released in accordance with the provisions described under “— The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees or 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 Issuer or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Issuer or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Issuer or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

No Payments for Consents

The Issuer will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Issuer and any Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, (ii) Holders or beneficial owners of the Notes that are located in the U.S. or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Issuer or any Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Issuer in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register

the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Issuer (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) 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 Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “— Consolidation, Merger and Sale of Assets” and all the covenants described herein under “— Certain Covenants,” other than as described under “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” and “— Certain Covenants — Anti-Layering,” and (ii) clause (3) under “Events of Default” with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in clause (i) above, clause (4) under “Events of Default” with respect to such other covenants in clause (i) above and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance

with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended in accordance with the Indenture, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any);
- (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 any JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture;
- (6) add any collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee (if any);
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository or clearing system;

- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may amend or waive future compliance by the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) with any provision thereof; *provided, however*, that no such modification, amendment or waiver may, without the consent of 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 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, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be

repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale whether through an amendment or waiver of provisions 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 “— Limitation on Asset Sales”;

- (11) change the date or the price of redemption or repurchase of the Notes from that stated under the captions “— Optional Redemption,” “— Delisting Put Right,” or “— Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Issuer, 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 Issuer 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 Issuer, 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 Issuer, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Concerning the Trustee and the Agents

The Bank of New York Mellon, London Branch will be appointed as Trustee under the Indenture. The Bank of New York Mellon SA/NV, Dublin Branch will be appointed as note registrar (the “**Note Registrar**”) and as transfer agent (the “**Transfer Agent**”) and The Bank of New York Mellon, London Branch has been appointed as paying agent (the “**Paying Agent**”) and together with the Note Registrar and the Transfer Agent, the “**Agents**”) with regard to the Notes. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of

care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer 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 such Holders have provided to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

The Trustee is indemnified and given relief from responsibility in circumstances as set out in the Indenture.

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 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 “— Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of 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 Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of the Agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Issuer, the Subsidiary Guarantors and any JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and additional amounts may be paid as described under “— Additional Amounts.”

Under the terms of the Indenture, the Issuer, any Subsidiary Guarantor, any JV Subsidiary Guarantor (if any) and the Trustee will treat the registered holder of the Global Notes (i.e., the common depository or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take 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 Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions" of this offering memorandum.

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures. 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 Issuer 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 Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed by the Issuer 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 Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depository, Euroclear, Clearstream or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the Note Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor, if any) addressed to the Issuer, (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer and each of the Subsidiary Guarantors or JV Subsidiary Guarantor (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding. The Trustee may take any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby in any other courts with jurisdiction to the extent permitted by applicable law.

Governing Law

Each of the Notes, the Subsidiary Guarantee, the JV Subsidiary Guarantee (if any) and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, 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 September 20, 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 year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person, whether now or in the future, (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 100% of the principal amount of such Note on September 20, 2023, plus (y) all required remaining scheduled interest payments due on such Note through September 20, 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) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Issuer 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 Issuer or any of its Restricted Subsidiaries; or (2) an acquisition by the Issuer or any of its Restricted Subsidiaries of the property and assets of any Person other than the Issuer 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 Issuer or any of its Restricted Subsidiaries (other than to the Issuer 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 Issuer 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 of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Issuer or any of its Restricted Subsidiaries to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales, transfer or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “— Limitation on Restricted Payments” covenant;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant under the caption “— Consolidation, Merger and Sale of Assets”;
- (7) any sale, transfer or other disposition by the Issuer or any of its Restricted Subsidiaries, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Issuer or any Restricted Subsidiary; and
- (8) (i) any disposition of Receivable Financing Assets in connection with any Receivable Financing (other than Non-recourse Receivable Financing) permitted under the Indenture, and (ii) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding.

“Associate” means any corporation, association or other business entity of which at least 20% of the Capital Stock and the Voting Stock is owned, directly or indirectly, by the Issuer or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Issuer or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or bank deposits of the Issuer or a Restricted Subsidiary and/or (ii) Guaranteed by a Guarantee, letter of credit or similar instrument from or arranged by the Issuer or a Restricted Subsidiary and is used by the Issuer or its Restricted Subsidiaries to effect exchanges currencies or remit money onshore or offshore.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorized to take the action purported to be taken by such committee; *provided* that if such board comprises of one and only one director, “Board of Directors” means such one director.

“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 the Board of Directors comprises of any disinterested members and 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 the place of business of the Paying Agent or 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.

“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. For the avoidance of doubt, any perpetual securities issued by the Issuer or any of its Restricted Subsidiaries shall not be included in this definition of “Capital Stock” even if such perpetual securities are recorded as equity in accordance with the GAAP.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Issuer 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 Issuer, or the sale of all or substantially all the assets of the Issuer to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders collectively are the beneficial owners of less than 60% of the total voting power of the Voting Stock of the Issuer;
- (3) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election was approved by a vote of at least two-thirds of the directors then still in office who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (4) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and, *provided* that the Issuer is 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 maturity comparable to September 20, 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 September 20, 2023.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the definition of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is obtained by the Issuer) Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Issuer and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its 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, capitalized interest included in cost of sale,
- (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 gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Issuer and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any of its Restricted Subsidiaries and (2) 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 (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary held by Persons other than the Issuer or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Issuer’s Capital Stock (other than Disqualified Stock) or paid to the Issuer 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 Issuer and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Issuer and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs

associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person (other than the Issuer or its Restricted Subsidiaries) that is Guaranteed by, or secured by a Lien on any asset of, the Issuer or any Restricted Subsidiary, only to the extent payable by the Issuer or any of its Restricted Subsidiaries provided that, in the case of Indebtedness secured by a Lien on assets, the amount of such Indebtedness will be the lesser of (a) the fair market value of such assets at such date of determination, and (b) the amount of such Indebtedness of such other Person, and (7) any capitalized interest; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means the aggregate of the net income (or loss), of the Issuer 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 Issuer’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 Issuer 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 Issuer’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 Issuer 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 Issuer or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Issuer 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 Issuer 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 Issuer realized on sales of Capital Stock of the Issuer 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 Issuer or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Issuer or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Issuer and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Issuer, 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 Issuer or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Issuer or such Restricted Subsidiary in connection with the development, construction or improvement of assets, real or personal property or equipment to be used in a Permitted Business by the Issuer 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 debt facilities or commercial paper facilities or indentures or trust deeds or note purchase agreements or Capitalized Lease Obligations or other indebtedness, in each case, with banks or other lenders, institutions or investors providing for revolving credit loans, term loans, Receivable Financing, letters of credit, bonds, notes, debentures or other corporate debt instruments or other financing including, without limitation, Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting a guarantee of Indebtedness of, or securing the Indebtedness of, any Person (other than the Issuer or a Restricted Subsidiary) by the Issuer or such Restricted Subsidiary, 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, institutions or investors or other banks, lenders, institutions or investors 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 or (4) otherwise altering the terms and conditions thereof.

“Currency Hedging Agreement” means any foreign exchange forward contract, currency swap agreement, currency hedge 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.

“Delisting Event” means the Common Stock of the Issuer has ceased to be listed or admitted to trading, or has been suspended from trading for a period equal to or exceeding 120 consecutive Trading Days, on The Stock Exchange of Hong Kong Limited.

“Delisting Offer” has the meaning set forth under the caption “Delisting Put Right”. “Delisting Offer to Purchase” means an offer to purchase the Notes by the Issuer from the Holders commenced by the Issuer giving a notice to the Trustee, the Paying Agent and each Holder 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 “**Delisting Put Date**”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Delisting Offer to Purchase shall cease to accrue interest on and after the Delisting Put Date;
- (5) that Holders electing to have a Note purchased pursuant to the Delisting Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Delisting Put Date;
- (6) that an election to have the Notes purchase pursuant to the Delisting Offer to Purchase, once validly made, may not be withdrawn;

- (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.

One Business Day prior to the Delisting Put Date, the Issuer shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof tendered pursuant to a Delisting Offer to Purchase. On the Delisting Put Date, the Issuer shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to a Delisting Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly make payment to the Holders of the Notes so accepted in an amount equal to the purchase price, and the Trustee shall promptly 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 and integral multiples of US\$1,000 in excess thereof. The Issuer will publicly announce the results of a Delisting Offer to Purchase as soon as practicable after the Delisting Date. The Issuer will comply with all applicable securities laws and regulations, in the event that the Issuer is required to repurchase Notes pursuant to a Delisting Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of the conflict.

“Delisting Put Date” has the meaning set forth in the definition of “Delisting Offer to Purchase.”

“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, 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 Issuer'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 Issuer.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Issuer after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Issuer 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 Issuer at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Issuer 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 Issuer 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 Issuer having obtained such applicable approval or registration.

“Existing Notes” means (i) US\$300 million 9.95% senior notes due 2022 issued by the Issuer pursuant to an indenture dated as of April 11, 2019 (as such may be amended, supplemented or modified from time to time) consolidated with an additional US\$150,000,000 principal amount of 9.95% senior notes due 2022 issued by the Issuer on November 13, 2019, (ii) US\$250 million 10.5% senior notes due 2022 issued by the Issuer pursuant to an indenture dated as of July 3, 2019 (as such may be amended, supplemented or modified from time to time), (iii) the US\$100 million 13.0% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of October 30, 2019 (as such may be amended, supplemented or modified from time to time), (iv) the US\$300 million 9.70% senior notes due 2023 issued by the Issuer pursuant to an indenture dated January 16, 2020 (as such may be amended, supplemented or modified from time to time) consolidated with an additional US\$155,000,000 principal amount of 9.70% senior notes due 2023 issued by the Issuer on July 21, 2020; (v) the US\$350 million 7.3% senior notes due 2025 issued by the Issuer pursuant to an indenture dated as of January 13, 2021 (as such may be amended,

supplemented or modified from time to time) and (vi) the US\$210 million 7.3% senior notes due 2024 issued by the Issuer pursuant to an indenture dated as of May 21, 2021 (as such may be amended, supplemented or modified from time to time).

“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 Issuer.

“Financial Company Investor” means a bank, financial institution, trust company, fund management company, asset management company, financial management company or insurance company, or an Affiliate thereof, that invests in any Capital Stock of a PRC Restricted Subsidiary.

“Finance Subsidiary” means a Subsidiary of the Issuer or another Finance Subsidiary (i) that is a Restricted Subsidiary and whose operations are comprised of Incurring Indebtedness to Persons other than the Issuer or any Restricted Subsidiary permitted under the Indenture from time to time to finance the operations of the Issuer and/or its Subsidiaries and (ii) which conducts no business and owns no material assets other than any equity interests in a Finance Subsidiary or intercompany Indebtedness Incurred in connection with the Indebtedness described in clause (i).

“Finance Subsidiary Indebtedness” means Indebtedness of a Finance Subsidiary that is Guaranteed by one or more of: (i) the Issuer, (ii) any Subsidiary Guarantors or (iii) any JV Subsidiary Guarantors; *provided* that no Non-Guarantor Subsidiary shall provide any Guarantee to or be an obligor under such Indebtedness.

“Fitch” means Fitch Ratings, Inc. and its affiliates.

“**Fixed Charge Coverage Ratio**” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter periods prior to such Transaction Date for which consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “**Four Quarter Period**”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) *pro forma* effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “**Reference Period**”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock 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

Issuer 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, Disqualified Stock or Preferred Stock;

- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged or consolidated with or into the Issuer 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 four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means generally accepted accounting principles in Hong Kong as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

“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 Hedging Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Hong Seng February 2022 Notes” means the 9.875% guaranteed senior notes due 2022 issued by Hong Seng Limited.

“Hong Seng Notes” means to the extent outstanding at such time, the Hong Seng February 2022 Notes and such other offshore senior notes issued or guaranteed by Hong Yang Group Company Limited from time to time.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and
- (10) Receivable Financing Assets sold, transferred or discounted (other than pursuant to a Non-recourse Receivables Financing) by such Person to the extent of the consideration or proceeds received or receivable (prior to the payment of any subordinated tranche of interests (if any)) by such Person from another Person other than the Issuer or a Restricted Subsidiary.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or any Entrusted Loan; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Issuer (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*

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) that the amount of Indebtedness with respect to any Hedging Obligation shall be:
 - (i) zero if Incurred pursuant to clause (2)(f) under the “Limitation on Indebtedness and Preferred Stock” covenant, and
 - (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Issuer.

“Initial Non-Guarantor Subsidiaries” means W Ocean Company Limited (傲瞬有限公司) (“**W Ocean**”), Hopeful Huge Limited (慶合有限公司), Huge Winning Limited (浩聚有限公司), Profit Icon Development Limited (溢同發展有限公司), Skillful Point Resources Limited (信同資源有限公司), Sunny Honesty Limited (聖信有限公司), Winning Leap

Worldwide Limited (謙利環球有限公司), Advantage Luck International Limited (好旺國際有限公司), Cheer Fantasy International Limited (喜有國際有限公司), Leading Talent International Limited (首先國際有限公司) and Million Triple International Limited (萬有國際有限公司), unless such subsidiary has provided a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the terms of the Indenture.

“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:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent Guaranteed by such Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Issuer’s proportional interest in the Fair Market Value of the assets (net of the Issuer’s proportionate interest in the liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not Guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (2) if the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Investment in any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer’s Investments in such Restricted Subsidiary that were not sold or disposed of; (3) the acquisition by the Issuer or any Restricted Subsidiary of the Issuer of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person on the date of any acquisition; and (4) 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 a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s, or any of its successors or assigns, or

a rating of “AAA,” “AA,” “A,” “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by Lianhe Global or any of its successor 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 Issuer as having been substituted for Fitch, Moody’s or Lianhe Global or any two of the three of them or all three of them, as the case may be.

“Investment Property” means any property that is owned and held by the Issuer or any of its Restricted Subsidiaries primarily for rental yield or for capital appreciation or both, or any hotel, residential or commercial real property owned by the Issuer or any Restricted Subsidiary as an investment property.

“Jointly Controlled Entity” means any corporation, association or other business entity of which 20% or more of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Issuer or a Restricted Subsidiary and such corporation, association or other business entity is treated as a “jointly controlled entity” in accordance with GAAP and is primarily engaged in a Permitted Business, and such Jointly Controlled Entity’s Subsidiaries.

“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 Issuer; and (ii) a percentage equal to the direct equity ownership percentage of the Issuer 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.

“Lianhe Global” means Lianhe Ratings Global Limited and its successors.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiary” means any Restricted Subsidiary any class of the Voting Stock of which is listed on a Qualified Exchange and any 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 Subsidiary of a Listed Subsidiary.

“Maturity Date” means September 20, 2023.

“Measurement Date” means December 3, 2018.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Issuer or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Issuer 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 of such Person at the time the Issuer 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.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Non-recourse Receivable Financing” means Receivable Financing (i) under which neither the Issuer nor any Restricted Subsidiary (other than pursuant to Standard Non-recourse Receivable Financing Undertakings) provides guarantee or recourse with respect

to the Receivable Financing Assets, undertakes to repurchase any Receivable Financing Assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the consolidated balance sheet of the Issuer.

“Offer to Purchase” means an offer to purchase the Notes by the Issuer from the Holders commenced by the Issuer mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “**Offer to Purchase Payment Date**”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued 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.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes accepted for payment. On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly make payment to the Holders of Notes so accepted in an amount equal to the purchase price, and the Trustee

shall promptly 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 Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer and its Subsidiaries which the Issuer 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 Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Issuer, as the case may be, or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers’ Certificate” means a certificate signed by two Officers; *provided, however*, with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or JV Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“*Pari Passu* Guarantee” means a guarantee by the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Issuer (including Additional Notes) or another Subsidiary Guarantor or JV Subsidiary Guarantor; *provided that* (1) the Issuer 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 (2) such guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer and its Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Mr. Zeng Huansha, any of his immediate family member and any trust established by Mr. Zeng Huansha for the benefit of himself or his immediate family member;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) 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 Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) any Investment in cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) and designed solely to protect the Issuer or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables, trade credits or other current assets owing to the Issuer 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 Issuer 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 Issuer 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 Issuer'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 or obligations to provide indemnity, compensation, reimbursement or warranty of the Issuer or any of its Restricted Subsidiaries in connection with the acquisition, construction, development, sale and delivery of, or prepayments made in connection with the direct or indirect acquisition of, real property or land use rights or personal property (including without limitation, Capital Stock) by the Issuer or any of its Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
- (16) advances or prepayments to, or advances, prepayments or expenses made or incurred for or on behalf of government authorities or government-affiliated entities, collective economic organizations, existing land or building owners, holders, occupants or lessees, or related agents in the PRC in connection with the financing of primary land development, land resettlement or urban redevelopment plans in the ordinary course of business that are recorded as assets in the Issuer's balance sheet;
- (17) Guarantees permitted under clause (2)(p) or (2)(s) of the covenant under "— Limitation on Indebtedness and Preferred Stock"; and
- (18) any Investment by the Issuer or any Restricted Subsidiary (including without limitation any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the issuance or sale of Capital Stock of a Restricted Subsidiary) in any Person (excluding the Investments made pursuant to other clauses of this definition of "**Permitted Investment**"); *provided that*:
 - (i) the aggregate of all Investments made under this clause (18) since the Measurement Date shall not exceed in aggregate an amount equal to 30.0% of Total Assets.

Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (18) since the Measurement Date resulting from:

- (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (18), in each case to the Issuer 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 Issuer or a Restricted Subsidiary after the Measurement Date under this clause of an obligation of any such Person,
- (C) to the extent that an Investment made after the Measurement Date under this clause (18) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment,
- (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, or
- (E) any such Person becoming a Restricted Subsidiary (whereupon all Investments made by the Issuer or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of the definition of “**Permitted Investment**”),

not to exceed, in each case, the amount of Investments made by the Issuer or a Restricted Subsidiary after the Measurement Date in any such Person pursuant to this clause (18),

- (ii) none of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (18) is a Person described in clauses (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 Issuer or a Restricted Subsidiary or by reason of such shareholder or partner being a Subsidiary, Jointly Controlled Entity or Associate of the Issuer), except to the extent that such Investment would have satisfied the requirements of the covenant under “— Limitation on Transactions with Shareholders and Affiliates” as if such Investment were an Affiliate Transaction;
- (iii) no Default has occurred and is continuing or would occur as a result of such Investment; and
- (iv) in the case of any Investment by the Issuer or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Issuer or any of its Restricted Subsidiaries, at the time of such Investment the Issuer could Incur at least

US\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “— Limitation of Indebtedness and Preferred Stock,” *provided however* that this paragraph (iv) shall not apply if such Investment would otherwise have been permitted under this clause (18) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Measurement Date, shall not exceed in aggregate an amount equal to 20.0% of Total Assets (such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made in reliance on this proviso since the Measurement Date resulting from the events set forth in paragraphs (i)(A) through (i)(E) above, where references in such paragraphs to “under this clause (18)” shall be substituted with “in reliance on the proviso in paragraph (iv)”);

- (19) Investments existing on the Original Issue Date;
- (20) repurchase or redemption of the Notes;
- (21) any obligation, undertaking, agreement or arrangement to repurchase, indemnify or make up difference in payments in connection with any Receivable Financing permitted under the Indenture;
- (22) any Investment in a subordinated tranche of interests in a Receivable Financing Incurred pursuant to clause (ii) of the definition thereof with multiple tranches offered and sold to investors that, in the good faith determination of the Board of Directors, are necessary or advisable to effect such Receivable Financing;
- (23) any Standard Non-recourse Financing Undertakings; and
- (24) any Investment deemed to have been made by the Issuer 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 Issuer has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring, (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Issuer, and (iii) at the time of such designation, the members of the Restructuring Group remain primarily engaged in the Permitted Businesses; and (B) the aggregate of all Investments made under this clause (24) since the Original Issue Date shall not exceed an amount equal to 10.0% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 10.0% 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); and provided further that, at the time when (x) the Issuer ceases to hold, directly or indirectly, at least 30% of the Voting Stock of any entity so designated as an Unrestricted Subsidiary or (y) any Person or group of Persons other than the Issuer and its Subsidiaries acquires a higher percentage of the Voting Stock of such entity than the percentage held directly or indirectly by the

Issuer, the Issuer will be deemed to make an Investment in such entity equal to the Fair Market Value of any Investment that the Issuer retains, directly or indirectly, in such entity immediately following such event.

For the avoidance of doubt, the value of each Investment made pursuant to this clause shall be valued at the time such Investment is made.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds, utility services, developer’s or other obligation to make site or off-site improvement 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 Issuer 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 Issuer or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Issuer or any Restricted Subsidiary;
- (8) Liens arising from the attachment or rendering of a final judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;

- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof or liens in favor of any bank having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Issuer or any Restricted Subsidiary on deposit with or in possession of such bank incurred in the ordinary course of business which do not provide security for borrowed money;
- (10) 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 (f) of the second paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (e) of the second paragraph 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 Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens securing Indebtedness of the Issuer or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (g) of the second paragraph 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 Issuer or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant under the caption entitled “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets

(as reflected in the most recent available consolidated financial statements of the Issuer (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 Issuer or any Restricted Subsidiary;
- (18) Liens on deposits made in order to secure the performance or obligations to provide indemnity, compensation, reimbursement or warranty of the Issuer or any of its Restricted Subsidiaries in connection with the acquisition, construction, development, sale and delivery of real property or land use rights or personal property (including but not limited to Capital Stock) by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Issuer 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, property maintenance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Issuer or any Restricted Subsidiary;
- (20) Liens on deposits made in order to secure the performance of the Issuer or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Issuer or any of its Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Issuer or any Restricted Subsidiary;
- (21) Liens granted by the Issuer or a Restricted Subsidiary in favor of a Financial Company Investor in respect of, and to secure, the Indebtedness permitted under clause 2(p) of the covenant described under the “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant;
- (22) Liens securing Indebtedness permitted under clause (2)(n) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (23) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (24) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(v) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock;”

- (25) Liens incurred on one or more bank accounts or deposits made to secure Bank Deposit Secured Indebtedness permitted under clause (2)(q) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (26) Liens securing Indebtedness permitted under clause (2)(r), (2)(s) and (2)(t) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (27) Liens Incurred on deposits made to secure Entrusted Loans;
- (28) Liens on deposits securing the obligations of the Issuer or a Restricted Subsidiary to return or refund, or arising from any pledge, charge of or encumbrance on the use, application, transfer or disposition of, all or part of the membership fee, entrance fee, application fee, debenture or other payments of a similar nature paid by a customer purchasing, renting or otherwise obtaining a right to use any property;
- (29) Lien securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;
- (30) Liens placed on the Capital Stock of any non-Wholly Owned Subsidiary or joint venture in the form of a transfer restriction, purchase option, call or similar right of a third party joint venture partner;
- (31) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing;
- (32) Liens on Investment Properties securing Indebtedness of the Issuer or Restricted Subsidiary permitted under clause (2)(u) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (33) Liens with respect to obligations of the Issuer or any Restricted Subsidiary that do not exceed US\$10.0 million (or the Dollar Equivalent thereof) at any one time outstanding;
- (34) Liens securing any Indebtedness permitted under clause (2)(w) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” (other than Liens on the assets of any Subsidiary Guarantor or JV Subsidiary Guarantor); and
- (35) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing permitted under (2)(y) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries (other than Finance Subsidiary Indebtedness); *provided* that, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness or issuance of such Preferred Stock (excluding, without duplication, any Indebtedness of any Non-Guarantor

Subsidiaries permitted under clauses 2(a), (b), (d), (f), (g), (m) and (o) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 20% of the 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.

“Post-IPO Share Option Scheme” means a post-IPO share option scheme adopted by the Issuer on June 25, 2018 under which the Issuer may issue up to a total of 320,000,000 Common Shares upon exercise of all options granted under the Post-IPO Share Option Scheme.

“Pre-IPO Share Option Scheme” means a pre-IPO share option scheme adopted by the Issuer on June 14, 2018 under which the Issuer may issue up to a total of 112,000,000 Common Shares upon exercise all options granted under the Pre-IPO Share Option Scheme.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Issuer or any Restricted Subsidiary consisting of (i) 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 Issuer or any Restricted Subsidiary or (ii) a guarantee or deposit made for housing provident fund loans provided to customers in favor of, or representing amounts placed with, Housing Provident Fund Management Center or another organization responsible for the operation and management of housing provident fund, to secure the housing provident fund loans provided to customers; *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.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on September 3, 2016) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Issuer or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Qualified Exchange” means (1) 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), or (2) the Shenzhen Stock Exchange, the

Shanghai Stock Exchange, the National Equities Exchange and Quotation System, the New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Singapore Exchange Securities Trading Limited or the Nasdaq Stock Market.

“Qualified IPO” means an initial public offering, and a listing or quotation, of the Capital Stock 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 U.S. Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the U.S. Securities Act) or a recognized national stock exchange in the PRC, including the National Equities Exchange and Quotation System, such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

“Rating Agencies” means (1) Moody’s, (2) Fitch and (3) Lianhe Global, provided that if Moody’s, Fitch or Lianhe Global, two of the three or all three of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for Moody’s, Fitch, Lianhe Global, two of the three or all three of them, as the case may be.

“Rating Category” means (1) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (2) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (3) with respect to Lianhe Global, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (4) the equivalent of any such category of, Moody’s, Fitch or Lianhe Global used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“1,” “2” and “3” for Moody’s; “+” and “–” for Fitch; “+” and “–” for Lianhe Global or the equivalent gradations for another Rating Agency) shall be taken into account.

“Rating Date” means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Issuer is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three Rating Agencies shall be below Investment Grade;

- (b) in the event the Notes are rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such two Rating Agencies shall be below Investment Grade;
- (c) in the event the Notes are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (d) in the event the Notes are rated by three or less than three Rating Agencies and is rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Issuer or any Restricted Subsidiary pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, royalty, other revenue streams or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in the City of New York, selected by the Issuer 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 Issuer 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 by such Reference Treasury Dealer at 5:00 p.m. (New York City Time) on the third Business Day preceding such redemption date.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary. For the avoidance of doubt, the Issuer is a Restricted Subsidiary.

“Restructuring” means any restructuring in relation to any Restructuring Group or the formation of any Restructuring Group and the Qualified IPO of the Capital Stock of a Subsidiary of the Issuer in the Restructuring Group.

“Restructuring Group” means any group(s) of Subsidiaries of the Issuer which are engaged in the Permitted Businesses as may be designated by the Issuer at its sole discretion.

“S&P” means Standard & Poor’s Ratings Services and its affiliates.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer or any Restricted Subsidiary transfers such property to another Person and the Issuer or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Issuer or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Issuer 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 Issuer, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Issuer or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means a Restricted Subsidiary, or group of Restricted Subsidiaries, that would, when taken together, 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 Issuer or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Issuer 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 Issuer 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.

“Standard Non-recourse Receivable Financing Undertakings” means representations, warranties, undertakings, covenants and indemnities entered into by the Issuer or any Restricted Subsidiary which the Issuer has determined in good faith to be customary for a seller or servicer of assets in Non-recourse Receivable Financings.

“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 Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any loan to the Issuer from Permitted Holders which (i) is subordinated in right of payment to the Notes, as applicable, pursuant to a written agreement to such effect, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the Stated Maturity of the Notes and (iii) does not provide any cash payment of interest.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is “controlled” and consolidated by such Person in accordance with GAAP; *provided, however*, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any 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, 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, 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, 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, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or

higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Issuer) 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;
- (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 or Moody’s;
- (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 banks or financial institutions organized under the laws of the PRC, Hong Kong, Singapore or any other jurisdictions where the Issuer or any of its Restricted Subsidiaries conducts or operates business or makes investment; and
- (8) investment products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong, Singapore or any other jurisdictions where the Issuer or any of its Restricted Subsidiaries conducts or operates business or makes investment, if held to maturity.

“Total Assets” means, as of any date, the total consolidated assets of the Issuer 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 Issuer (which the Issuer shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that:

- (1) only with respect to clause (2)(h) of “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Issuer or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness;

- (2) only with respect to clause (2)(t) of “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Issuer as a result of such Person becoming a Restricted Subsidiary; and
- (3) only with respect to any Person becoming an Other Non-Guarantor Subsidiary, *pro forma* effect shall at such time be given to the consolidated assets of such Other Non-Guarantor Subsidiary (including giving *pro forma* effect to any other change to the consolidated assets of the Issuer, in each case as a result of such Person becoming an Other Non-Guarantor Subsidiary).

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Trading Day” means a day when The Stock Exchange of Hong Kong Limited is open for dealing business, *provided* that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

“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.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this offering memorandum are to be regarded as advice on the tax position of any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes.

Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as (a) non-PRC Bondholders, or (b) beneficial owners who are entities or individuals located outside of the PRC in this “PRC Taxation” section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provide that the “de facto management body” of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Notes may be considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Notes may be treated as income derived from sources within the PRC and be subject to such PRC

withholding tax at a rate of 10 per cent. Further, in accordance with the Individual Income Tax Law of the PRC which was last amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Notes may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Notes. To the extent that the PRC 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 may apply to qualified holders of the Notes.

As confirmed by the Issuer, as at the date of this offering memorandum, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Notes will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

In addition, if the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Guarantor is within the territory of the PRC, the Guarantor may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may be considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10 per cent. on such payments to non-PRC resident enterprise holders of the Notes and 20 per cent. for non-resident individual holders of the Notes. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Notes. Repayment of the principal will not be subject to PRC withholding tax.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realised by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by holders of the Notes are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Notes.

VAT

The Circular 36 provides for that the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be regarded as the holders of the Notes providing “loans” to the Issuer, which will therefore be regarded as financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the holders of the Notes may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident holders of the Notes may be subject to withholding VAT at the rate of 6% plus related local surcharges. It is uncertain whether VAT is applicable to any transfer of the Notes between entities or individuals outside the PRC.

Circular 36 has been revised quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bondholders upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non PRC Bondholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the New Enterprise Income Tax Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management bodies” are within the territory of China shall be PRC tax resident enterprises for the purpose of the New Enterprise Income Tax Law and they shall pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside China. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be

held to be a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25% for its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this offering memorandum, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law. On that basis, holders of the Notes will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future. Pursuant to the New Enterprise Income Tax Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or whose income has no actual connection to its establishment inside the PRC shall pay enterprise income tax at the rate of 10% on the income sourced inside the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident is established and the PRC, and such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non PRC enterprise Bondholder.

However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

In addition, in the event that the Guarantor is required to discharge its obligations under the Guarantee, the Guarantor will be obliged to withhold PRC enterprise income tax at the rate up to 10% on the payments of interest made by it under the Guarantee to non PRC resident enterprise Bondholders as such payments of interest will be regarded as being derived from sources within the PRC. To the extent that the PRC 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 may apply to qualified non PRC resident enterprise Bondholders. Repayment of the principal will not be subject to PRC withholding tax.

Non PRC Bondholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside mainland China between non PRC Bondholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future, any gain realised by the non PRC enterprise Bondholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10% of PRC withholding tax.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Bondholders is maintained outside the PRC) of a Bond.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Notes.

EU Directive on the taxation of savings income

The European Union has adopted the EC Council Directive 2003/48/EC (the “**Directive**”) regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year

following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive, and will provide details of payments of interest (or similar income) as from this date.

On 24 March 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes broaden the definition of “interest payment” to cover income that is equivalent to interest and widen the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A party may be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Cayman Islands

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Notes.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of the Notes and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes. However, an instrument of transfer in respect of the Notes is stampable if executed in or brought into the Cayman Islands.

British Virgin Islands

Payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch, Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch, Merrill Lynch (Asia Pacific) Limited, BOCI Asia Limited, The Bank of East Asia, Limited, China CITIC Bank International Limited, Chong Hing Bank Limited, CLSA Limited, CMB International Capital Limited and Seazen Resources Securities Limited are acting as joint book-running managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has severally agreed to purchase, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite such Initial Purchaser's name.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
Deutsche Bank AG, Singapore Branch	US\$16,000,000
Credit Suisse (Hong Kong) Limited	US\$16,000,000
Haitong International Securities Company Limited	US\$16,000,000
Guotai Junan Securities (Hong Kong) Limited.	US\$16,000,000
China International Capital Corporation Hong Kong Securities Limited	US\$16,000,000
UBS AG Hong Kong Branch.	US\$16,000,000
Merrill Lynch (Asia Pacific) Limited.	US\$13,000,000
BOCI Asia Limited.	US\$13,000,000
The Bank of East Asia, Limited	US\$13,000,000
China CITIC Bank International Limited	US\$13,000,000
Chong Hing Bank Limited.	US\$13,000,000
CLSA Limited	US\$13,000,000
CMB International Capital Limited	US\$13,000,000
Seazen Resources Securities Limited	US\$13,000,000
Total.	<u>US\$200,000,000</u>

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes. The purchase agreement provides that the Issuer will pay the Initial Purchasers a customary commission. In addition, the Issuer has agreed with the Initial Purchasers that certain private banks will be paid a commission in connection with the purchase of the Notes by their private bank clients.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance of Regulation S. The price at which the Notes are offered may be changed at any time without notice. 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."

We have agreed that, for a period of seven days from the date on which the Notes are issued, we will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, or otherwise dispose of, any other debt securities issued or guaranteed by the Issuer or any Subsidiary Guarantor in each case, issued outside of the PRC and with a term of at least one year. The Initial Purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Any of the Initial Purchasers (other than China CITIC Bank International Limited) appointed and acting in its capacity as a stabilizing manager (or any person or entity acting on its or their behalf) 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 Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit each of the Initial Purchasers (other than China CITIC Bank International Limited) (as stabilizing managers) to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither we 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 Notes. In addition, neither we nor the Initial Purchasers (other than China CITIC Bank International Limited) makes any representation that any of the Initial Purchasers (as stabilizing managers) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade Notes on the date of pricing or prior to our delivery of the Notes may be required, by virtue of the fact that the Notes initially will settle in T + 5 to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or prior to our delivery of the Notes should consult their own advisor.

The Initial Purchasers or its affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or its affiliates may, from time to time, engage in transactions with and perform service for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any of our other securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the

Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Issuer have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or their respective affiliates on behalf of us in such jurisdiction.

SELLING RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

PRIIPs Regulation/Prohibition of sales to EEA retail investors

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

UK PRIIPs Regulation/Prohibition of sales to United Kingdom Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**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 (the “**EUWA**”); (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 the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key

information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

United Kingdom

No invitation or inducement to engage in investment activity (within the meanings of Section 21 of the FSMA received by the Initial Purchasers in connection with the issue or sale of the Notes may be communicated or caused to be communicated except in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. All applicable provisions of the FSMA must be complied with respect to anything done or to be done by the Initial Purchasers in relation to any Notes in, from or otherwise involving the United Kingdom.

United States

The Notes and the Subsidiary Guarantees 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.”

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in compliance with an available exemption from registration under the Securities Act.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” as defined in the SFO and any rules made thereunder, or (ii) 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 or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “**FIEL**”), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and

other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and (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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (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 Notes pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;
 - (iv) as specified in Section 276(7) of the SFA; or
 - (v) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

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 Issuer has determined the classification of the Securities 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

The Initial Purchasers have acknowledged that this offering memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. Each of the Initial Purchasers has severally represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

British Virgin Islands

Each of the Initial Purchasers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

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

Cayman Islands

Each of the Initial Purchasers 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.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes. The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:
 - the Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act or any other applicable securities laws;
 - the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
 - the Notes are being offered and sold only outside of the United States, in offshore transactions in reliance on Rule 903 and 904 of Regulation S under the Securities Act; and
 - unless so registered, the Notes may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.
2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, you are not acting on our behalf, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers 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 represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act.
5. You acknowledge that each Additional Note will contain a legend substantially to the following effect:

THIS NOTE AND THE SUBSIDIARY GUARANTEES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED,

SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

6. You acknowledge that we, the Initial Purchasers, the Trustee, the Agents and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.
7. You understand that the Notes will be represented by a global note and that transfers thereto are restricted as described under “Description of the Notes — Global Clearance and Settlement Under the Book-Entry System.”

RATINGS

The Notes are expected to be rated “B+” by Fitch, “B3” by Moody’s and “BB” from Lianhe Global. The ratings reflect the rating agency assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, we have been assigned a long-term foreign currency issuer default rating of “B+” with a stable outlook by Fitch, a corporate rating of “B2” with a positive outlook by Moody’s and a global scale long-term issuer credit rating of “BB” with a stable outlook by Lianhe Global. Furthermore, Hong Yang Land Company Limited (弘陽置地(集團)有限公司), a wholly-owned subsidiary of the Company, was rated “AA+” with a stable outlook by both China Chengxin Securities Ratings and United Credit Ratings Co., Ltd. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Paul Hastings LLP as to matters of United States federal and New York law, and Fangda Partners as to matters of PRC law and Ogier as to matters of British Virgin Islands law and Cayman Islands law. Certain legal matters will be passed upon for the Initial Purchasers by White & Case as to matters of United States federal and New York law and AllBright Law Offices as to matters of PRC law.

INDEPENDENT AUDITOR

Our audited consolidated financial statements as of and for each of the years ended December 31, 2018, 2019 and 2020 included in this offering memorandum, have been audited by EY, Certified Public Accountants, Hong Kong, as stated in their reports appearing herein. Our consolidated financial statements as of and for the six months ended June 30, 2021 included in this offering memorandum has been reviewed by EY, Certified Public Accountants, Hong Kong as stated in their report appearing herein.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in Hong Kong, Cayman Islands and British Virgin Islands in connection with the issue and performance of the Notes and the execution and performance of the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of the board of directors of the Issuer. The entering into and performance of each Subsidiary Guarantee has been authorized by a resolution of the board of directors of each Subsidiary Guarantor, as the case may be.

DOCUMENTS AVAILABLE

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the Trustee following prior written request and satisfactory proof of holding.

For so long as any of the Notes are outstanding, copies of our audited financial statements for the past three fiscal years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the Trustee.

LITIGATION

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

NO MATERIAL ADVERSE CHANGE

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

CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	<u>ISIN</u>	<u>Common Code</u>
Notes	XS2384273475	238427347

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

LISTING OF THE NOTES

Application will be made to the HKSE for the listing of, and permission to deal in, the Notes to be issued to Professional Investors only. The HKSE takes no responsibility for the correctness of any statements made on opinions or reports contained in this offering memorandum. Listing of the Notes on the HKSE is not to be taken as an indication of the merits of the Notes or the Company.

LEI

The Issuer's LEI code is 549300TYWIIKAOK07L47.

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INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Redsun Properties Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**reporting period**”), together with the comparative figures for the corresponding period of the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	5	12,964,452	9,623,812
Cost of sales		<u>(10,234,286)</u>	<u>(7,189,382)</u>
Gross profit		2,730,166	2,434,430
Other income and gains	5	222,919	179,188
Selling and distribution expenses		(416,723)	(319,716)
Administrative expenses		(403,745)	(543,059)
Other expenses		(35,318)	(50,488)
Fair value gains on investment properties		87,690	57,302
Finance costs	7	(494,616)	(425,186)
Share of profits and losses of:			
Joint ventures		(123,195)	(26,237)
Associates		158,469	259,141
PROFIT BEFORE TAX	6	1,725,647	1,565,375
Income tax expense	8	(735,678)	(670,307)
PROFIT FOR THE PERIOD		<u>989,969</u>	<u>895,068</u>
Attributable to:			
Owners of the parent		739,311	677,418
Non-controlling interests		250,658	217,650
		<u>989,969</u>	<u>895,068</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
— For profit for the period		<u>RMB0.22</u>	<u>RMB0.20</u>
Diluted			
— For profit for the period		<u>RMB0.22</u>	<u>RMB0.20</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six months ended 30 June 2021

	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>989,969</u>	<u>895,068</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>989,969</u>	<u>895,068</u>
Attributable to:		
Owners of the parent	739,311	677,418
Non-controlling interests	<u>250,658</u>	<u>217,650</u>
	<u>989,969</u>	<u>895,068</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION**
30 June 2021

	30 June 2021	31 December 2020
Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	798,559	820,826
Investment properties	13,100,420	12,973,827
Right-of-use assets	96,158	99,437
Other intangible assets	10,121	11,180
Investments in joint ventures	2,126,390	1,977,217
Investments in associates	11,580,469	9,572,816
Loan receivables	—	211,721
Deferred tax assets	<u>1,152,389</u>	<u>1,045,864</u>
Total non-current assets	<u>28,864,506</u>	<u>26,712,888</u>
CURRENT ASSETS		
Inventories	49,976	42,046
Properties under development	48,370,726	48,499,979
Completed properties held for sale	5,578,339	3,795,722
Trade receivables	11 3,118	7,067
Prepayments, other receivables and other assets	15,567,814	11,601,756
Due from related companies	12,188,228	8,801,141
Financial assets at fair value through profit or loss	545,250	428,521
Tax recoverable	864,566	630,969
Cash and bank balances	<u>17,575,326</u>	<u>18,525,081</u>
Total current assets	<u>100,743,343</u>	<u>92,332,282</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (continued)**
30 June 2021

		30 June	31 December
		2021	2020
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	7,060,716	6,244,841
Other payables and accruals		8,335,019	8,376,013
Contract liabilities		30,842,533	29,383,224
Interest-bearing bank and other borrowings		6,845,651	8,766,941
Senior notes		3,571,310	2,671,726
Lease liabilities		45,336	35,509
Due to related companies		12,402,221	8,068,242
Tax payable		2,970,750	2,904,848
		<u>72,073,536</u>	<u>66,451,344</u>
		<u>28,669,807</u>	<u>25,880,938</u>
NET CURRENT ASSETS			
		<u>57,534,313</u>	<u>52,593,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		15,176,110	13,285,233
Other payables and accruals		208,420	200,345
Senior notes		8,281,029	7,581,168
Lease liabilities		1,397,780	1,745,635
Deferred tax liabilities		2,247,906	2,377,861
		<u>27,311,245</u>	<u>25,190,242</u>
Total non-current liabilities		<u>27,311,245</u>	<u>25,190,242</u>
Net assets		<u>30,223,068</u>	<u>27,403,584</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (continued)**
30 June 2021

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
EQUITY		
Equity attributable to owners of the parent		
Share capital	28,354	28,275
Share premium	1,876,314	2,257,437
Other reserves	13,625,343	12,894,625
	15,530,011	15,180,337
Non-controlling interests	14,693,057	12,223,247
Total equity	30,223,068	27,403,584

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 12 July 2018.

The Company is an investment holding company. During the six months ended 30 June 2021, the Group is principally engaged in property development, commercial property investment and operations, and hotel operations.

In the opinion of the directors of the Company, the immediate holding company of the Company is Redsun Properties Group (Holdings) Limited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform — Phase 2
Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)

The nature and impact of the revised IFRSs are described below:

- a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in RMB and foreign currencies based on the Inter Bank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group did not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the period ended 30 June 2021.

The Group has changed its accounting policy of the classification of the interest paid in the interim condensed consolidated statement of cash flows from operating activities to financing activities during the period (the “Policy Change”) so as to provide more reliable and relevant information of cash flows generated from financial liabilities. In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of financial liabilities as cash flows from financing activities in the interim condensed consolidated statement of cash flows to reflect the nature of the cash flows associated with financial liabilities, including the interest paid as a cost of financing, and to provide more relevant information about the cash flows associated with financial liabilities. The directors are also of the opinion that such classification and presentation will provide more comparable information with industry peers. The comparative amounts have been restated accordingly.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Property development
- Commercial property investment and operations
- Hotel operations

The Group's operations are mainly conducted in Mainland China. Management considered there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Six months ended 30 June 2021	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	<u>12,650,071</u>	<u>291,773</u>	<u>22,608</u>	<u>12,964,452</u>
Revenue				<u><u>12,964,452</u></u>
Segment results	1,899,639	208,280	2,970	2,110,889
<i>Reconciliation:</i>				
Bank interest income				56,365
Fair value gain on financial assets at fair value through profit or loss				4,169
Finance costs (other than interest on lease liabilities)				(448,282)
Corporate and other unallocated expenses				<u>2,506</u>
Profit before tax				<u><u>1,725,647</u></u>

Six months ended 30 June 2020	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	<u>9,398,208</u>	<u>212,839</u>	<u>12,765</u>	<u>9,623,812</u>
Revenue				<u><u>9,623,812</u></u>
Segment results	1,789,507	125,883	(5,266)	1,910,124
<i>Reconciliation:</i>				
Bank interest income				40,620
Fair value gain on financial assets at fair value through profit or loss				35,332
Net foreign exchange loss				(22,663)
Investment income				3,584
Finance costs (other than interest on lease liabilities)				(388,699)
Corporate and other unallocated expenses				<u>(12,923)</u>
Profit before tax				<u><u>1,565,375</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020.

	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets				
30 June 2021	114,715,599	13,895,785	316,296	128,927,680
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>680,169</u>
Total assets				<u><u>129,607,849</u></u>
Segment liabilities				
30 June 2021	97,063,197	1,850,222	19,823	98,933,242
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>451,539</u>
Total liabilities				<u><u>99,384,781</u></u>
	Property development RMB'000 (Audited)	Commercial property investment and operations RMB'000 (Audited)	Hotel operations RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets				
31 December 2020	104,646,023	13,454,368	322,914	118,423,305
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>621,865</u>
Total assets				<u><u>119,045,170</u></u>
Segment liabilities				
31 December 2020	89,558,825	2,025,905	23,441	91,608,171
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>33,415</u>
Total liabilities				<u><u>91,641,586</u></u>

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the six months ended 30 June 2021 and 30 June 2020.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	12,699,894	9,431,157
<i>Revenue from other sources</i>		
Gross rental income	264,558	192,655
	<u>12,964,452</u>	<u>9,623,812</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

<u>Segments</u>	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of properties	12,345,991	—	—	12,345,991
Hotel operations	—	—	22,608	22,608
Project management services	304,080	7,000	—	311,080
Others	—	20,215	—	20,215
	<u>12,650,071</u>	<u>27,215</u>	<u>22,608</u>	<u>12,699,894</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	12,345,991	—	—	12,345,991
Services transferred over time	304,080	27,215	22,608	353,903
	<u>12,650,071</u>	<u>27,215</u>	<u>22,608</u>	<u>12,699,894</u>
Total revenue from contracts with customers	<u>12,650,071</u>	<u>27,215</u>	<u>22,608</u>	<u>12,699,894</u>

For the six months ended 30 June 2020

<u>Segments</u>	Property development RMB'000 (Unaudited)	Commercial property investment and operations RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of properties	9,084,598	—	—	9,084,598
Hotel operations	—	—	12,765	12,765
Project management services	313,610	—	—	313,610
Others	—	20,184	—	20,184
	<u>9,398,208</u>	<u>20,184</u>	<u>12,765</u>	<u>9,431,157</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	9,084,598	—	—	9,084,598
Services transferred over time	313,610	20,184	12,765	346,559
	<u>9,398,208</u>	<u>20,184</u>	<u>12,765</u>	<u>9,431,157</u>

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Bank interest income	56,365	40,620
Interest income from joint ventures and associates	—	15,207
Investment income	—	3,584
Forfeiture of deposit	4,555	5,350
Government grants	2,819	3,286
Fair value gain on financial assets at fair value through profit or loss	4,169	35,332
Gain on disposal of subsidiaries	60,198	29,649
Gain on disposal of an associate	—	9,188
Gain on remeasurement of pre-existing interests in the acquired subsidiaries	65,541	—
Others	29,272	36,972
	<u>222,919</u>	<u>179,188</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	10,091,118	7,123,481
Cost of services provided	128,427	62,080
Impairment losses written off for properties completed held for sale	(2,792)	(18,423)
Impairment losses on financial assets	12,304	8,297
Depreciation of items of property, plant and equipment	35,966	36,836
Depreciation of right-of-use assets	17,158	19,111
Amortisation of other intangible assets	1,798	3,020
Fair value gains on investment properties	(87,690)	(57,302)
Fair value gains on financial assets at fair value through profit or loss	(4,169)	(35,332)
Loss on disposal of items of property plant and equipment	686	3,410
Gain on disposal of subsidiaries	(60,198)	(29,649)
Gain on disposal of an associate	—	(9,188)
Gain on remeasurement of pre-existing interests in the acquired subsidiaries	(65,541)	—
Foreign exchange differences, net	—	22,663
Share of profits and losses of:		
Joint ventures	123,195	26,237
Associates	(158,469)	(259,141)
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	425,204	286,036
Equity-settled share-based payments	4,318	34,822
Pension scheme contributions and social welfare	61,473	39,531
Less: Amount capitalised	(152,780)	(93,331)
	<u>338,215</u>	<u>267,058</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans, other borrowings and senior notes	1,420,443	1,487,827
Interest on lease liabilities	46,334	36,487
Interest expense arising from revenue contracts	348,496	523,774
	<hr/>	<hr/>
Total interest expense	1,815,273	2,048,088
Less: Net foreign exchange gains on financing activities	(29,973)	—
Interest capitalised	(1,290,684)	(1,622,902)
	<hr/>	<hr/>
	494,616	425,186
	<hr/>	<hr/>

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income currently arising in Hong Kong for the six months ended 30 June 2021.

Subsidiaries of the Group operating in Mainland China are subject to the People's Republic of China ("PRC") corporate income tax rate of 25% for the period.

Land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Corporate income tax	826,589	475,405
LAT	164,024	275,740
Deferred tax	(254,935)	(80,838)
	<hr/>	<hr/>
Total tax charge for the period	735,678	670,307
	<hr/>	<hr/>

9. DIVIDENDS

The proposed 2020 final dividend of HK14.5 cents per share, totaling HK\$483,131,000 (equivalent to approximately RMB402,984,000), was approved by the Company's shareholders at the annual general meeting on 25 June 2021. It was recorded in "Other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2021.

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,326,207,492 (six months ended 30 June 2020: 3,318,964,951) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the effect of share options, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>739,311</u>	<u>677,418</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,326,207,492	3,318,964,951
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>30,534,212</u>	<u>28,763,631</u>
	<u>3,356,741,704</u>	<u>3,347,728,582</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee under the Company's share award scheme.

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 month	2,552	2,397
1 to 3 months	116	1,857
3 to 6 months	—	1,800
6 to 12 months	437	1,000
Over 12 months	13	13
	<u>3,118</u>	<u>7,067</u>

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	6,405,476	5,663,672
Over 1 year	655,240	581,169
	<u>7,060,716</u>	<u>6,244,841</u>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

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獨立核數師報告



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To the shareholders of Redsun Properties Group Limited
(Incorporated in the Cayman Islands with limited liability)

致弘陽地產集團有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Redsun Properties Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 243 to 435, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

我們已審核列載於第243頁至第435頁的弘陽地產集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於2020年12月31日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收入表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合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」)頒佈的國際財務報告準則(「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日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港審核準則(「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綜合財務報表須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(「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。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。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

關鍵審核事項

Valuation of investment properties

投資物業之估值

The Group owns investment properties in the Mainland China which are measured at fair value and their aggregate carrying amounts were approximately RMB12,973,827,000 as at 31 December 2020, which represented approximately 11% of the Group's total assets. The Group engaged an external valuer to perform valuation of these properties as at 31 December 2020.

貴集團在中國內地擁有多項按公允價值計量的投資物業，該等物業於2020年12月31日的賬面總值約為人民幣12,973,827,000元，分別佔貴集團總資產約11%。貴集團已聘請外部估值師對該等物業於2020年12月31日的價值進行估值。

Significant judgement is required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values.

在釐定投資物業的公允價值時需要作出重大判斷，該等公允價值反映報告期末的市況。採用不同的估值技術及假設可能導致公允價值的估計出現重大差異。

The accounting policies and disclosures for the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

有關投資物業的會計政策及披露載於綜合財務報表附註2.4、3及14。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期間綜合財務報表的審核最為重要的事項。這些事項是在對綜合財務報表整體進行審核並形成意見的背景下進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審核中是如何應對的描述也以此為背景。

我們已經履行了本報告核數師就審核綜合財務報表須承擔的責任部分闡述的責任，包括與這些關鍵審核事項相關的責任。相應地，我們的審核工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審核程序。我們執行審核程序的結果，包括應對下述關鍵審核事項所執行的程序，為綜合財務報表整體發表審核意見提供了基礎。

How our audit addressed the key audit matter

我們審核時如何處理關鍵審核事項

We evaluated the competency, independence and objectivity of the external valuer. We obtained an understanding of the valuation approach and key assumptions used by the external valuer.

吾等已評估外部估值師的能力、獨立性及客觀性。吾等瞭解外部估值師所使用的估值方法及主要假設。

Furthermore, we assessed the property-related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuations methodology and the underlying assumptions. We evaluated the source data used in the valuations by benchmarking them to relevant market information on a sample basis. 此外，吾等已評估用作估值輸入數據的物業相關數據，並責成內部估值專家協助吾等評估估值方法及相關假設。吾等按抽樣基準將相關數據與相關市場資料進行比對，以評估估值過程中使用的源數據。

In addition, we evaluated the adequacy of disclosures on the valuations of investment properties.

此外，吾等已評估對投資物業估值所作披露的充分性。

Key audit matter**關鍵審核事項***Provision for land appreciation tax*

土地增值稅撥備

The Group is a comprehensive property developer in the Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in the Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the Group estimates the provision for land appreciation tax based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes prepaid land lease payments, property development costs and borrowing costs. When the LAT is subsequently determined, the actual payments may be different from the estimates.

貴集團為一家中國內地的綜合性房地產開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。中國內地的土地增值稅（「土地增值稅」）為貴集團稅項支出的主要組成部分之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於各報告期末，貴集團會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額（包括預付土地租賃款項、物業開發成本及借款成本）作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。

The accounting policies and disclosures for the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

有關土地增值稅撥備的會計政策及披露載於綜合財務報表附註3及10。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

How our audit addressed the key audit matter**我們審核時如何處理關鍵審核事項**

We involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities, by applying our local knowledge and experience. We also recalculated the tax provision and compared our results to the amounts recorded by the Group.

透過應用本地知識及經驗評估稅務風險，吾等已責成內部稅務專家協助吾等對土地增值稅狀況進行審查，包括審查貴集團使用的估計及假設，以及根據相關稅務部門發出的通訊資料。吾等亦已重新計算稅項撥備，並將吾等的計算結果與貴集團錄得的金額進行比較。

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告的編製，僅向全體股東報告，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審核準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審核準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- 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，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

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.

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通，該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及為消除威脅所採取的行動或防範措施(如適用)。

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young*Certified Public Accountants*

Hong Kong

29 March 2021

從與審核委員會溝通的事項中，吾等確定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為劉國華 (Lawrence K.W. Lau)。

安永會計師事務所*執業會計師*

香港

2021年3月29日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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綜合損益表

Year ended 31 December 2020
截至2020年12月31日止年度

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
REVENUE	收入	5	20,158,701	15,169,506
Cost of sales	銷售成本		(15,650,959)	(11,356,243)
Gross profit	毛利		4,507,742	3,813,263
Other income and gains	其他收入及收益	5	632,630	331,217
Selling and distribution expenses	銷售及分銷開支		(927,623)	(651,982)
Administrative expenses	行政開支		(990,669)	(1,089,711)
Fair value gains on investment properties	投資物業的公允價值收益		258,949	310,456
Other expenses	其他開支		(39,356)	(36,560)
Finance costs	融資成本	7	(725,412)	(634,309)
Share of profits and losses of:	應佔以下單位利潤及虧損：			
Joint ventures	合營企業		(85,034)	97,724
Associates	聯營公司		528,110	595,285
PROFIT BEFORE TAX	稅前利潤	6	3,159,337	2,735,383
Income tax expense	所得稅開支	10	(1,304,397)	(1,099,523)
PROFIT FOR THE YEAR	年度利潤		1,854,940	1,635,860
Attributable to:	以下各方應佔：			
Owners of the parent	母公司擁有人		1,660,967	1,467,555
Non-controlling interests	非控股權益		193,973	168,305
			1,854,940	1,635,860
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通權益持有人應佔每股盈利	12		
Basic	基本			
— For profit for the year	— 就年度利潤而言		RMB0.50 人民幣0.50元	RMB0.44 人民幣0.44元
Diluted	攤薄			
— For profit for the year	— 就年度利潤而言		RMB0.50 人民幣0.50元	RMB0.44 人民幣0.44元

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綜合全面收入表

Year ended 31 December 2020
截至2020年12月31日止年度

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年內利潤	1,854,940	1,635,860
OTHER COMPREHENSIVE INCOME	其他全面收入		
Gains on property revaluation:	物業重估收益：		
Change in use from an owner-occupied property to an investment property carried at fair value	變更自用物業用途作按公允價值列賬的投資物業	—	27,896
Income tax effect	所得稅的影響	—	(6,974)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	年內其他全面收入，扣除稅項	—	20,922
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收入總額	1,854,940	1,656,782
Attributable to:	以下各方應佔：		
Owners of the parent	母公司擁有人	1,660,967	1,488,477
Non-controlling interests	非控股權益	193,973	168,305
		1,854,940	1,656,782

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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綜合財務狀況表

31 December 2020
2020年12月31日

			2020	2019
		Notes	2020年	2019年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	820,826	807,938
Investment properties	投資物業	14	12,973,827	11,572,037
Right-of-use assets	使用權資產	15(a)	99,437	157,721
Other intangible assets	其他無形資產	16	11,180	12,426
Investments in joint ventures	於合營企業的投資	18	1,977,217	2,236,978
Investments in associates	於聯營公司的投資	19	9,572,816	5,584,394
Loan receivables	應收貸款	17	211,721	—
Deferred tax assets	遞延稅項資產	31	1,045,864	727,598
Total non-current assets	非流動資產總值		26,712,888	21,099,092
CURRENT ASSETS	流動資產			
Inventories	存貨		42,046	12,613
Properties under development	開發中物業	20	48,499,979	36,280,854
Completed properties held for sale	持作出售的已完工物業	21	3,795,722	3,327,897
Trade receivables	貿易應收款項	22	7,067	6,767
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	23	11,601,756	7,705,396
Due from related companies	應收關聯公司款項	42	8,801,141	8,454,905
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	24	428,521	1,148,390
Tax recoverable	可收回稅項		630,969	516,753
Cash and bank balances	現金及銀行結餘	25	18,525,081	16,844,417
Total current assets	流動資產總值		92,332,282	74,297,992
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	26	6,244,841	4,845,588
Other payables and accruals	其他應付款項及應計費用	27	8,376,013	7,040,888
Contract liabilities	合同負債	28	29,383,224	24,974,641
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	8,766,941	10,516,391
Senior notes	優先票據	30	2,671,726	1,894,998
Lease liabilities	租賃負債	15	35,509	46,809
Due to related companies	應付關聯公司款項	42	8,068,242	5,387,256
Tax payable	應繳稅項		2,904,848	2,169,259
Total current liabilities	流動負債總額		66,451,344	56,875,830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2020
2020年12月31日

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
NET CURRENT ASSETS	流動資產淨值		25,880,938	17,422,162
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		52,593,826	38,521,254
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	29	13,285,233	9,755,355
Other payables and accruals	其他應付款項及應計費用	27	200,345	—
Senior notes	優先票據	30	7,581,168	7,379,644
Lease liabilities	租賃負債	15(b)	1,745,635	911,477
Deferred tax liabilities	遞延稅項負債	31	2,377,861	2,428,329
Total non-current liabilities	非流動負債總額		25,190,242	20,474,805
Net assets	資產淨值		27,403,584	18,046,449
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	32	28,275	28,254
Share premium	股份溢價	32	2,257,437	2,628,301
Other reserves	其他儲備	34	12,894,625	11,231,190
Non-controlling interests	非控股權益		15,180,337	13,887,745
			12,223,247	4,158,704
Total equity	權益總額		27,403,584	18,046,449

Mr. Zeng Huansha
曾煥沙先生
Director
董事

Mr. Yuan Chun
袁春先生
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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Year ended 31 December 2020
截至2020年12月31日止年度

		Attributable to owners of the parent 母公司擁有人應佔									
		Share capital	Share premium	Merger and other reserve 合併及	Share option reserve 購股權儲備	Asset revaluation reserve 資產重估儲備	Statutory surplus reserve 法定盈餘儲備	Retained profits	Total	Non-controlling interests	Total equity
		股本 RMB'000 人民幣千元 Note 32 附註32	股份溢價 RMB'000 人民幣千元 Note 32 附註32	其他儲備 RMB'000 人民幣千元 Note 34 附註34	購股權儲備 RMB'000 人民幣千元 Note 33 附註33	RMB'000 人民幣千元	RMB'000 人民幣千元 Note 34 附註34	保留利潤 RMB'000 人民幣千元	總計 RMB'000 人民幣千元	非控股權益 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	28,254	2,931,914	2,106,855*	24,326*	—*	880,534*	6,723,022*	12,694,905	1,154,840	13,849,745
Profit for the year	年度利潤	—	—	—	—	—	1,467,555	1,467,555	1,467,555	168,305	1,635,860
Other comprehensive income for the year:	年內其他全面收入：										
Change in use from an owner-occupied property to an investment property carried at fair value, net of tax	變更自用物業用途按公允價值列賬的投資物業，扣除稅項	—	—	—	—	20,922	—	—	20,922	—	20,922
Total comprehensive income for the year	年內全面收入總額	—	—	—	—	20,922	—	1,467,555	1,488,477	168,305	1,656,782
Recognition of equity-settled share-based payments (note 33)	確認為以股權結算以股份為基礎的付款(附註33)	—	—	—	31,329	—	—	—	31,329	—	31,329
Capital injection from non-controlling shareholders	非控股股東注資	—	—	(22,095)	—	—	—	—	(22,095)	3,728,474	3,706,379
Disposal of partial interests in subsidiaries to non-controlling interests	向非控股權益出售附屬公司的部分權益	—	—	—	—	—	—	—	—	3,000	3,000
Acquisition of non-controlling interests	收購非控股權益	—	—	(1,258)	—	—	—	—	(1,258)	(877,609)	(878,867)
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	—	—	—	—	—	—	—	—	(18,306)	(18,306)
Appropriations to statutory surplus reserves	轉撥至法定盈餘儲備	—	—	—	—	—	213,417	(213,417)	—	—	—
Final 2018 dividend declared	已宣派2018年末期股息	—	(303,613)	—	—	—	—	—	(303,613)	—	(303,613)
At 31 December 2019	於2019年12月31日	28,254	2,628,301	2,083,502*	55,655*	20,922*	1,093,951*	7,977,160*	13,887,745	4,158,704	18,046,449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2020

截至2020年12月31日止年度

		Attributable to owners of the parent 母公司擁有人應佔										
		Share capital 股本	Share premium 股份溢價	Merger and other reserves 合併及其他儲備	Asset revaluation reserve 資產重估儲備	Statutory surplus reserves 法定盈餘儲備	Share option reserves 購股權儲備	Shares award scheme 股份獎勵計劃	Retained profits 保留利潤	Total	Non-Controlling interests 非控股權益	Total equity 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	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		Note 32 附註32	Note 32 附註32	Note 34 附註34		Note 34 附註34	Note 33 附註33	Note 33 附註33				
At 1 January 2020	於2020年1月1日	28,254	2,628,301	2,083,502*	20,922*	1,093,951*	55,655*	—*	7,977,160*	13,887,745	4,158,704	18,046,449
Profit for the year	年度利潤	—	—	—	—	—	—	—	1,660,967	1,660,967	193,973	1,854,940
Total comprehensive income for the year	年內全面收入總額	—	—	—	—	—	—	—	1,660,967	1,660,967	193,973	1,854,940
Exercise of share options	行使購股權	21	5,807	—	—	—	(1,910)	—	—	3,918	—	3,918
Purchase of shares under the share award scheme	根據股份獎勵計劃購買股份	—	—	—	—	—	—	(54,400)	—	(54,400)	—	(54,400)
Recognition of equity-settled share-based payments (note 33)	確認為以股權結算以股份為基礎的付款(附註33)	—	—	—	—	—	17,276	53,755	—	71,031	—	71,031
Capital injection from non-controlling shareholders	非控股股東注資	—	—	—	—	—	—	—	—	—	7,559,210	7,559,210
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	—	—	—	—	—	—	—	—	—	398,876	398,876
Acquisition of non-controlling interests	收購非控股權益	—	—	(26,371)	—	—	—	—	—	(26,371)	(114,236)	(140,607)
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	—	—	—	—	—	—	—	—	—	(39,162)	(39,162)
Disposal of partial interests in subsidiaries to non-controlling interests	向非控股權益出售附屬公司的部分權益	—	—	14,118	—	—	—	—	—	14,118	65,882	80,000
Appropriations to statutory surplus reserve	轉撥至法定盈餘儲備	—	—	—	—	237,218	—	—	(237,218)	—	—	—
Final 2019 dividend declared	已宣派2019年末期股息	—	(376,671)	—	—	—	—	—	—	(376,671)	—	(376,671)
At 31 December 2020	於2020年12月31日	28,275	2,257,437	2,071,249*	20,922*	1,331,169*	71,021*	(645)*	9,400,909*	15,180,337	12,223,247	27,403,584

* These reserve accounts comprise the consolidated other reserves of RMB12,894,625,000 (2019: RMB11,231,190,000) in the consolidated statement of financial position.

* 該等儲備賬目包括於綜合財務狀況表中的綜合其他儲備人民幣12,894,625,000元(2019年: 人民幣11,231,190,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

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綜合現金流量表

Year ended 31 December 2020
截至2020年12月31日止年度

			2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量			
Profit before tax:	稅前利潤：		3,159,337	2,735,383
Adjustments for:	調整項目：			
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	6	67,798	78,861
Depreciation of right-of-use assets	使用權資產折舊	6, 15	37,503	42,399
Amortisation of other intangible assets	其他無形資產攤銷	6, 16	5,125	7,175
Losses on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的虧損	6, 13	5,319	8,716
Share of profits and losses of:	應佔以下單位利潤及虧損：	6		
Joint ventures	合營企業		85,034	(97,724)
Associates	聯營公司		(528,110)	(595,285)
Recognition of equity-settled share-based payments	確認為以股權結算以股份為基礎的付款	6	71,031	31,329
Fair value gain on investment properties	投資物業公允價值收益	6, 14	(258,949)	(310,456)
Gain on disposal of subsidiaries	出售附屬公司的收益	6, 37	(251,984)	(14,874)
Gain on disposal of associates and joint ventures	出售聯營公司及合營企業的收益	6	(22,845)	—
Gain on remeasurement of pre-existing interests in joint ventures	重新計量於合營企業的既有權益	6, 36	(31,221)	—
Impairment losses recognised	確認減值虧損	6, 21	19,265	27,589
Impairment losses written off	撤銷減值虧損	6, 21	(32,010)	(205,807)
Net foreign exchange gain	外匯收益淨額	6	—	(1,431)
Finance costs	融資成本	7	725,412	634,309
Interest income	利息收入	5	(154,672)	(154,895)
Investment income	投資收入	5	(90,882)	(120,939)
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益	5	(28,434)	(13,648)
			2,776,717	2,050,702
Increase in properties under development and completed properties held for sale	開發中物業及持作出售的已完工物業增加		(9,148,944)	(7,359,522)
Increase in inventories	存貨增加		(29,433)	(8,559)
(Increase)/decrease in restricted cash	受限制現金(增加)/減少		(57,702)	340,136
Increase in pledged deposits	已質押存款增加		(73,415)	(72,548)
(Increase)/decrease in trade receivables	貿易應收款項(增加)/減少		(300)	16,961
Increase in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產增加		(481,454)	(4,399,684)
Increase in trade and bills payables	貿易應付款項及應付票據增加		1,352,477	1,975,719
Increase in other payables and accruals	其他應付款項及應計費用增加		1,753,477	2,973,479
Increase in contract liabilities	合同負債增加		2,165,022	8,558,596
Decrease in amounts due from related companies	應收關聯公司款項減少		91,902	36,105
Increase in amounts due to related companies	應付關聯公司款項增加		18,788	31,941

250 CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2020
截至2020年12月31日止年度

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cash generated (used in)/from operations	經營(所用)/所得現金		(1,632,865)	4,143,326
Interest received	已收利息		153,980	144,360
Interest paid	已付利息		(3,073,515)	(2,278,696)
Tax paid	已繳稅項		(1,014,393)	(1,019,263)
Net cash flows (used in)/from operating activities	經營活動(所用)/所得現金 流量淨額		(5,566,793)	989,727
CASH FLOWS FROM INVESTING ACTIVITIES		投資活動所得現金流量		
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目 所得款項		9,708	21,254
Purchase of items of property, plant and equipment	購買物業、廠房及設備項目		(98,011)	(99,437)
Purchase of other intangible assets	購置其他無形資產		(3,879)	(7,603)
Additions in investment properties	添置投資物業		(334,614)	(861,876)
Acquisition of subsidiaries	收購附屬公司	36	67,119	(567,022)
Acquisition of joint ventures and associates	收購合營企業及聯營公司		(4,310,706)	(4,294,915)
Disposal of subsidiaries	出售附屬公司	37	319,878	(29,184)
Disposal of investments in associates and joint ventures	出售於聯營公司及合營企業的 投資		94,818	—
Purchase of financial assets at fair value though profit or loss	購買按公允價值計入損益的 金融資產		(2,450,077)	(2,482,696)
Disposal of financial assets at fair value though profit or loss	出售按公允價值計入損益的 金融資產		3,226,995	2,599,500
Purchase of a private placement bond	購買私募債券		(189,222)	—
Dividends received from financial assets at fair value through profit or loss	已收按公允價值計入損益的 金融資產的股息		39,768	—
Repayment of advances to related companies	向關聯公司作出的墊款償還		—	3,125
Decrease/(increase) in loans to joint ventures and associates	向合營企業及聯營公司貸款 減少/(增加)		2,519,836	(765,106)
Increase in non-pledged time deposits	無質押定期存款增加		(500,000)	—
Dividend received from joint ventures and associates	已收合營企業及聯營公司的 股息		789,400	—
Net cash flows used in investing activities	投資活動所用現金流量淨額		(818,987)	(6,483,960)

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CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

Year ended 31 December 2020
截至2020年12月31日止年度

	Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
CASH FLOWS FROM FINANCING ACTIVITIES			
融資活動所得現金流量			
Acquisition of non-controlling interests		(140,607)	(878,867)
Transactions with non-controlling shareholders		5,401,139	3,706,379
Proceeds from disposal of partial interests in subsidiaries to non-controlling interests		80,000	3,000
Principal portion of lease payments	15	(52,584)	(49,038)
Dividends paid		(376,671)	(303,613)
Repayments of advances from other related companies		—	(328,995)
Decrease/(increase) in pledged deposits		2,394,863	(2,197,041)
Proceeds from the issuance of senior notes		3,233,153	7,883,110
Repayment of senior notes		(1,632,121)	(1,210,218)
Proceeds from interest-bearing bank and other borrowings		18,393,851	23,268,107
Repayments of interest-bearing bank and other borrowings		(17,012,359)	(22,008,124)
Purchase of shares under the share award scheme		(54,400)	—
Proceeds from exercise of share options		3,918	—
Net cash flows from financing activities		10,238,182	7,884,700
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,852,402	2,390,467
現金及現金等價物增加淨額			
Cash and cash equivalents at beginning of year		8,691,522	6,232,596
Effect of foreign exchange rate changes, net		(134,872)	68,459
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,409,052	8,691,522
年末現金及現金等價物			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
現金及現金等價物結餘分析			
Cash and bank balances	25	18,525,081	16,844,417
Less: Restricted cash	25	2,862,288	2,304,586
Pledged deposits	25	3,253,741	5,848,309
Cash and cash equivalents as stated in the statement of cash flows		12,409,052	8,691,522

252 NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2020
2020年12月31日

1. CORPORATE AND GROUP INFORMATION

Redsun Properties Group Limited was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office of the Company is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

In the opinion of the directors, the holding company of the Company is Redsun Properties Group (Holdings) Limited, which is incorporated in the British Virgin Islands.

1. 公司及集團資料

弘陽地產集團有限公司在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為 Walkers Corporate Limited，位於190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands。

年內，本集團涉足以下主要活動：

- 物業開發
- 商業物業投資與經營
- 酒店經營

董事認為，本公司的控股公司為於英屬維爾京群島註冊成立的弘陽地產集團(控股)有限公司。

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1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

1. 公司及集團資料(續)

有關附屬公司的資料

本公司主要附屬公司的詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Redsun Properties Investment (Holdings) Limited** 弘陽地產投資(控股)有限公司**	British Virgin Islands 英屬維爾京群島	US\$1 1美元	100 100	— —	Investment holding 投資控股
Hong Yang Properties Investment Limited** 弘陽地產投資有限公司**	Hong Kong 香港	HK\$1, RMB1,990,446,210 1港元、 人民幣1,990,446,210元	— —	100 100	Investment holding 投資控股
Hopeful Huge Limited** 慶合有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	100 100	Investment holding 投資控股
Profit Icon Development Limited** 溢同發展有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	100 100	Investment holding 投資控股
W Ocean Company Limited** 傲瞬有限公司**	Hong Kong 香港	HK\$100 100港元	— —	100 100	Investment holding 投資控股
Huge Winning Limited** 浩聚有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	100 100	Investment holding 投資控股
Sunny Honesty Limited** 聖信有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	100 100	Investment holding 投資控股
Skillful Point Resources Limited** 信同資源有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	60 60	Investment holding 投資控股
Winning Leap Worldwide Limited** 謙利環球有限公司**	British Virgin Islands 英屬維爾京群島	US\$50,000 50,000美元	— —	100 100	Investment holding 投資控股
Advantage Luck International Limited** 好旺國際有限公司**	Hong Kong 香港	HK\$100 100港元	— —	100 100	Investment holding 投資控股

31 December 2020
2020年12月31日1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries (Continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Leading Talent International Limited** 首先國際有限公司**	Hong Kong 香港	HK\$1 1港元	—	100	Investment holding 投資控股
Million Triple International Limited** 萬有國際有限公司**	Hong Kong 香港	HK\$1 1港元	—	60	Investment holding 投資控股
Redsun Properties (Group) Co., Ltd.* 弘陽置地(集團)有限公司*	PRC/Mainland China 中國/內地	RMB1,990,446,211 人民幣1,990,446,211元	—	100	Property development and property leasing 物業開發及物業租賃
Chuzhou Hong Yang Real Estate Development Co., Ltd. (Chuzhou Hong Yang)* ^o 滁州弘陽房地產開發有限公司(滁州弘陽)* ^o	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	39	Property development 物業開發
Nanjing Hong Yang Business Management Co., Ltd.* 南京弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB5,000,000 人民幣5,000,000元	—	100	Commercial property management 商業物業管理
Nanjing Hong Yang Hotel Co., Ltd.* 南京弘陽酒店有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Hotel operation 酒店業務
Nanjing Guo Gang Properties Development Co., Ltd.* 南京國港置業發展有限公司*	PRC/Mainland China 中國/內地	RMB66,214,329 人民幣66,214,329元	—	99	Property development and property leasing 物業開發及物業租賃
Xuzhou Xincheng Yihui Real Estate Development Co., Ltd.* 徐州新城億輝房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB202,050,000 人民幣202,050,000元	—	81	Property development 物業開發
Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd.* 無錫蘇源檀溪灣置業有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	Property development 物業開發
Changzhou Hong Yang Plaza Properties Co., Ltd.* 常州弘陽廣場置業有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	Property development and property leasing 物業開發及物業租賃

1. 公司及集團資料(續)

有關附屬公司的資料(續)

31 December 2020
2020年12月31日

1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Hong Yang Group Nantong Real Estate Co., Ltd.* 弘陽集團南通房地產有限公司*	PRC/Mainland China 中國/內地	RMB334,440,000 人民幣334,440,000元	—	99	Property development 物業開發
Nantong Jin Li Properties Co., Ltd.* ^② 南通錦力置業有限公司* ^②	PRC/Mainland China 中國/內地	RMB8,000,000 人民幣8,000,000元	—	33	Property development 物業開發
Anhui Hong Lan Real Estate Development Co., Ltd.* ^① 安徽弘嵐房地產開發有限公司* ^①	PRC/Mainland China 中國/內地	RMB406,000,000 人民幣406,000,000元	—	100	Property development 物業開發
Nanjing Rui Sheng Real Estate Development Co., Ltd.* 南京銳晟房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB75,000,000 人民幣75,000,000元	—	100	Property development 物業開發
Changzhou Sang Ma Culture Expo Park Co., Ltd. (Changzhou Sang Ma Culture)* 常州桑麻文化博覽園有限公司(常州桑麻文化)*	PRC/Mainland China 中國/內地	RMB400,000,000 人民幣400,000,000元	—	70	Property leasing 物業租賃
Zhangjiagang Rui Cheng Properties Co., Ltd.* ^② 張家港銳誠置業有限公司* ^②	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	50	Property development 物業開發
Taixing Rui Shang Real Estate Development Co., Ltd.* 泰興市瑞尚房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	99	Property development 物業開發
Xuzhou Xiangyun Resort Management Co., Ltd.* 徐州祥雲景區管理有限公司*	PRC/Mainland China 中國/內地	RMB80,000,000 人民幣80,000,000元	—	75	Property development 物業開發
Changzhou Sang Ma Properties Co., Ltd.* 常州桑麻置業有限公司*	PRC/Mainland China 中國/內地	RMB150,000,000 人民幣150,000,000元	—	70	Property development and property leasing 物業開發及物業租賃
Jiangyin Jia Hong Real Estate Development Co., Ltd.* 江陰嘉鴻房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	100	Property development 物業開發
Wuxi Xu Yang Real Estate Development Co., Ltd.* 無錫煦陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB300,000,000 人民幣300,000,000元	—	100	Property development 物業開發

31 December 2020

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Xuzhou Hong Yang Real Estate Development Co., Ltd.* 徐州弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發
Changzhou Hua Feng Properties Co., Ltd.* 常州華風置業有限公司*	PRC/Mainland China 中國/內地	RMB120,000,000 人民幣120,000,000元	—	85	Property development 物業開發
Hefei Hong Yang Business Management Co., Ltd.* 合肥弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB30,010,000 人民幣30,010,000元	—	100	Commercial property management 商業物業管理
Chongqing Bo Jing Ming Xia Properties Co., Ltd.* 重慶柏景銘廈置業有限公司*	PRC/Mainland China 中國/內地	RMB200,000,000 人民幣200,000,000元	—	100	Property development 物業開發
Anhui Wei Lin Properties Co., Ltd. (Anhui Wei Lin)* 安徽威林置業有限公司(安徽威林)*	PRC/Mainland China 中國/內地	RMB38,490,000 人民幣38,490,000元	—	51	Property development 物業開發
Chongqing Hong Jing Industrial Co., Ltd.* 重慶弘璟實業有限公司*	PRC/Mainland China 中國/內地	RMB505,000,000 人民幣505,000,000元	—	95	Property development 物業開發
Hangzhou Hong Yang Real Estate Development Co., Ltd.* 杭州弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發
Jiangyin Tong Yang Real Estate Development Co., Ltd (Jiangyin Tong Yang)** 江陰通陽房地產開發有限公司(江陰通陽)**	PRC/Mainland China 中國/內地	RMB538,020,500 人民幣538,020,500元	—	48	Property development 物業開發
Huzhou Hong Rui Real Estate Development Co., Ltd.* 湖州弘瑞房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB170,000,000 人民幣170,000,000元	—	96	Property development 物業開發
Chengdu Hong Yang Shu Xing Real Estate Development Co., Ltd.* 成都市弘陽蜀興房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發
Kaifeng Bao Long Real Estate Development Co., Ltd.* 開封市寶隆房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	—	94	Property development 物業開發

1. 公司及集團資料(續)

有關附屬公司的資料(續)

31 December 2020
2020年12月31日

1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Huzhou Hong Yuan Real Estate Development Co., Ltd.* 湖州弘源房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	96	Property development 物業開發
Foshan Hong Jian Real Estate Development Co., Ltd.* 佛山市弘堅房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	83	Property development 物業開發
Nantong Hong Jun Real Estate Development Co., Ltd.* ^⑨ 南通弘俊房地產有限公司 ^⑨	PRC/Mainland China 中國/內地	RMB25,000,000 人民幣25,000,000元	—	36	Property development 物業開發
Mingliu Properties Wuhan Co., Ltd. (Mingliu Properties)* ^⑩ 名流置業武漢有限公司(名流置業)* ^⑩	PRC/Mainland China 中國/內地	RMB1,205,000,000 人民幣1,205,000,000元	—	90	Property development 物業開發
Sichuan Ren Shou San Yu Properties Co., Ltd. (Sichuan Ren Shou)* ^⑪ 四川仁壽三宇置業有限公司(四川仁壽)* ^⑪	PRC/Mainland China 中國/內地	RMB26,670,000 人民幣26,670,000元	—	94	Property development 物業開發
Xuzhou Hong Ran Real Estate Development Co., Ltd.* 徐州弘冉房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB500,000,000 人民幣500,000,000元	—	51	Property development 物業開發
Yantai Hong Yang Business Management Co., Ltd.* 煙台弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Commercial property management 商業物業管理
Bengbu Xin Hong Real Estate Co., Ltd.* ^⑫ 蚌埠新弘房地產有限公司 ^⑫	PRC/Mainland China 中國/內地	RMB86,000,000 人民幣86,000,000元	—	48	Property development 物業開發
Nanchang Hong Yang Real Estate Development Co., Ltd.* ^⑬ 南昌弘陽房地產開發有限公司 ^⑬	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	95	Property development 物業開發
Suzhou Hong Yang Investment Co., Ltd.* 蘇州弘陽投資有限公司*	PRC/Mainland China 中國/內地	RMB222,460,400 人民幣222,460,400元	—	99	Property development 物業開發
Nanjing Hong Run Real Estate Development Co., Ltd.* ^⑭ 南京弘潤房地產開發有限公司 ^⑭	PRC/Mainland China 中國/內地	RMB750,000,000 人民幣750,000,000元	—	48	Property development 物業開發

31 December 2020

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Foshan Hong Sheng Real Estate Development Co., Ltd.* ^o 佛山市弘升房地產開發有限公司* ^o	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	48	Property development 物業開發
Hunan De Yi Real Estate Development Co., Ltd. (Hunan De Yi)* 湖南德一房地產開發有限公司(湖南德一)*	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	—	67	Property development 物業開發
Changsha Hong Shi Real Estate Development Co., Ltd.* ^{o^} 長沙弘石房地產開發有限公司* ^{o^}	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	48	Property development 物業開發
Chengdu Jin Xin Yao Real Estate Development Co., Ltd.* ^o 成都金鑫壹房地產開發有限公司* ^o	PRC/Mainland China 中國/內地	RMB600,000,000 人民幣600,000,000元	—	26	Property development 物業開發
Jiangxi Xin Yue Hong Lan Real Estate Development Co., Ltd. (Jiangxi Xin Yue Hong Lan)* ^o 江西新越弘嵐房地產開發有限公司(江西新越弘嵐)* ^o	PRC/Mainland China 中國/內地	RMB650,000,000 人民幣650,000,000元	—	37	Property development 物業開發
Wuxi Xin Yang Real Estate Development Co., Ltd.* ^o 無錫市新洋房地產開發有限公司* ^o	PRC/Mainland China 中國/內地	RMB200,000,000 人民幣200,000,000元	—	38	Property development 物業開發
Nantong Hong Du Real Estate Development Co., Ltd.* ^o 南通弘都房地產有限公司* ^o	PRC/Mainland China 中國/內地	RMB120,000,000 人民幣120,000,000元	—	48	Property development 物業開發
Qionglai Hongyang Jingcui Real Estate Development Co., Ltd. (Qionglai Hongyang Jingcui)* 邛崃市弘陽璟粹房地產開發有限公司 (邛崃市弘陽璟粹)*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	94	Property development 物業開發
Xuzhou Xincheng Hongyang Real Estate Development Co., Ltd. (Xuzhou Xincheng Hongyang)* ^o 徐州新城弘陽房地產開發有限公司(徐州新城弘陽)* ^o	PRC/Mainland China 中國/內地	RMB913,000,000 人民幣913,000,000元	—	47	Property development 物業開發
Changzhou Hong Yang Business Management Co., Ltd.* 常州弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	100	Commercial property management 商業物業管理

1. 公司及集團資料(續)

有關附屬公司的資料(續)

31 December 2020
2020年12月31日

1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Hengyang Hong Chang Business Management Co., Ltd.* 衡陽弘昶商業管理有限公司*	PRC/Mainland China 中國/內地	RMB5,000,000 人民幣5,000,000元	—	100	Commercial property management 商業物業管理
Yangzhou Hong Yang Business Management Co., Ltd.* 揚州弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB1,000,000 人民幣1,000,000元	—	100	Commercial property management 商業物業管理
Sanhe Hong Yang Plaza Business Management Co., Ltd.* 三河弘陽商業廣場管理有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Commercial property management 商業物業管理
Changzhou Hong Ye Real Estate Development Co., Ltd.* ^a 常州弘業房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB150,000,000 人民幣150,000,000元	—	35	Property development 物業開發
Nanjing Hong Xin Real Estate Development Co., Ltd.* ^a 南京弘鑫房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	—	100	Property development 物業開發
Nanjing Hong Hao Real Estate Development Co., Ltd.* ^a 南京弘浩房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB25,000,000 人民幣25,000,000元	—	100	Property development 物業開發
Yixing Yang Heng Real Estate Development Co., Ltd.* ^a 宜興市陽恒房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	US\$81,632,660 81,632,660美元	—	48	Property development 物業開發
Changsha Hong Che Real Estate Development Co., Ltd.* ^a 長沙弘澈房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB123,500,000 人民幣123,500,000元	—	100	Property development 物業開發
Foshan Hong Hai Real Estate Development Co., Ltd.* ^a 佛山市弘海房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB270,000,000 人民幣270,000,000元	—	48	Property development 物業開發
Zhengzhou Wan Bang Properties Co., Ltd.* ^a 鄭州萬邦弘陽置業有限公司 ^a	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	90	Property development 物業開發
Chengdu Hong Yang Jin Hua Real Estate Development Co., Ltd.* ^a 成都市弘陽錦華房地產開發有限公司 ^a	PRC/Mainland China 中國/內地	RMB200,000,000 人民幣200,000,000元	—	54	Property development 物業開發

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Hengyang Hong Tao Real Estate Development Co., Ltd.* [^] 衡陽弘濤房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發
Chongqing Hong Yu Zhi Yuan Real Estate Development Co., Ltd.* [^] 重慶弘譽致遠房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB500,000,000 人民幣500,000,000元	—	48	Property development 物業開發
Changsha Hong Teng Real Estate Development Co., Ltd.* [^] 長沙弘騰房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	95	Property development 物業開發
Guangzhou Hong Yun Real Estate Development Co., Ltd.* [^] 廣州弘運房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB33,333,333 人民幣33,333,333元	—	100	Property development 物業開發
Taichang Jing Yuan Properties Co., Ltd.* [^] 太倉璟源置業有限公司** [^]	PRC/Mainland China 中國/內地	RMB390,000,000 人民幣390,000,000元	—	32	Property development 物業開發

* Registered as limited liability companies under PRC law.

** Registered as wholly-foreign-owned enterprises under PRC law.

[^] As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities including, but not limited to, the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

[^] As 31 December 2020, the equity interests in these companies were pledged to secure certain bank and other borrowings of RMB6,632,830,000 (2019: RMB4,187,792,000) granted to the Group (note 29(d)).

1. 公司及集團資料(續)

有關附屬公司的資料(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Hengyang Hong Tao Real Estate Development Co., Ltd.* [^] 衡陽弘濤房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發
Chongqing Hong Yu Zhi Yuan Real Estate Development Co., Ltd.* [^] 重慶弘譽致遠房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB500,000,000 人民幣500,000,000元	—	48	Property development 物業開發
Changsha Hong Teng Real Estate Development Co., Ltd.* [^] 長沙弘騰房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	95	Property development 物業開發
Guangzhou Hong Yun Real Estate Development Co., Ltd.* [^] 廣州弘運房地產開發有限公司** [^]	PRC/Mainland China 中國/內地	RMB33,333,333 人民幣33,333,333元	—	100	Property development 物業開發
Taichang Jing Yuan Properties Co., Ltd.* [^] 太倉璟源置業有限公司** [^]	PRC/Mainland China 中國/內地	RMB390,000,000 人民幣390,000,000元	—	32	Property development 物業開發

* 根據中國法律註冊為有限責任公司。

** 根據中國法律註冊為外商獨資企業。

[^] 由於本集團因參與該等公司業務而有可變回報的風險或權利，並能透過其多數投票權及現有權利影響相關活動的該等回報，包括但不限於預算、定價及推廣該等公司的策略，本集團對該等公司擁有控制權，因此該等公司被視為本集團的附屬公司。

[^] 於2020年12月31日，該等公司的股權權益已質押以作授予本集團的若干銀行及其他借款人民幣6,632,830,000元(2019年：人民幣4,187,792,000元)的抵押(附註29(d))。

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Note:

The English translation of the names is for reference only. The official names of these enterprises are in Chinese.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all 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. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1. 公司及集團資料(續)

有關附屬公司的資料(續)

附註：

該等名稱的英文翻譯僅供參考。該等企業的官方名稱以中文為準。

上表列出董事認為主要影響本年度業績或構成本集團資產淨值主要部分的本公司附屬公司。董事認為，提供其他附屬公司的詳情會導致篇幅冗長。

2.1 編製基準

該等財務報表乃根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」，包括所有國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)以及香港公司條例的披露規定編製。該等財務報表乃根據歷史成本慣例編製，惟已按公允價值計量的投資物業及按公允價值計入損益的金融資產除外。該等財務報表以人民幣(「人民幣」)呈列，除另有說明外，所有金額約整至最接近千位數。

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 編製基準(續)

綜合入賬基準

該等綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至2020年12月31日止年度的財務報表。附屬公司為受本公司直接或間接控制的實體(包括結構性實體)。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數表決權或類似權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他表決權持有人的合約安排;
- (b) 其他合約安排所產生權利;及
- (c) 本集團的表決權及潛在表決權。

附屬公司的財務報表乃就本公司的相同報告期間使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作綜合入賬,並繼續綜合入賬直至有關控制權終止之日為止。

即使導致非控股權益出現虧絀結餘,損益及其他全面收入各組成部分仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

2.1 編製基準(續)

綜合入賬基準(續)

倘有事實及情況顯示上述三項控制因素其中一項或以上出現變動，則本集團會重新評估是否仍控制投資對象。附屬公司的擁有權權益變動（並無喪失控制權）被視為股本交易入賬。

倘本集團失去對附屬公司的控制權，則會終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值；及(iii)計入權益的累計匯兌差額；並確認(i)已收取代價的公允價值；(ii)任何保留投資的公允價值；及(iii)所產生任何計入損益的盈餘或虧絀。先前已於其他全面收入確認的本集團應佔組成部分乃重新分類至損益或保留溢利(如適用)，基準與本集團直接出售相關資產或負債所需依據的基準相同。

2.2 會計政策及披露變動

本集團已於本年度財務報表首次採納2018年財務報告概念框架及以下經修訂國際財務報告準則。

國際財務報告準則 第3號的修訂	業務的定義
國際財務報告準則 第9號、國際 會計準則第39號 及國際財務報告 準則第7號的 修訂	利率基準改革
國際財務報告準則 第16號的修訂	與2019新型冠狀病毒病 有關的租金優惠 (提前採納)
國際會計準則 第1號及國際 會計準則第8號 的修訂	重大性的定義

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

2.2 會計政策及披露變動(續)

2018年財務報告概念框架及經修訂國際財務報告準則的性質及影響闡述如下：

- (a) 2018年財務報告概念框架(「概念框架」)規定一套完整財務報告概念及準則設定，並為制定連貫會計政策的財務報表編製者提供指引以及協助各人士了解及詮釋準則。概念框架包括計量及申報財務表現的新章節、資產及負債終止確認的新指引、以及最新資產及負債界定及確認準則，亦釐清監管、審慎及計量不確定性於財務報告之作用。概念框架並非屬於準則，且其載述的概念概無替代任何準則內的概念或規定。概念框架對本集團的財務狀況及表現並無造成任何重大影響。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2.2 會計政策及披露變動(續)

- (b) 國際財務報告準則第3號的修訂澄清及提供有關業務定義的額外指引。該修訂澄清，一組綜合業務及資產須至少包括一項投入及一個實際過程，而兩者共同對創造產出的能力作出重大貢獻，方可被視為業務。在並未計入所有創造產出所須的投入及過程的情況下，業務亦可存續。該修訂剔除對市場參與者是否具備能力收購業務及持續製造產出進行的評估。相反，重點專注在已取得的投入及已取得實際過程能否共同對創造產出的能力作出重大貢獻。該修訂亦收窄產出的定義，以聚焦在業務向客戶提供的貨品或服務、投資收入或從一般業務所得的其他收入。此外，該修訂提供有關評估已取得過程是否屬實際過程的指引，並引入選擇性公允價值集中測試，允許進行簡化評估，以測試一組已收購的業務及資產是否屬一項業務。本集團已將該等修訂按預期應用於2020年1月1日或之後發生的交易或其他事件。該等修訂並無對本集團的財務狀況及表現造成任何影響。
- (c) 國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號的修訂解決其他無風險利率（「無風險利率」）取代現有利率基準前影響期內財務報告的問題。該修訂提供暫時舒緩措施，以便於引入其他無風險利率前存在不確定性的期間能繼續使用對沖會計處理。此外，該修訂要求公司向投資者提供有關直接受該等不確定性影響的對沖關係的額外資料。由於本集團並無任何利率對沖關係，故該修訂對本集團的財務狀況及表現概無任何影響。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's Investment properties have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.2 會計政策及披露變動(續)

- (d) 國際財務報告準則第16號的修訂為承租人提供可行權宜方法，可選擇不就因大流行的2019新型冠狀病毒病疫情而直接導致的租金減免應用租賃修訂會計處理。該可行權宜方法僅適用於因疫情而直接導致的租金減免，並僅在以下情況下適用：(i)租賃付款變動導致經修訂租賃代價大致相等於或低於緊接該變動前的租賃代價；(ii)租賃付款的任何減幅僅影響原到期日為2021年6月30日或之前的付款；及(iii)其他租賃條款及條件概無實質變動。該修訂於2020年6月1日或之後開始的年度期間有效，並允許提早應用及將追溯應用。

截至2020年12月31日止年度，本集團投資物業租賃的若干月度租賃付款因疫情導致生產規模縮減而獲出租人寬減或豁免，且有關租賃的條款並無其他變動。本集團已於2020年1月1日提早採納該修訂，並選擇不對截至2020年12月31日止年度由於疫情而獲出租人授予的所有租金優惠應用租賃修訂會計處理。因租金優惠而產生的租賃付款減少已透過終止確認部分租賃負債及計入截至2020年12月31日止年度的損益入賬為可變租賃付款並不重大。

- (e) 國際會計準則第1號及國際會計準則第8號的修訂為重大提供新定義。新定義指出，倘遺漏、錯誤陳述或掩蓋資料可合理地預期對一般用途財務報表的主要使用者基於該等財務報表作出的決策造成影響，則有關資料屬重大。該修訂釐清，重大程度將取決於資料的性質或規模（或兩者兼有）。該修訂對本集團的財務狀況及表現概無任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
IFRS 17	<i>Insurance Contracts</i> ^{3, 5}
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{3, 5}
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> ³
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ³
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> ²
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ²

- ¹ Effective for annual periods beginning on or after 1 January 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ No mandatory effective date yet determined but available for adoption
- ⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號的修訂	參考概念框架 ²
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	利率指標改革 — 第二階段 ¹
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
國際財務報告準則第17號	保險合同 ³
國際財務報告準則第17號的修訂	保險合同 ^{3, 5}
國際會計準則第1號的修訂	將負債分類為流動或非流動 ³
國際會計準則第1號的修訂	會計政策披露 ³
國際會計準則第8號的修訂	會計估計的定義 ³
國際會計準則第16號的修訂	物業、廠房及設備：作擬定用途前的所得款項 ²
國際會計準則第37號的修訂	有償合同 — 履行合同的成本 ²
國際財務報告準則2018年至2020年的年度改進	國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號說明性案例及國際會計準則第41號的修訂 ²

- ¹ 於2021年1月1日或之後開始的年度期間生效
- ² 於2022年1月1日或之後開始的年度期間生效
- ³ 於2023年1月1日或之後開始的年度期間生效
- ⁴ 尚未釐定強制生效日期但可供採納
- ⁵ 因應於2020年6月頒佈的國際財務報告準則第17號的修訂，國際財務報告準則第4號已作出修訂，以擴大暫時豁免，允許保險公司於2023年1月1日之前開始的年度期間應用國際會計準則第39號而非國際財務報告準則第9號

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 已頒佈但未生效的國際財務報告準則 (續)

下述為有關預期適用於本集團的該等國際財務報告準則的進一步資料。

國際財務報告準則第3號的修訂旨在以對於2018年3月頒佈的財務報告概念框架的提述取代對先前編製及呈列財務報表框架的提述，而毋須大幅改變其規定。該等修訂亦為國際財務報告準則第3號就實體提述概念框架以釐定資產或負債構成要素的確認原則增設例外情況。該例外情況規定，就於國際會計準則第37號或國際財務報告詮釋委員會第21號詮釋範圍內的負債及或然負債而言，倘該等負債屬單獨產生而非於業務合併中承擔，則應用國際財務報告準則第3號的實體應分別提述國際會計準則第37號或國際財務報告詮釋委員會第21號詮釋，而非概念框架。再者，該等修訂澄清或然資產於收購日期起並不符合確認資格。本集團預期將自2022年1月1日起通過未來適用法採納該等修訂。由於該等修訂通過未來適用法應用於收購日期為首次應用日期或之後進行的業務合併，故本集團於過渡日期將不受該等修訂影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

2.3 已頒佈但未生效的國際財務報告準則 (續)

當現有利率基準被其他無風險利率取代時，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號的修訂解決於先前影響財務報告的修訂中未處理的事宜。第二階段修訂提供可行權宜方法，允許倘變動因利率基準改革直接引致且釐定合同現金流量的新基準於經濟上等同於緊接變動前的先前基準，則於入賬釐定金融資產及負債合同現金流量的基準變動時在不調整賬面值的情況下更新實際利率。此外，該等修訂允許在不中斷對沖關係的情況下按照利率基準改革要求就對沖指定及對沖文件作出變動。過渡可能產生的任何損益均透過國際財務報告準則第9號的正常要求進行處理，以衡量及確認對沖無效性。當無風險利率被指定為風險組成部分時，該等修訂亦為符合可單獨識別規定的實體提供暫時寬免。倘實體合理預期無風險利率風險組成部分於未來24個月內將可單獨識別，則該寬免允許實體於指定對沖時假設符合可單獨識別規定。此外，該等修訂要求實體披露額外資料，以使財務報表使用者能夠瞭解利率基準改革對實體金融工具及風險管理策略的影響。該等修訂於2021年1月1日或之後開始的年度期間生效，並應追溯應用，惟實體毋須重列比較資料。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 已頒佈但未生效的國際財務報告準則 (續)

本集團於2020年12月31日持有根據中國人民銀行所報匯率以人民幣及外幣計值的若干計息銀行及其他借貸。倘該等借貸的利率於未來期間由無風險利率代替，本集團將於滿足「經濟上等同」標準修改有關借貸時採用此可行權宜方法，並預計不會因採用該等變動修訂而產生重大修改損益。

國際財務報告準則第10號及國際會計準則第28號的修訂解決了國際財務報告準則第10號與國際會計準則第28號在處理投資者與其聯營公司或合資企業之間資產出售或投入的要求之間的不一致之處。當投資者與其聯營公司或合資企業之間的資產出售或投入構成一項業務時，該等修訂要求全面確認損益。對於涉及不構成業務資產的交易，交易產生的損益僅以無關聯投資者對該聯營公司或合資企業的權益為限在投資者的損益中確認。該等修訂已使用未來適用法予以應用。國際會計準則理事會於2015年12月取消國際財務報告準則第10號及國際會計準則第28號的修訂的過往強制生效日期，而新的強制生效日期將於完成對聯營公司及合資企業的會計處理更廣泛的檢討後釐定。然而，該等修訂現時可供採納。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務報告準則 (續)

國際會計準則第1號的修訂澄清將負債分類為流動或非流動的規定。該等修訂訂明，倘實體延遲清償負債的權利受限於該實體須符合特定條件，則該實體於其符合當日的條件的情況下有權於報告期末延遲清償負債。負債分類不受實體行使其延遲清償負債權利的可能性的影響。該等修訂亦澄清被視為清償負債的情況。該等修訂自2023年1月1日或之後開始的年度期間生效，並應追溯應用，且允許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

國際會計準則第16號的修訂禁止實體從物業、廠房及設備的成本中扣除於該資產達到管理層預定可進行營運狀態所需的位置及條件時所產生來自出售項目的任何所得款項。相反，實體於損益中確認出售任何有關項目的所得款項及該等項目的成本。該等修訂自2022年1月1日或之後開始的年度期間生效，並僅對實體首次應用該等修訂的財務報表所呈列的最早期開始時或之後可供使用的物業、廠房及設備項目追溯應用，且允許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務報告準則 (續)

國際會計準則第37號的修訂澄清，就根據國際會計準則第37號評估合同是否屬虧損性而言，履行合同的成本包括與合同直接相关的成本。與合同直接相关的成本包括履行该合同的增量成本（例如直接劳工及材料）及与履行合同直接相关的其他成本分配（例如分配履行合同所用物業、廠房及設備項目的折舊費用以及合同管理及監督成本）。一般及行政成本與合同並無直接關係，除非合同明確向對手方收費，否則將其排除在外。該等修訂自2022年1月1日或之後開始的年度期間生效，並應用於實體首次應用該等修訂的年度報告期間開始時其尚未履行其全部責任的合同，且允許提早應用。首次應用該等修訂的任何累計影響應於首次應用日期確認為期初權益的調整，且毋須重列比較資料。預期該等修訂將不會對本集團財務報表造成任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則2018年至2020年的年度改進 載列國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附範例及國際會計準則第41號的修訂。預期適用於本集團的該等修訂詳情如下：

- 國際財務報告準則第9號 *金融工具*：澄清於實體評估新訂或經修改金融負債的條款是否與原金融負債的條款存在實質差異時所包含的費用。該等費用僅包括借款人與貸款人之間已支付或已收取的費用，包括借款人或貸款人代表其他方支付或收取的費用。實體將該修訂應用於實體首次應用該修訂的年度報告期間開始或之後修改或交換的金融負債。該修訂自2022年1月1日或之後開始的年度期間生效，且允許提早應用。預期該修訂將不會對本集團財務報表造成任何重大影響。
- 國際財務報告準則第16號 *租賃*：刪除國際財務報告準則第16號隨附範例13中有關租賃裝修的出租人付款說明。此舉消除於應用國際財務報告準則第16號時有關租賃優惠處理方面的潛在混淆。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 主要會計政策概要

於聯營公司及合營企業的投資

聯營公司指本集團長期擁有合共不少於20%股本投票權且可對其行使重大影響力之企業。重大影響力指的是參與投資對象之財務及經營決策之權力，但不是控制或共同控制該等決策之權力。

合營企業指一種合資安排，對安排擁有共同控制權之訂約方據此對合營企業之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意之決定時存在。

本集團於聯營公司及合營企業之投資以權益會計法按本集團應佔資產淨值扣除任何減值虧損在綜合財務狀況表列賬。本集團已作出調整以使任何可能存在的不同會計政策貫徹一致。本集團應佔聯營公司及合營企業之收購後業績及其他全面收入分別計入綜合損益表及綜合全面收入表。此外，倘於聯營公司或合營企業之權益直接確認出現變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合營企業交易所產生未變現收益及虧損按本集團於聯營公司或合營企業之投資為限的方式對銷，惟倘未變現虧損有證據顯示所轉讓資產出現減值則除外。收購聯營公司或合營企業產生之商譽計入為本集團於聯營公司或合營企業投資之一部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 主要會計政策概要(續)

於聯營公司及合營企業的投資(續)

倘於聯營公司之投資成為與合營企業之投資(反之亦然),則保留權益不會重新計量,而該項投資會繼續以權益法入賬。在所有其他情況下,於失去對聯營公司之重大影響力或對合營企業之共同控制權時,本集團按其公允價值計量並確認任何保留投資。於失去重大影響力或共同控制權後之聯營公司或合營企業賬面值與保留投資公允價值及出售事項所得款項之任何差異,於損益賬中確認。

當對聯營公司或合營企業的投資被分類為持作出售時,則根據國際財務報告準則第5號持有待售之非流動資產及已終止業務進行處理。

業務合併及商譽

業務合併使用收購法入賬。所轉讓代價按收購日期的公允價值計量,即本集團轉讓的資產、本集團向原擁有人承擔的負債及本集團為交換被收購方控制權而發行的股權於收購日期的公允價值總和。就各業務合併而言,本集團選擇被收購方中屬於現時擁有權且令持有人可在被收購方清盤時獲得該實體一定份額的非控股權益,按公允價值或按佔被收購方的可識別資產淨值的比例計量。非控股權益的所有其他部分按公允價值確認。收購相關成本於產生時列為開支。

當收購的一系列活動和資產包括一項對共同創造輸出能力有顯著貢獻的輸入及實質程序,則本集團釐定其已收購一項業務。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 主要會計政策概要(續)

業務合併及商譽(續)

當本集團收購業務時，其評估金融資產及所承擔負債，以按照合約條款、收購日期的經濟情況及相關狀況進行適當分類及指定。這包括將被收購方主合約中的嵌入式衍生工具分開。

倘業務合併分階段實現，早前持有的股權按收購日期的公允價值重新計量，因此產生的任何收益或虧損於損益確認。

收購方將予轉讓的任何或然代價乃按收購日期的公允價值確認。分類為資產或負債的或然代價按公允價值計量，公允價值變動於損益確認。分類為權益的或然代價不予重新計量，而其後結算於權益入賬。

商譽初步按成本(即所轉讓代價、就非控股權益確認的金額及本集團先前於被收購方持有的股權公允價值的總額，超出所收購可識別資產淨值及所承擔負債的部分)計量。倘該代價與其他項目的總和低於所收購淨資產的公允價值，差額經重新評估後於損益確認為議價購買收益。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 主要會計政策概要(續)

業務合併及商譽(續)

於初步確認後，商譽按成本減任何累計減值虧損入賬。商譽每年進行減值測試，倘有事件或情況變化表明賬面值可能減值，則更頻繁地進行減值測試。本集團於12月31日對商譽進行年度減值測試。就減值測試而言，業務合併中收購的商譽自收購日期起分配至預期受益於合併協同效益的本集團各現金產生單位或現金產生單位組別(不論本集團其他資產或負債是否分配予該等單位或單位組別)。

減值透過評估商譽涉及的現金產生單位(現金產生單位組別)的可收回金額而釐定。倘現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽確認的減值虧損不會於隨後期間撥回。

倘商譽分配予現金產生單位(或現金產生單位組別)，且該單位內部分經營被出售，則與被出售經營有關的商譽在釐定出售收益或虧損時計入經營的賬面值。在該等情況下，被出售的商譽基於所出售經營及所保留現金產生單位部分的相對價值計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 主要會計政策概要(續)

公允價值計量

本集團於各報告期末按公允價值計量其投資物業、衍生金融工具及權益投資。公允價值指於計量日期之市場參與者之間之有序交易中，就出售資產所收取之價格或轉讓負債所支付之價格。公允價值計量乃基於假設出售資產或轉讓負債之交易於資產或負債之主要市場，或在未有主要市場之情況下，則於資產或負債之最有利市場進行。主要或最有利市場須位於本集團能到達之地方。資產或負債之公允價值乃使用市場參與者為資產或負債定價所用之假設計量（假設市場參與者依照彼等之最佳經濟利益行事）。

非金融資產之公允價值計量乃經計及一名市場參與者透過使用其資產之最高及最佳用途或透過將資產出售予將使用其最高及最佳用途之另一名市場參與者而能夠產生經濟利益之能力。

本集團使用適用於不同情況之估值技術，而其有足夠數據計量公允價值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties held for sale, deferred tax assets, financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 主要會計政策概要(續)

公允價值計量(續)

於財務報表計量或披露公允價值之所有資產及負債，均根據對公允價值計量整體而言屬重要之最低層輸入數據在下述公允價值等級架構內進行分類：

- 第1級 — 按相同資產或負債於活躍市場之報價(未經調整)計算
- 第2級 — 按估值技巧計算(對公允價值計量而言屬重要之最低層輸入數據為直接或間接觀察)
- 第3級 — 按估值技巧計算(對公允價值計量而言屬重要之最低層輸入數據為不可觀察)

就按經常性基準於財務報表確認之資產及負債而言，本集團於每個報告期末通過重新評估分類(基於對公允價值計量整體而言屬重大之最低層輸入數據)以決定等級架構內各層之間是否有轉移。

非金融資產的減值

倘出現減值跡象或須對資產(不包括存貨、開發中物業、持作出售的已完工物業、遞延稅項資產、金融資產、投資物業及非流動資產)進行年度減值測試，則會估計資產的可收回金額。資產的可收回金額乃資產或現金產生單位使用價值與其公允價值減出售成本兩者中的較高者，並且就個別資產釐定，如果資產並不產生大部分獨立於其他資產或資產組合的現金流入，在該情況下，可收回金額則按資產所屬的現金產生單位釐定。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 主要會計政策概要(續)

非金融資產的減值(續)

減值虧損僅於資產賬面值超過其可收回金額時確認。評估使用價值時，估計未來現金流量乃以反映貨幣時間值及資產特定風險的除稅前貼現率貼現至其現值。減值虧損於其產生之期間在損益表中支銷，並計入與減值資產之功能一致之有關費用類別內。

於各報告期末，會就是否有任何跡象顯示先前確認之減值虧損不再存在或可能已減少作出評估。倘有該等跡象，便會估計可收回金額。先前就資產(不包括商譽)確認之減值虧損，僅於用以釐定該資產之可收回金額之估計有變時予以撥回，但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應有之賬面值(扣除任何折舊/攤銷)。此減值虧損之撥回計入發生當期之損益表內，除非資產以重估金額入賬，於此情況下，則減值虧損撥回將根據該重估資產的相關會計政策入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 主要會計政策概要(續)

關聯方

任何一方如屬以下情況，即被視為本集團之關聯方：

- (a) 該人士為個人或與該個人關係密切的家庭成員，且該個人
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司之主要管理層成員；

或

- (b) 該人士為適用以下任何情況的實體：
 - (i) 該實體與本集團屬同一集團之成員公司；
 - (ii) 一實體為另一實體(或其他實體之母公司、附屬公司或同系附屬公司)之聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方之合營企業；
 - (iv) 一實體為第三方實體之合營企業，而其他實體為第三方實體之聯營公司；
 - (v) 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職後福利計劃；
 - (vi) 該實體受(a)所識別人土控制或共同控制；

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 主要會計政策概要(續)

關聯方(續)

(b) (續)

- (vii) 於(a)(i)所識別人土對該實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員；及
- (viii) 該實體或其所屬集團的成員公司向本集團或本集團的母公司提供主要管理人員服務。

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)按成本減去累計折舊和任何減值虧損入賬。倘物業、廠房及設備被分類為持作出售或屬於分類為持作出售之待售組別其中部分，則毋須折舊，並按國際財務報告準則第5號入賬(詳見「持作出售之非流動資產及待售組別」之會計政策)。物業、廠房及設備項目之成本包括其購買價格和將資產運抵指定地點並使其達到能夠按照預定之方式進行運作狀態之任何直接可歸屬成本。

物業、廠房及設備項目投入運行後產生之開支，如維修和保養，通常在開支發生當期之損益表中扣除。倘符合確認標準，主要檢查之開支於資產賬面值中資本化為重置成本。倘物業、廠房及設備之重要部分須不時更換，則本集團將該等部分確認為具有特定使用年限之個別資產並相應對其計提折舊。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Hotel properties	5%
Plant and machinery	10%–19%
Motor vehicles	24%
Furniture and fixtures	19%–32%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 主要會計政策概要(續)

物業、廠房及設備及折舊(續)

物業、廠房及設備各項目在採用直線法計算折舊之估計使用期限內撇銷其成本至其殘值。就此目的之比率如下：

樓宇	2%–5%
酒店物業	5%
廠房及機器	10%–19%
汽車	24%
傢俬及裝置	19%–32%
租賃物業裝修	租賃年期及20% (以較短者為準)

如果某項物業、廠房及設備項目其中部分的可使用年期不同，該項目的成本會按合理基準分配至有關部分，而各部分均分開計提折舊。剩餘價值、可使用年期及折舊方法將至少於各財政年度末檢討及按需要作出調整。

物業、廠房及設備項目(包括任何初次確認的重大部分)於出售或預期使用或出售有關項目不會產生未來經濟利益時取消確認。於取消確認資產年度在損益表確認的出售或報廢資產的收益或虧損，為出售有關資產所得款項淨額與其賬面值兩者間的差額。

在建工程指在建的樓宇，按成本減任何減值虧損列賬且不作折舊。成本包括建設期內的直接建設成本及相關借入資金的資本化借款成本。當在建工程完成並可使用時，將被重新分類至適當物業、廠房及設備類別。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 主要會計政策概要(續)

投資物業

投資物業指為賺取租金收入及／或資本增值而持有的土地及樓宇權益(包括符合投資物業定義的持作使用權資產的租賃物業)，但不包括用作生產或供應貨品或提供服務或行政管理用途者；或在日常業務過程中出售的土地及樓宇權益。該等物業初步按成本(包括交易成本)計量。首次確認後，投資物業按公允價值列賬，其反映報告期間末之市況。

投資物業公允價值變動產生的收益或虧損列入產生年度的損益表。

報廢或出售投資物業之任何收益或虧損於報廢或出售期間於損益表內確認。

對於從投資物業到自置物業或存貨的轉移，其後續會計處理的視同成本是其使用改變之日的公允價值。如果本集團作為自置物業所有者佔有的物業成為投資物業，則本集團按照「物業，廠房及設備及折舊」中規定的政策對擁有的物業和／或該物業根據「使用權資產」中規定的政策進行會計處理，持有至使用變更之日為止作為使用權資產的物業，以及該日物業賬面價值與公允價值之間的差額根據上述「物業，廠房及設備及折舊」中所述的政策，將該物業記為重估。對於從存貨到投資物業的轉移，在該日期的物業公允價值與其先前的賬面價值之間的任何差額均在損益表中確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 主要會計政策概要(續)

開發中物業

開發中物業擬於落成後持作待售。

開發中物業按成本與可變現淨值之較低者列賬，成本包括土地成本、建築成本、借貸成本、專業費用及於發展期內與有關物業直接相關的其他成本。

除非開發中物業不會於一個正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於落成時轉至持作待售的已竣工物業。

持作出售的已完工物業

持作出售的已完工物業按成本與可變現淨值兩者之較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定，可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

無形資產(商譽除外)

分開購入的無形資產於初次確認時按成本計量。於業務合併購入無形資產之成本為於收購日期之公允價值。無形資產的可使用年期被評估為有限或無限。可使用年期有限的無形資產其後在可用的經濟年期內攤銷，並在有跡象顯示無形資產可能已減值時進行減值評估。可使用年期有限的無形資產的攤銷期和攤銷法至少於各財政年度末作檢討。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2.4 主要會計政策概要(續)

租賃

本集團在合約開始時評估合約是否為租賃或包含租賃。若合約表明在一段時間內為換取代價而擁有控制一項已識別資產的使用權，則該合約為租賃或包含租賃。

本集團作為承租人

本集團對所有租賃採用單一確認及計量方法(短期租賃及低價值資產租賃除外)。本集團確認租賃負債以作出租賃付款及使用權資產(代表使用相關資產的權利)。

於訂立或重新評估包含租賃組成部分及非租賃組成部分的合同時，本集團採用實際權宜之計，不對非租賃組成部分進行分離，並考慮租賃組成部分及相關的非租賃組成部分(例如，用於物業租賃的物業管理服務)作為單個租賃組成部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 years
Office buildings	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

(a) 使用權資產

使用權資產在租賃開始日(即相關資產可供使用之日)確認。使用權資產按成本減去任何累計折舊和任何減值損失後的金額進行計量,並根據租賃負債的重新計量進行調整。使用權資產的成本包括已確認的租賃負債金額,已發生的初始直接成本以及在開始日期或之前支付的租賃付款額減已收到的任何租賃激勵措施。在適用的情況下,使用權資產的成本還包括拆除和移除相關資產或恢復相關資產或資產所在地點的成本估算。使用權資產按租賃期和資產的估計使用壽命中的較短者按直線法計提折舊:

租賃土地	40年
寫字樓	1至5年

如果租賃資產的所有權在租賃期結束時轉移至本集團或成本反映了購買期權的行使,則使用資產的估計使用壽命計算折舊。

當使用權資產與作為存貨持有的租賃土地的權益相關時,彼等其後根據本集團的「開發中物業」或「持作出售的已完工物業」政策按成本與可變現淨值的較低者計量。當使用權資產符合投資物業的定義時,則計入投資物業中。相應的使用權資產初始按成本計量,其後根據本集團的「投資物業」政策按公允價值計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

(b) *租賃負債*

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括固定付款(包括實質固定付款)減任何租賃優惠應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及支付終止租賃的罰款(倘租賃條款反映本集團行使選擇權終止租賃)。並非取決於指數或利率的可變租賃付款在出現導致付款的事件或條件所發生期間內確認為開支。

於計算租賃付款的現值時，倘租賃中所隱含的利率不易確定，則本集團於租賃開始日期使用增量借貸利率。於開始日期後，租賃負債金額的增加反映了利息的增長及減少租賃付款。此外，倘存租賃期的修改、租賃付款變動(例如：由指數或利率變動引致的未來租賃付款變動)或購買相關資產期權的評估變動，則重新計量租賃負債的賬面值。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

(c) *短期租賃和低價值資產租賃*

本集團對其機械設備的短期租賃(即自開始之日起租賃期為12個月或更短且不包含購買期權的租賃)採用短期租賃確認豁免。它還將低價值資產租賃的確認豁免應用於被認為具有低價值的辦公設備和手提電腦的租賃。

短期租賃和低價值資產租賃的租賃付款在租賃期內按直線法確認為費用。

本集團作為出租人

當本集團作為出租人時，在租賃開始時(或發生租賃變更時)將其每個租賃分類為經營租賃或融資租賃。

本集團實質上不轉移與資產所有權有關的全部風險和報酬的租賃分類為經營租賃。當合同包含租賃和非租賃組成部分時，本集團以相對獨立的銷售價格為基礎將合同中的對價分配給每個組成部分。租金收入在租賃期內按直線法入賬，由於其經營性質，計入當期損益表收益。協商和安排經營租賃所發生的初始直接費用被加到租賃資產的賬面價值中，並在租賃期內以與租金收入相同的基礎確認。或然租金在賺取期間確認為收益。

實質上將與相關資產所有權有關的所有風險和報酬轉移給承租人的租賃，作為融資租賃入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor (Continued)

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為出租人(續)

當本集團為中介出租人時，轉租參照主要租賃產生的使用權資產分類為融資租賃或經營租賃。如果總租約是本集團對其資產負債表內確認豁免適用的短期租約，則本集團將轉租分類為經營租約。

投資及其他金融資產

初始確認及計量

金融資產於初步確認時分類，其後按攤銷成本計量，並按公允價值計入其他全面收入及公允價值計入損益。

初步確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理彼等的業務模式。除了並不包含顯著的融資組成部份或本集團已就此應用簡易處理方法而非調整重大融資組成部分影響，本集團初始按公允價值加上(倘金融資產並非按公允價值計入損益)交易成本計量金融資產。不含重大融資組成部分或本集團已採用實際權宜之方法的貿易應收款項，根據下文「收益確認」所載之政策，根據國際財務報告準則第15號釐定之交易價格計量。

為使金融資產按攤銷成本進行分類及計量，需就未償還本金產生「純粹支付本金及利息」的現金流量。現金流量不是純粹支付本金及利息的金融資產被分類並按公允價值計入損益，而與業務模型無關。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。以攤銷成本分類和計量的金融資產被保存在一種商業模型中，其目的是持有金融資產以收合同現金流量，而按公允價值計入其他全面收入的金融資產則被保存在一種商業模型中，既收取合同現金流量並且出售作為目的。不屬於上述業務模式的金融資產，按照公允價值計入損益。

所有一般買賣之金融資產於交易日確認，即本集團承諾購買或出售該資產之日。一般買賣指須按照市場一般設立之規定或慣例在一定期間內交付資產之金融資產買賣。

後續計量

金融資產的後續計量取決於其分類，如下所示：

按攤銷成本列賬的金融資產(債務工具)

以攤銷成本後續計量使用實際利率法的金融資產受減值影響。當資產終止確認、修改或減值時，收益及虧損在損益表中確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

按公允價值計入損益的金融資產

按公允價值計入損益的金融資產乃於財務狀況表按公允價值列賬，而公允價值變動淨額則於損益表確認。

該類別包括本集團不可撤回地選擇按公允價值計入其他全面收入進行分類的衍生工具及權益投資。分類為按公允價值計入損益的金融資產的權益投資的股息亦在支付權確立時於損益確認為其他收入，與股息有關的經濟利益很大機會流入本集團，且能夠可靠計量股息金額。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟特徵及風險；具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公允價值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允價值計量，且其變動計入損益表。僅當合約條款出現變動，以致大幅改變其他情況下所須現金流量時或當原分類至按公允價值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公允價值計入損益的金融資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 主要會計政策概要(續)

終止確認金融資產

金融資產(或如適用,金融資產的一部分或一組類似金融資產的一部分)主要於以下情況終止確認(即從本集團的財務狀況表刪除):

- 自資產收取現金流量的權利已經屆滿;或
- 本集團已轉讓其自資產收取現金流量的權利或已承擔責任根據「轉讓」安排在並無重大延誤下將其全數支付予第三方;及(a)本集團已轉讓該資產的絕大部分風險及回報,或(b)本集團並無轉讓或保留該資產的絕大部分風險及回報,但已轉讓該產的控制權。

當本集團已轉讓其自資產收取現金流量的權利或已訂立轉讓安排,其會評估有否保留所有權的風險及回報,以及其程度。當本集團並無轉讓或保留該資產的絕大部分風險及回報及並無轉讓該資產的控制權,本集團以本集團持續滲入程度為限繼續確認所轉讓資產。在此情況下,本集團亦確認相關負債。經轉讓資產及相關負債乃按反映本集團已保留的權利及責任為基準計量。

持續滲入乃以被轉讓資產作出的一項保證的形式出現,並以該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 主要會計政策概要(續)

金融資產減值

本集團確認對並非按公允價值計入損益的所有債務工具預期信貸虧損(「預期信貸虧損」)的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就自初步確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來十二個月內可能發生違約事件而導致的信貸虧損(十二個月預期信貸損失)。就自初步確認起經已顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備(存續期預期信貸虧損)。

本集團在各報告日期評估相關金融工具的信用風險自初始確認後是否已顯著增加。於作出評估時，本集團將報告日期金融工具出現違約事件之風險與初步確認日期金融工具出現違約事件之風險進行比較，並會考慮合理且可證實的資料(毋須過高成本或太多工序便可供查閱)，包括過往經驗及前瞻性資料。

在若干情況，在計及本集團所持的任何信貸增強時前，當內部或外部資料指出本集團不大可能悉數收回尚未償還合約金額，則本集團亦可能將金融資產視為違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

以攤銷成本計量的金融資產在一般方法下會發生減值，並且在以下階段進行預期信貸損失的計量時分類，而貿易應收款項採用簡化方法的情況則除外，詳情如下：

- 第一階段 — 金融工具的信用風險自初始確認後並未顯著增加，且虧損撥備以等同於12個月預期信貸虧損的金額計量
- 第二階段 — 金融工具的信用風險自初始確認後顯著增加，惟其並非信貸減值的金融資產，其虧損撥備以等同於存續期預期信貸虧損的金額計量
- 第三階段 — 於報告日期信貸減值的金融資產（惟其並非購買或原信貸減值），其虧損撥備以等同於存續期預期信貸虧損的金額計量

簡化方法

並無重大融資成分或本集團應用可行權宜方法不調整重大融資成分影響的貿易應收款項，本集團應用簡化方法計算預期信貸虧損。根據簡化方法，本集團並無追蹤信貸風險的變動，而是根據各報告日期的存續期預期信貸虧損確認虧損撥備。本集團已建立撥備矩陣，乃根據其過往信貸虧損經驗評估預期虧損率，並按債務人特定的前瞻性因素及經濟環境作出調整。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach (Continued)

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, senior notes, lease liabilities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2.4 主要會計政策概要(續)

金融資產減值(續)

簡化方法(續)

就包括重大融資成分及應收租賃款項的貿易應收款項而言，本集團於計算預期信貸虧損選擇採納上述政策所述之簡化方法作為其會計政策。

金融負債

初始確認及計量

金融負債在初始確認時分類為：按公允價值計入損益的金融負債、貸款及借款、應付款項，或在有效對沖中指定為對沖工具的衍生工具。

初步確認所有金融負債時，乃以公允價值及(倘屬貸款、借款及應付款項)扣除直接應佔交易成本計量。

本集團的金融負債包括計息銀行及其他借款、優先票據、租賃負債、貿易應付款項及應付票據、其他應付款項，以及應付關聯方款項。

後續計量

金融負債的後續計量取決於其分類，如下所示：

按公允價值計入損益的金融負債

按公允價值計入損益的金融負債包括交易性金融負債和初始確認時指定為按公允價值計入損益的金融負債。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

2.4 主要會計政策概要(續)

金融負債(續)

後續計量(續)

按公允價值計入損益的金融負債(續)

倘產生金融負債的目的為於近期回購，則該金融負債分類為持作買賣。此分類包括本集團根據國際財務報告準則第9號所界定之對沖關係不被指定為對沖工具之衍生金融工具。獨立嵌入式衍生工具亦分類為持作買賣，除非其被指定為有效的對沖工具則另作別論。持作買賣的負債收益或虧損於損益表內確認。在損益表中確認的公允價值淨損益不包括對這些金融負債收取的任何利息。

於初始確認時指定為按公允價值計入損益的金融負債在初始確認日期且僅在符合國際財務報告準則第9號項下標準時指定。指定為按公允價值計入損益的負債的損益在損益表中確認，惟本集團自身信用風險產生的損益在其他全面收入中列示，且其後不重新分類至損益表。在損益表中確認的公允價值淨損益不包括對這些金融負債收取的任何利息。

按攤銷成本列賬的金融負債(貸款和借款)

初始確認後，有息貸款和借款隨後採用實際利率法按攤銷成本進行計量，除非折現的影響不重大，在這種情況下以成本列示。終止確認負債時以及通過實際利率攤銷過程在損益表中確認損益。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at amortised cost (loans and borrowings) (Continued)

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 主要會計政策概要(續)

金融負債(續)

後續計量(續)

按攤銷成本列賬的金融負債(貸款和借款)(續)

攤銷成本的計算方法是考慮任何收購折價或溢價以及作為實際利率一部分的費用或成本。有效利率攤銷計入損益表中的融資成本。

財務擔保合約

本集團發行的財務擔保合約為要求作出付款以償付持有人因特定債務人未能根據債務工具的條款償還到期款項而招致的損失的合約。財務擔保合約初步按公允價值確認為一項負債，並就發行擔保直接產生的交易成本作出調整。於初步確認後，本集團按以下兩者的較高者計量財務擔保合約：(i)根據「金融資產減值」所載政策釐定的預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)累計攤銷。

終止確認金融負債

當負債項目下的責任被解除或取消或屆滿，金融負債須予終止確認。

如現有金融負債由同一放債人以幾乎完全不同條款的負債所取代，或現有負債的條款實質上幾乎已完全修訂，此類取代或修訂將被視為終止確認原負債及確認新負債處理，而有關賬面值的差額須於損益表確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 主要會計政策概要(續)

抵銷金融工具

倘目前有合法可強制執行權利抵銷已確認的金額，且有意按淨額基準支付或同時將資產變現及結算負債，則抵銷金融資產及金融負債，而其淨額須列於財務狀況表內。

衍生金融工具

初始確認及後續計量

本集團採用遠期貨幣合約及利率掉期等衍生金融工具以分別對沖其外幣風險及利率風險。該等衍生金融工具於衍生金融工具合約訂立當月初步按公允價值確認，其後按公允價值重新計量。當衍生工具之公允價值為正數時入賬為資產，公允價值為負數時則入賬為負債。

符合國際財務報告準則第9號所界定的衍生工具定義的商品買賣合約的公允價值在損益表內確認為銷售成本。按本集團預期購買、銷售或使用要求就收取或交付非金融項目而訂立及持續持有的商品合約按成本持有。

衍生工具公允價值變動所產生之盈虧直接計入損益表，惟現金流量對沖之有效部分於其他全面收入中確認，其後於對沖項目影響損益時重新分類至損益。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 主要會計政策概要(續)

存貨

存貨成本值及可變現淨值之較低者入賬。成本以先進先出的原則確定，就在製品和製成品而言，成本包括直接材料、直接人工和適當比例的間接費用。可變現淨值是基於估計的售價減去完成和處置所需的任何估計成本。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金、活期存款及可隨時轉換為已知數額現金、價值變動風險極低及一般自購入後三個月內到期的短期高流動性投資，但須扣減應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物由手頭現金及銀行現金組成，包括定期存款及與現金性質類似及用途不受限制的資產。

撥備

倘因過往事件須承擔現時責任(法定或推定)，而履行該責任可能導致未來資源外流，且該責任所涉金額能夠可靠估計，則確認撥備。

倘貼現影響重大，則確認撥備的金額為預期履行責任所需未來開支於報告期末的現值。貼現現值隨時間流逝而增加的金額，並計入損益表中的融資成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要(續)

所得稅

所得稅包括即期和遞延稅項。與損益外確認的科目相關的所得稅不在損益確認，而在其他全面收入或直接在權益中確認。

即期稅項資產和負債以報告期末已頒佈或實質已頒佈的稅率(及稅法)，並考慮本集團運營所在國家的詮釋及慣例，按照預期自稅務機關收回或向稅務機關支付的金額進行計量。

遞延稅項使用負債法就報告期末資產及負債稅基與其作財務呈報的賬面值之間的一切暫時差額作出撥備。

所有應課稅暫時差額均確認為遞延稅項負債，除非：

- 遞延稅項負債是由商譽或不構成業務合併交易中的資產或負債的初始確認所產生，而在交易時既不影響會計利潤也不影響應課稅利潤或虧損；及
- 就有關附屬公司、合營企業及聯營公司投資所產生的應課稅暫時差額而言，撥回暫時差額的時間可受控制，而暫時差額於可預見的將來可能不會撥回。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 主要會計政策概要(續)

所得稅(續)

所有可扣減暫時差額及未動用稅項抵免及任何未動用稅項虧損結轉，均被確認為遞延稅項資產。倘可能具有應課稅利潤抵銷可扣減暫時差額，以及可動用結轉的未動用稅項抵免及稅項虧損，則會確認遞延稅項資產，惟下述情況除外：

- 因有關可扣減暫時差額的遞延稅項資產源自初始確認一項交易(並非業務合併)中的資產或負債，而有關交易進行時既不影響會計利潤也不影響應課稅利潤或虧損；及
- 就有關附屬公司、聯營公司及合營企業投資所產生的可扣減暫時差額而言，遞延稅項資產僅於暫時差額於可預見的將來可能撥回，而且具有應課稅利潤用以抵銷暫時差額時，方會予以確認。

遞延稅項資產的賬面值於各報告期末進行審閱，並扣減至不再可能有足夠應課稅利潤以扣減所有或部分將予動用的遞延稅項資產為止。未確認遞延稅項資產於各報告期末重新評核，並於可能有足夠應課稅利潤以扣減所有或部分將予收回的遞延稅項資產時予以確認。

遞延稅項資產及負債以預期適用於資產變現或負債清還期間的稅率計量，並以報告期末已頒佈或實質已頒佈的稅率(及稅法)為基準。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 主要會計政策概要(續)

所得稅(續)

當及僅當本集團有在法律上可強制執行的權利將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產及遞延稅項負債與同一稅務機關對同一應課稅實體或不同應課稅實體徵收的所得稅相關，而該等不同的應課稅實體於各未來期間預期有大額遞延稅項負債或資產將予結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助

政府補助在合理確信可收取及一切附帶條件均可達成的情況下按其公允價值予以確認。倘補助涉及一項支出，則在與其擬補償而支銷相關成本的期間內，有系統地確認為收入。

當政府補助與某個資產項目相關聯時，公允價值先計入遞延收入賬，並根據相關資產之預期使用年期以年限平均法計入損益表，或者從資產的賬面值中減去並通過減少折舊費用的方式計入損益表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 主要會計政策概要(續)

收入確認

客戶合同收入

客戶合約之收益應於商品或服務控制權轉讓至客戶時確認，其金額反映本集團預期就交換該等商品或服務而有權獲得之代價。

當合同中的對價包括可變金額時，本集團將有權獲得對價以交換將商品或服務轉讓給客戶的金額。可變對價在合同開始時進行估計，並受到約束，直到很可能在隨後解決與可變對價相關的不確定性時，在確認的累計收入金額中不會發生重大的收入沖銷。

當合約中包含為客戶提供向其轉移貨品或服務超過一年的重大融資利益的融資部分時，收益按應收金額的現值計量，並以本集團與客戶之間於合約開始時的獨立融資交易所反映的折現率折現。當合約中包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收益包括按實際利率法計算的合約負債所產生的利息開支。對於客戶付款與轉移承諾商品或服務之間的期限為一年或以下的合約，交易價格不會根據國際財務報告準則第15號的實際權宜方法就重大融資部分的影響而調整。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(a) Sale of properties

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

2.4 主要會計政策概要(續)

收入確認(續)

(a) 銷售物業

於資產控制權轉移至買方時確認收入。視乎合約條款及該合約的適用法例，資產控制權可在一段時間內或某一時間點轉移。倘本集團在履約過程中滿足下列各項，則資產控制權隨時間轉移：

- 本集團履約所帶來的利益由買家同時接收並消耗；或
- 本集團履約時創建及強化由買家控制的資產；或
- 並無創建一項對本集團具可替代用途的資產，且本集團就迄今為止已完成的履約有可強制執行的支付權利。

倘資產控制權隨時間轉移，收入會於整個合約期間經參考已完成履約責任的進度予以確認。否則，收入於買家取得資產控制權的時間點確認。

完成履約責任的進度乃基於本集團履行履約責任的支出或投入，經參考截至報告期末已產生的合約成本佔每份合約的估計總成本的百分比計量。

當存在重大融資成分時，本集團將會調整代價的承諾金額。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(b) *Provision of management services*

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) *Hotel operations*

Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策概要(續)

收入確認(續)

(b) *提供管理服務*

提供管理服務的收益在預定的期限內按直線法確認，因為客戶同時獲得和使用本集團提供的利益。

(c) *酒店經營*

酒店及其他服務收入在提供該等服務的期間確認，因為客戶同時獲得和使用本集團提供的利益。

來自其他來源的收入

租金收入於租賃期限內按時間比例確認。並不依賴指數或利率的可變租賃付款在產生的會計期間確認為收入。

其他收入

利息收入按應計基準以實際利率法透過採用將金融工具的估計未來所收現金在預計可使用年期內或更短時間內(倘合適)準確貼現至金融資產賬面值淨值的利率予以確認。

股息收入於確立股東收取股息的權利時確認。與股息有關的經濟利益很可能會流入本集團，而股息的金額能夠可靠地計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 主要會計政策概要(續)

合約資產

合約資產為收取向客戶轉讓貨物或服務作為交換的代價。倘本集團於客戶支付代價或付款到期前向客戶轉讓貨物或服務，則就所賺取的有條件代價確認合約資產。合約資產需要進行減值評估，其詳情包括在金融資產減值的會計政策中。

合約負債

當本集團轉移相關的商品或服務之前，收到客戶的款項或應付款(以較早者為準)時，確認合約負債。當本集團根據合約履行合約時(即將相關商品或服務的控制權轉讓給客戶)，合約負債確認為收益。

合約成本

除滿足以下所有條件的資本化作為存貨、物業、廠房和設備以及無形資產的費用外，與客戶履行合同產生的成本也資本化為資產：

- (a) 有關成本與實體可特定地識別之合約或預期訂立之合約有直接關係。
- (b) 有關成本令實體將用於完成(或持續完成)日後履約責任之資源得以產生或有所增加。
- (c) 有關成本預期可收回。

資本化合約成本按系統化基準攤銷及計入損益表，與向客戶轉讓資產相關的商品或服務一致。其他合約成本於產生時列為開支。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract costs (Continued)

Incremental costs of obtaining a contract were those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs related 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 expense when incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 主要會計政策概要(續)

合約成本(續)

取得合約的增加成本是本集團為獲得與客戶簽訂的合約而產生的成本，如果未取得合約，則該等成本不會產生(例如：給予銷售經紀的佣金)。如果與收入有關的成本在以後的報告期中確認，並且預期將收回這些成本，則在發生時將取得合約的增量成本資本化。獲得合約的其他成本在發生時為費用。

以股份為基礎之付款

本公司設有購股權計劃，旨在給予為本集團業務成功作出貢獻之合資格參與者鼓勵及獎勵。本集團僱員(包括董事)按以股付款形式收取酬金，而僱員則提供服務作為股本工具之代價(「股權結算交易」)。

與僱員之股權結算交易之成本乃參考購股權授出之日之公允價值計算。外部估值師採用二項式模型釐訂公允價值。

在滿足表現及／或服務條件的期間，應確認股權結算交易費用為僱員福利開支，並同時相應增加權益。在股權結算交易於各報告期末至歸屬日期間確認之累計開支，反映所過去歸屬期以及本集團就最後歸屬之股本工具之數目之最佳估計。期內在損益表扣除或計入損益表之金額，指於該段期初及期終所確認之累計開支變動。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 主要會計政策概要(續)

以股份為基礎之付款(續)

釐定於獎勵授出日之公允價值並無考慮服務及非市場表現條件，惟評定能達成條件之可能性部分在於為最終將歸屬為本集團權益工具之最佳估計數目。市場表現條件將反映在授出日之公允價值。附帶於獎勵中但並無相關聯服務要求之其他任何條件皆視為非歸屬條件。反映非歸屬條件之獎勵公允價值若當中不包含服務及／或表現條件，則須即時予以支銷。

因未能達至非市場表現及／或服務條件，而導致最終並無歸屬之獎勵並不會確認支銷。當獎勵包括一項市場或非歸屬條件，則無論市場或非歸屬條件是否達成，其均仍被視為歸屬，但必須符合所有其他表現及／或服務條件。

倘股權結算交易之條款被修訂，則確認最低開支，猶如條款未被修改及給予的原條款獲履行。此外，任何修訂將確認開支，增加股份付款之公允價值總額，或對以修訂日期計算有關公允價值之僱員有利。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Share award granted to employees

Where the Group's shares are acquired by the trustee of the share award scheme from the open market, the total consideration of shares acquired from the open market (including any directly attributable incremental costs) is presented as shares held for share award scheme and deducted from total equity.

The fair value of the awarded shares at the grant date is expensed on a straight-line basis over the projected vesting period being the period for which the services from the employees are rendered with a corresponding increase in equity.

Upon vesting and transfer the shares to the grantees, the related costs of the shares are reversed from shares held for share award scheme, and the related expenses of the shares are reversed from share award reserve. The difference arising from such transfer is debited/credited to retained profits.

2.4 主要會計政策概要(續)

以股份為基礎之付款(續)

倘股權結算獎勵被註銷，則被視為已於註銷日期被歸屬，而未就獎勵確認之開支則即時確認。這包括在本集團或僱員控制範圍以內的非歸屬條件未能獲履行的任何獎勵。然而，倘被註銷獎勵被新獎勵所取代，則被視為於授出之日期替代獎勵處理，而所註銷及新獎勵之處理方法，乃猶如其為前段所述修訂原獎勵。

計算每股盈利時，尚未行使購股權之攤薄影響將列作額外股份攤薄效應。

授予僱員的股份獎勵

倘股份獎勵計劃的受託人於公開市場收購本集團股份，於公開市場收購股份的總代價(包括任何直接應佔的附加成本)呈列為就股份獎勵計劃持有的股份並自權益總額中扣除。

於授出日期的獎勵股份公允價值按直線基準於預計歸屬期內列作開支，有關歸屬期即僱員所提供服務伴隨相應的權益增長的期間。

於股份歸屬及轉予承授人時，股份的相關成本由就股份獎勵計劃持有的股份中撥回，而股份的相關開支由股份獎勵儲備中撥回。該轉撥產生的差額借記/貸記至保留利潤。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain portion of these payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 主要會計政策概要(續)

僱員福利

退休金計劃

本集團根據《強制性公積金計劃條例》為有資格參加強積金計劃的香港僱員實施定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的一定百分比作出，並於根據強積金計劃的規定應付時自損益表扣除。強積金計劃的資產與本集團的資產分開持有，並由獨立管理基金持有。本集團的僱主供款在向強積金計劃供款時完全歸屬於僱員。

本集團於中國內地經營業務之附屬公司之僱員須參與由地方市政府設立之中央退休金計劃。附屬公司必須將其工資成本的若干部分支付予中央退休金計劃。供款根據中央退休金計劃的規定於應付時自損益表扣除。

借款成本

直接用於購買、興建或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)的借款成本一律撥充作為該等資產的部分成本。一旦資產大致可供擬定用途或出售，則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。所有其他借款成本均於產生期間支銷。借款成本包括實體就借用資金產生的利息及其他成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

Borrowing costs include interest expense, finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are adjustments to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 主要會計政策概要(續)

借款成本(續)

借款成本包括利息開支、融資費用以及作為利息成本調整而產生的外幣借貸的匯兌差額。調整利息成本的匯兌損益包括如實體以其功能貨幣借入資金而將產生的借貸成本與外幣借貸實際產生的借貸成本之間的息差。該金額乃根據獲得借貸時的遠期匯率估計。

當構建合資格的資產的時間超過一個會計期間時，可予資本化的匯兌差額乃於各年度期間釐定及限於功能貨幣借款的假定利息與外幣借款所產生的實際利息的差額。過往年度並不符合資本化標準的匯兌差額於其後期間不予資本化。

股息

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

中期股息於建議同時宣派，乃因本公司之組織章程大綱及細則授權董事宣派中期股息。因此，中期股息於建議及宣派後隨即確認為負債。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.4 主要會計政策概要(續)

外幣

該等財務報表以人民幣列示，為本公司的功能貨幣。本集團內各實體決定其自身的功能貨幣，列入各實體財務報表的項目使用該呈列貨幣計量。本集團內實體錄得的外幣交易初步使用交易日期的通行功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按報告期末的通行外幣匯率換算。結算或換算貨幣項目時產生的差額於損益表確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公允價值計量的非貨幣項目按計量公允價值當日的匯率換算。換算按公允價值計量的非貨幣項目產生的收益或虧損按與確認項目公允價值變動的收益或虧損一致的方式處理(即公允價值收益或虧損於其他全面收入或損益中確認的項目的匯兌差額亦分別於其他全面收入或損益中確認)。

釐定有關資產於初步確認時、終止確認與預付代價有關的非貨幣性資產或非貨幣性負債產生的開支或收入的匯率時，初步交易日期為本集團初步確認因預付代價而產生非貨幣性資產或非貨幣性負債的日期。倘存在多次付款或預收款項，本集團釐定預付代價各付款或收款交易日期。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. 重大會計判斷及估計

編製本集團的財務報表時，管理層須於報告日作出會影響所呈報收入、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

投資物業及自置物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者的物業。因此，本集團會考慮物業是否大致獨立於本集團所持有的其他資產而產生現金流量。部分物業被持作賺取租金或資本增值用途，另一部分則被持作生產、貨物及服務供應或行政用途。倘若此等部分可分別出售或根據融資租賃分別出租，則本集團就將此等部分分別列賬。倘若該等部分無法分別出售，則只能於不重要部分作生產、貨物及服務供應或行政用途時，該物業方列為投資物業。按個別物業判斷以決定配套服務之重大程度是否足以使物業不再列為投資物業。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. 重大會計判斷及估計(續)

判斷(續)

投資物業及持作銷售物業的分類

本集團開發持作銷售物業以及持作為賺取租金及／或資本增值的物業。管理層判斷以釐定是否將某物業指定為投資物業或持作銷售物業。本集團認為有意在相關物業的開發初期持有該物業。在建造過程中，如果擬在建造完成後將物業出售的，則在建相關物業記為流動資產中包括其中的待售開發中物業，而如果擬持有該物業以賺取租金及／或進行資本增值，則將這些物業計入投資物業中的在建投資物業。物業落成後，持作銷售物業轉為持作銷售已完工物業並以成本列示，而持作賺取租金及／或資本增值的物業則轉為已完工投資物業。在建和已完工的投資物業，將在每個報告期末進行重估。

物業租賃分類 — 本集團作為出租人

本集團就其投資物業組合訂有商業物業租約。本集團根據對安排條款和條件的評估（例如租賃期不構成商業物業經濟壽命的主要部分，以及最低租賃付款額的現值大致不等於商業物業的所有公允價值），已經釐定其保留與這些出租物業所有權有關的所有重大風險和回報，並將有關合同作為經營租賃入賬。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in IAS 12 Income Taxes that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. The presumption is rebutted only in the circumstance that there is sufficient evidence such as a historical transaction, future development plans and management's intention to demonstrate that the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by management at each reporting date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. 重大會計判斷及估計(續)

判斷(續)

釐定遞延稅項時以公允價值列示的投資物業透過出售收回的假設是否被駁回

本集團在中國擁有以公允價值計量的投資物業。投資物業是為賺取租金或資本增值或兩者兼有而持有的財產。在考慮是否應以國際會計準則第12號所得稅中假設以公允價值計量的投資物業將透過出售而收回的假設被駁回時，本集團在作出該判斷時制定了若干標準，例如是否在一個業務模型中持有該投資物業，而其目標是隨著時間的推移或通過銷售來消耗投資物業體現的幾乎所有經濟利益。只有在足夠的證據(例如歷史交易、未來發展計劃及管理層意圖證明持有投資物業的目的是隨著時間的推移而不是通過銷售長期消耗幾乎所有的經濟利益)方駁斥該假設。管理層將在每個報告日對假設進行連續評估。

估計不明朗因素

下文所述可能引致資產及負債的賬面值於下個財政年度或須予以重大調整的重大風險且有關未來的主要假設，以及於報告期末存在的估計不明朗因素的其他主要來源。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 22 and note 23 to the financial statements, respectively.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即按地理位置、產品類型、客戶類型及評級,以及信用證及其他形式的信貸保險的覆蓋範圍劃分)的逾期天數。

預期虧損率最初基於本集團歷史可觀察違約率。本集團將根據前瞻性資料調整矩陣以調整歷史信貸虧損經驗。例如,如預測經濟狀況(即國內生產總值)將在未來一年惡化,這可能導致房地產行業違約數量增加,則調整歷史違約率。於各報告日期,更新歷史可觀察違約率並分析前瞻性估計的變化。

對歷史可觀察違約率、預測經濟狀況與預期信貸虧損之間的相關性評估是一項重要估計。預期信貸虧損的數量對環境變化及預測經濟狀況敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦或無法代表客戶的未來實際違約情況。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損的資料分別於財務報表附註22及附註23中披露。

31 December 2020

2020年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

中國土地增值稅(「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業發展項目竣工後由稅務機關釐定。本集團尚未就其全部物業發展項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

中國企業所得稅(「企業所得稅」)

本集團須繳納中國企業所得稅。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

31 December 2020
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

租賃 — 評估增量借款率

本集團無法輕易釐定租賃內含的利率，因此，使用增量借款率（「增量借款率」）來計量租賃負債。增量借款率是指本集團在類似期限內以類似擔保，為獲得與類似經濟環境條件下的使用權資產具有相似價值的資產而所需的資金所必須支付以借回的利率。因此，增量借款率反映本集團「需要支付的」事宜，當沒有可觀察的利率（例如：未進行融資交易的附屬公司）或需要進行調整以反映租賃的條款和條件時（例如：當租賃不以附屬公司功能貨幣計值）而需要進行估算。本集團使用可觀察到的數據（例如市場利率（如果可用））估算增量借款率，並且需要進行作出若干特定實體的估算（例如附屬公司的獨立信用評級）。

投資物業公允價值估計

若無類似物業在活躍市場的現價，本集團將考慮來自多種來源之資料，其中包括：

- (a) 不同性質、狀況或地點之物業於活躍市場之現有價格（經調整以反映各項差異）；
- (b) 活躍程度稍遜之市場所提供同類物業近期價格（經調整以反映自按該等價格進行交易當日以來經濟狀況之任何變動）；及根據未來現金流量所作可靠估計預測之經貼現現金流量，此項預測以任何現有租約及其他合約之條款以及（在可行情況下）外來證據（如地點及狀況相同之類似物業現有市場租值）為憑證，並採用可反映有關現金流量金額及時間不明朗因素當時市場評估之貼現率。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties (Continued)

The carrying amount of investment properties at 31 December 2020 was RMB12,973,827,000 (2019: RMB11,572,037,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

投資物業公允價值估計(續)

於2020年12月31日，投資物業之賬面值為人民幣12,973,827,000元(2019年：人民幣11,572,037,000元)。進一步詳情(包括用作公允價值計量及敏感度分析之主要假設)載於財務報表附註14。

發展中物業及持作出售的已完工物業的撥備

本集團的開發中物業及持作出售的已完工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計發展中物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就發展中物業及持作銷售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

遞延稅項資產

倘可能具有應課稅利潤抵銷虧損，則會就未動用稅項虧損確認遞延稅項資產。管理層在釐定可予以確認的遞延稅項資產金額時，須根據未來應課稅利潤可能出現的時間及水平連同未來稅務計劃策略作出重大判斷。

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Property development;
- (b) Commercial property investment and operations;
- (c) Hotel operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, fair value gains on financial assets at fair value through profit or loss, equity-settled share-based payments, investment income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. 經營分部資料

就管理而言，本集團根據本身的產品及服務劃分業務單位，並設有三個可報告經營分部如下：

- (a) 物業開發；
- (b) 商業物業投資與經營；
- (c) 酒店經營。

管理層獨立監察本集團經營分部業績，藉以作出有關資源分配及表現評核的決策。分部表現基於可報告分部利潤／虧損（為經調整稅前利潤／虧損的計量方式）評定。經調整稅前利潤／虧損的計量方式與本集團稅前利潤的計量方式一致，惟有關計量不包括銀行利息收入、按公允價值計入損益的金融資產公允價值收益、以股權結算以股份為基礎的付款、投資收入、非租賃相關融資成本以及總部及企業開支。

分部資產不包括未分配總部及企業資產，原因為該等資產按集團基準管理。

分部負債不包括未分配總部及企業負債，原因為該等負債按集團基準管理。

本集團的業務主要在中國內地進行。管理層認為有一個可報告地域分部，原因為來自外部客戶的所有收入均源自中國內地，且本集團的主要非流動資產位於中國內地。

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4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Year ended 31 December 2020	Property development	Commercial property investment and operations	Hotel operations	Total
截至2020年12月31日止年度	物業開發 RMB'000 人民幣千元	投資與經營 商業物業 RMB'000 人民幣千元	酒店經營 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Segment revenue:	分部收入：			
Sales to external customers	19,615,845	505,224	37,632	20,158,701
Revenue	收入			20,158,701
Segment results	3,250,552	466,000	(3,255)	3,713,297
<i>Reconciliation:</i>	<i>對賬：</i>			
Bank interest income	銀行利息收入			149,315
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益			28,434
Equity-settled share-based payments	以股權結算以股份為基礎的付款			(71,031)
Investment income	投資收入			90,882
Finance costs (other than interest on lease liabilities)	融資成本(不包括租賃負債利息)			(644,835)
Corporate and other unallocated expenses	企業及其他未分配開支			(106,725)
Profit before tax	稅前利潤			3,159,337
Segment assets	104,646,023	13,454,368	322,914	118,423,305
<i>Reconciliation:</i>	<i>對賬：</i>			
Corporate and other unallocated assets	企業及其他未分配資產			621,865
Total assets	總資產			119,045,170
Segment liabilities	89,558,825	2,025,905	23,441	91,608,171
<i>Reconciliation:</i>	<i>對賬：</i>			
Corporate and other unallocated liabilities	企業及其他未分配負債			33,415
Total liabilities	總負債			91,641,586
Other segment information	其他分部資料			
Share of (losses)/profits of:	應佔以下單位(虧損)/利潤：			
Joint ventures	(85,034)	—	—	(85,034)
Associates	528,110	—	—	528,110
Impairment losses recognised	19,265	—	—	19,265
Impairment losses written off	(32,010)	—	—	(32,010)
Fair value gains on investment properties	—	258,949	—	258,949
Depreciation and amortisation	82,073	15,152	13,201	110,426
Investments in associates	9,572,816	—	—	9,572,816
Investments in joint ventures	1,977,217	—	—	1,977,217
Capital expenditure*	79,796	346,908	10,026	436,730

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

* 資本開支包括物業、廠房及設備、無形資產及投資物業的添置(包括收購附屬公司中的資產)。

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4. OPERATING SEGMENT INFORMATION
(Continued)

4. 經營分部資料(續)

Year ended 31 December 2019 截至2019年12月31日止年度	Property development 物業開發 RMB'000 人民幣千元	Commercial property investment and operations 商業物業投資與經營 RMB'000 人民幣千元	Hotel operations 酒店經營 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Segment revenue:	分部收入：				
Sales to external customers	銷售予外部客戶	14,718,381	411,368	39,757	15,169,506
Revenue	收入				15,169,506
Segment results	分部業績				
<i>Reconciliation:</i>	<i>對賬：</i>				
Bank interest income	銀行利息收入	2,714,797	461,614	(3,582)	3,172,829
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益				60,197
Equity-settled share-based payments	以股權結算以股份為基礎的付款				13,648
Net foreign exchange gains	外匯收益淨額				(31,329)
Investment income	投資收入				1,431
Finance costs (other than interest on lease liabilities)	融資成本(不包括租賃負債利息)				120,939
Corporate and other unallocated expenses	企業及其他未分配開支				(584,704)
					(17,628)
Profit before tax	稅前利潤				2,735,383
Segment assets	分部資產				
<i>Reconciliation:</i>	<i>對賬：</i>				
Corporate and other unallocated assets	企業及其他未分配資產	82,162,018	12,099,989	338,383	94,600,390
Total assets	總資產				796,694
Segment liabilities	分部負債				
<i>Reconciliation:</i>	<i>對賬：</i>				
Corporate and other unallocated liabilities	企業及其他未分配負債	75,355,728	1,942,628	28,602	77,326,958
Total liabilities	總負債				23,677
Other segment information	其他分部資料				
Share of profits of:	應佔以下單位利潤：				
Joint ventures	合營企業	97,724	—	—	97,724
Associates	聯營公司	595,285	—	—	595,285
Impairment losses recognised	確認減值虧損	27,589	—	—	27,589
Impairment losses written off	撤銷減值虧損	(205,807)	—	—	(205,807)
Fair value gains on investment properties	投資物業的公允價值收益	—	310,456	—	310,456
Depreciation and amortisation	折舊及攤銷	74,115	27,535	26,785	128,435
Investments in associates	於聯營公司的投資	5,584,394	—	—	5,584,394
Investments in joint ventures	於合營企業的投資	2,236,978	—	—	2,236,978
Capital expenditure*	資本開支*	63,893	893,562	11,819	969,274

Information about a major customer

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue.

有關主要客戶的資料

年內，概無單一客戶收入佔本集團收入的10%或以上。

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

5. 收入、其他收入及收益

收入的分析如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue from contracts with customers	客戶合約收入	19,710,126	14,781,828
<i>Revenue from other sources</i>	<i>來自其他來源的收入</i>		
Rental income from investment property operating leases	來自投資物業經營租賃的租金收入	448,575	387,678
		20,158,701	15,169,506

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5. REVENUE, OTHER INCOME AND GAINS
(Continued)

5. 收入、其他收入及收益(續)

Revenue from contracts with customers

客戶合約收入

(a) Disaggregated revenue information

(a) 收入資料明細

For the year ended 31 December 2020

截至2020年12月31日止年度

Segments		Property development	Commercial property investment and operations	Hotel operations	Total
分部		物業開發	商業物業 投資與經營	酒店經營	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Type of goods or services	貨品或服務類型				
Sale of properties	物業銷售	19,057,718	—	—	19,057,718
Hotel operations	酒店經營	—	—	37,632	37,632
Project management services	項目管理服務	530,733	30,285	—	561,018
Others	其他	27,394	26,364	—	53,758
Total revenue from contracts with customers	客戶合約收入總額	19,615,845	56,649	37,632	19,710,126
Timing of revenue recognition	收入確認時間				
Goods transferred at a point in time	於某一時間點轉移貨品	19,057,718	—	—	19,057,718
Services transferred over time	隨時間轉移服務	558,127	56,649	37,632	652,408
Total revenue from contracts with customers	客戶合約收入總額	19,615,845	56,649	37,632	19,710,126

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5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (Continued)*

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5. 收入、其他收入及收益(續)

客戶合約收入(續)

(a) *收入資料明細(續)*

截至2019年12月31日止年度

Segments	Property development	Commercial property investment and operations	Hotel operations	Total
分部	物業開發	投資與經營	酒店經營	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
Type of goods or services	貨品或服務類型			
Sale of properties	物業銷售	14,305,799	—	14,305,799
Hotel operations	酒店經營	—	39,757	39,757
Project management services	項目管理服務	412,582	—	412,582
Others	其他	—	23,690	23,690
Total revenue from contracts with customers	客戶合約收入總額	14,718,381	23,690	14,781,828
Timing of revenue recognition	收入確認時間			
Goods transferred at a point in time	於某一時間點轉移貨品	14,305,799	—	14,305,799
Services transferred over time	隨時間轉移服務	412,582	23,690	476,029
Total revenue from contracts with customers	客戶合約收入總額	14,718,381	23,690	14,781,828

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**5. REVENUE, OTHER INCOME AND GAINS
(Continued)**

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (Continued)*

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2020	2019
	2020年	2019年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	16,707,793	8,335,079

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the completed properties.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(a) *收入資料明細(續)*

下表列示計入報告期初的合約負債於本報告期內確認的收入金額：

	2020	2019
	2020年	2019年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	16,707,793	8,335,079

(b) *履約責任*

有關本集團履約責任的資料概述如下：

物業銷售

履約責任於交付已完工物業時完成。

酒店經營

履約責任乃於提供服務時達成。有時須於提供服務前作出短期墊款。

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5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Project management services

For project management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the project management service contracts do not have a fixed term. The term of the contracts for pre-delivery and project management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(b) 履約責任(續)

項目管理服務

就項目管理服務而言，本集團按其金額等於發票額之權利確認收益，而發票額之權利與本集團迄今為止給客戶所履行義務之價值直接對應。本集團已選擇可行簡化方案，並無披露該等類型合約之剩餘履約責任。大部分項目管理諮詢合約並無固定年期。交付前項目管理服務合約的年期一般設定為於合約對方通知本集團不再需要該等服務時屆滿。

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	149,315	60,197
Interest income from associates and joint ventures	來自聯營公司及合營企業的利息收入	5,357	94,698
Investment income	投資收入	90,882	120,939
Forfeiture of deposits	沒收按金	12,509	2,716
Government grants	政府補助	4,490	3,714
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益	28,434	13,648
Net foreign exchange gains	外匯收益淨額	—	1,431
Gain on remeasurement of pre-existing interests in joint ventures	重新計量於合營企業的既有權益	31,221	—
Gain on disposal of subsidiaries	出售附屬公司的收益	251,984	14,874
Gain on disposal of associates and joint ventures	出售聯營公司及合營企業的收益	22,845	—
Others	其他	35,593	19,000
		632,630	331,217

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6. PROFIT BEFORE TAX

6. 稅前利潤

			2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		Notes 附註		
Cost of inventories sold	已售存貨成本	21	15,435,983	11,344,897
Cost of services provided	提供服務成本		191,767	127,144
Impairment losses written off for properties completed held for sale	就持作出售的已完工物業撇銷減值虧損	21	(32,010)	(205,807)
Impairment losses recognised for properties under development and completed properties held for sale	就開發中物業及持作出售的已完工物業確認減值虧損	21	19,265	27,589
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	13	67,798	78,861
Depreciation of right-of-use assets	使用權資產折舊	15	37,503	42,399
Amortisation of other intangible assets	其他無形資產攤銷	16	5,125	7,175
Fair value gains on investment properties	投資物業公允價值收益		(258,949)	(310,456)
Losses on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的虧損		5,319	8,716
Gains on disposal of subsidiaries	出售附屬公司的收益	5	(251,984)	(14,874)
Gain on remeasurement of pre-existing interests in joint ventures	重新計量於合營企業的既有權益	5	(31,221)	—
Gains on disposal of associates and joint ventures	出售聯營公司及合營企業的收益	5	(22,845)	—
Foreign exchange differences, net	外匯淨差額	5	—	(1,431)
Share of losses/(gains) of:	應佔以下單位虧損/(收益)：			
Joint ventures	合營企業		85,034	(97,724)
Associates	聯營公司		(528,110)	(595,285)
Auditor's remuneration	核數師酬金		5,580	4,900
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):	僱員福利開支(包括董事及最高行政人員薪酬(附註8))：			
Wages and salaries	工資及薪金		943,153	951,563
Equity-settled share-based payments	以股權結算以股份為基礎的付款		71,031	31,329
Pension scheme contributions and social welfare	養老金計劃供款及社會福利		46,890	75,843
Less: Amount capitalised	減：資本化金額		(303,024)	(156,003)
			758,050	902,732

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7. FINANCE COSTS

An analysis of finance costs is as follows:

7. 融資成本

融資成本分析如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest on bank loans, senior notes and other loans	銀行貸款、優先票據及其他貸款的利息	3,101,521	2,447,882
Interest on pre-sales deposits	預售訂金的利息	988,930	885,836
Interest on lease liabilities	租賃負債利息	80,577	49,605
		4,171,028	3,383,323
Less: Net foreign exchange gains on financing activities	減：融資活動外匯收益淨額	(280,495)	—
Interest capitalised	資本化利息	(3,165,121)	(2,749,014)
		725,412	634,309

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. 董事及最高行政人員薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規例第2部披露的本年度董事及最高行政人員薪酬如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fees	袍金	939	810
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	工資、津貼及實物福利	14,271	10,068
Performance-related bonuses*	表現掛鈎花紅*	2,445	2,608
Equity-settled share-based payment	以股權結算以股份為基礎的 付款	26,922	8,485
Pension scheme contributions and social welfare	養老金計劃供款及社會福利	157	270
		44,734	22,241

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

* 本公司若干執行董事有權獲得與本集團稅後利潤相關的花紅付款。

During the year, certain directors were granted shares, in respect of their services to the Group, under the share award scheme of the Company. Further details are set out in note 33 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the directors' and chief executive's remuneration disclosure.

年內，若干董事根據本公司股份獎勵計劃就其對本集團的服務獲授股份。進一步詳情載於財務報表附註33。該等於歸屬期內於損益表確認的購股權的公允價值於授出日釐定，而本年度財務報表所載金額已計入董事及最高行政人員的披露內。

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8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (Continued)

(a) Independent non-executive directors

Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung were appointed as independent non-executive directors of the Company on 15 March 2018. The fees paid to independent non-executive directors during the year were as follows:

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mr. Lee Kwok Tung Louis	李國棟先生	313	270
Mr. Leung Yau Wan John	梁又穩先生	313	270
Mr. Au Yeung Po Fung	歐陽寶豐先生	313	270
		939	810

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

8. 董事及最高行政人員薪酬(續)

(a) 獨立非執行董事

李國棟先生、梁又穩先生及歐陽寶豐先生於2018年3月15日獲委任為本公司獨立非執行董事。年內向獨立非執行董事支付的袍金如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mr. Lee Kwok Tung Louis	李國棟先生	313	270
Mr. Leung Yau Wan John	梁又穩先生	313	270
Mr. Au Yeung Po Fung	歐陽寶豐先生	313	270
		939	810

年內並無應付獨立非執行董事的其他薪酬(2019年：無)。

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

8. 董事及最高行政人員薪酬(續)

(b) 執行董事、非執行董事及最高行政人員

		Salaries, allowances and Fees	Performance- related bonuses	Equity-settled share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
		工資、津貼及 實物福利	表現掛鈎花紅	以股權結算 以股份為基礎的 付款開支	養老金計劃供款 及社會福利	薪酬總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
2020	2020年					
<i>Executive directors:</i>	<i>執行董事:</i>					
— Mr. Zeng Huansha*	— 曾煥沙先生*	—	1,182	—	18	1,200
— Mr. He Jie**	— 何捷先生**	—	2,965	1,644	64	10,968
— Mr. Lui Wai Pang	— 雷偉彬先生	—	5,770	801	26	6,597
		—	9,917	2,445	108	18,765
<i>Non-executive directors:</i>	<i>非執行董事:</i>					
— Mr. Zhang Liang***	— 張良先生***	—	2,068	—	—	11,238
— Mr. Jiang Daqiang****	— 蔣達強先生****	—	2,286	—	49	13,792
		—	4,354	—	49	25,030
		—	14,271	2,445	157	43,795
		Salaries, allowances and Fees	Performance- related bonuses	Equity-settled share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
		工資、津貼及 實物福利	表現掛鈎花紅	以股權結算 以股份為基礎的 付款開支	養老金計劃供款 及社會福利	薪酬總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
2019	2019年					
<i>Executive directors:</i>	<i>執行董事:</i>					
— Mr. Zeng Huansha	— 曾煥沙先生	—	156	—	61	217
— Mr. He Jie	— 何捷先生	—	3,184	1,546	93	6,974
— Mr. Lui Wai Pang	— 雷偉彬先生	—	2,680	—	8	2,688
		—	6,020	1,546	162	9,879
<i>Non-executive directors:</i>	<i>非執行董事:</i>					
— Mr. Zhang Liang	— 張良先生	—	1,723	531	33	5,166
— Mr. Jiang Daqiang	— 蔣達強先生	—	1,905	531	33	5,924
— Mr. Zhang Hongwu	— 張宏武先生	—	420	—	42	462
		—	4,048	1,062	108	11,552
		—	10,068	2,608	270	21,431

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

- * Mr. Zeng Huansha is the chairman and an executive director of the Company.
- ** Mr. He Jie has resigned as an executive director, the chief executive officer and a member of the remuneration committee of the Company with effect from 29 January 2021.
- *** Mr. Zhang Liang has resigned as a non-executive director and a member of the remuneration committee of the Company with effect from 22 November 2020.
- **** Mr. Jiang Daqiang has resigned as a non-executive director and a member of the audit committee of the Company with effect from 26 February 2021.

Mr. Yuan Chun has been appointed as an executive director, the Chief Executive Officer and a member of the remuneration committee of the Company with effect from 29 January 2021.

Mr. Zeng Junkai has been appointed as an executive director, a member of the remuneration committee of the Board and a vice president of the Company with effect from 26 February 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

8. 董事及最高行政人員薪酬(續)

(b) 執行董事、非執行董事及最高行政人員(續)

- * 曾煥沙先生為本公司主席兼執行董事。
- ** 何捷先生已辭任本公司執行董事、行政總裁及薪酬委員會成員，自2021年1月29日起生效。
- *** 張良先生已辭任本公司非執行董事及薪酬委員會成員，自2020年11月22日起生效。
- **** 蔣達強先生已辭任本公司非執行董事及審核委員會成員，自2021年2月26日起生效。

袁春先生已獲委任為本公司執行董事、行政總裁及薪酬委員會成員，自2021年1月29日起生效。

曾俊凱先生已獲委任為執行董事、董事會薪酬委員會成員及本公司副總裁，自2021年2月26日起生效。

年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2019: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2019: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, allowances and benefits in kind	工資、津貼及實物福利	3,810	2,046
Performance-related bonuses	表現掛鈎花紅	—	209
Pension and social welfare	養老金及社會福利	52	99
		3,862	2,354

The remuneration of the non-director and non-chief executive highest paid employee fell within the following band as follows:

		Number of employees 僱員人數	
		2020	2019
		2020年	2019年
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	—	1
HK\$4,000,001 to HK\$4,500,000	4,000,001港元至4,500,000港元	1	—
		1	1

9. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括四名董事（2019年：四名董事），其薪酬詳情載於上文附註8。並非本公司董事或最高行政人員的餘下一名（2019年：一名）最高薪酬僱員年內的薪酬詳情如下：

薪酬位於以下範圍的非董事及非最高行政人員最高薪酬僱員如下：

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

10. 所得稅

本集團須就產生自或源自本集團成員公司註冊及經營所在稅務司法管轄區的利潤按實體基準繳納所得稅。根據開曼群島及英屬維爾京群島的規則及規例，本集團於開曼群島及英屬維爾京群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該等公司於截至2020年12月31日止年度並無現時於香港產生的任何應課稅利潤。

年內，本集團於中國內地經營的附屬公司須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收，土地增值額為銷售物業所得款項減可扣減開支（包括土地成本、借款成本及其他物業開發開支）。本集團根據有關中國內地稅務法律法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由地方稅務機關進行最終審核及批准。

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax:	即期稅項：		
CIT	企業所得稅	1,001,774	736,140
LAT	土地增值稅	651,629	564,843
Deferred tax (note 31)	遞延稅項(附註31)	(349,006)	(201,460)
Total tax charge for the year	年內稅項支出總額	1,304,397	1,099,523

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10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is follows:

10. 所得稅(續)

本公司及其附屬公司註冊所在司法管轄區按法定稅率計算的稅前利潤適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Profit before tax	稅前利潤	3,159,337	2,735,383
At the statutory income tax rate	按法定所得稅率計算	789,834	683,846
Profits and losses attributable to joint ventures and associates	合營企業及聯營公司應佔利潤及虧損	(110,769)	(165,670)
Expenses not deductible for tax	不可扣稅開支	105,845	113,294
Tax losses utilised from previous years	過往年度利用的稅務虧損	(54,439)	(42,036)
Tax losses not recognised	未確認的稅務虧損	85,204	86,457
Provision for LAT	土地增值稅撥備	651,629	564,843
Tax effect on LAT	土地增值稅的稅務影響	(162,907)	(141,211)
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	1,304,397	1,099,523

Tax payable in the consolidated statement of financial position represents the following:

綜合財務狀況表內的應繳稅項指以下項目：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
CIT payable	應付企業所得稅	1,602,522	1,010,944
LAT payable	應付土地增值稅	1,302,326	1,158,315
Total tax payable	應繳稅項總額	2,904,848	2,169,259

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11. DIVIDENDS

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Proposed final — HK14.5 cents (2019: HK12.4 cents) per ordinary share	建議末期 — 每股普通股 14.5港仙(2019年: 12.4港仙)	405,428	369,488

The actual amount of the 2019 final dividend paid during the year ended 31 December 2020 was RMB376,671,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. 股息

於截至2020年12月31日止年度派付的2019年末期股息實際金額為人民幣376,671,000元。

建議年度末期股息須待本公司股東於即將舉行的股東周年大會上批准後方可作實。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,319,132,811 (2019: 3,320,000,000) shares in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

12. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通權益持有人應佔年內利潤及年內已發行普通股的加權平均數3,319,132,811股(2019年: 3,320,000,000股)計算, 並就反映年內的供股作出調整。

每股攤薄盈利金額乃根據母公司普通權益持有人應佔年內利潤計算。計算時採用的普通股加權平均數為年內已發行普通股數目, 即與計算每股基本盈利所採用者相同, 並假設普通股加權平均數已因全部攤薄潛在普通股被視為已行使為普通股, 而按零代價發行。

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculations of basic and diluted earnings per share are based on:

12. 母公司普通權益持有人應佔每股盈利 (續)

每股基本及攤薄盈利的計算基準為：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	計算每股基本盈利所用母公司普通權益持有人應佔利潤	1,660,967	1,467,555
			Number of shares 股份數目
		2020 2020年	2019 2019年
Shares	股份		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	計算每股基本盈利所用年內已發行普通股加權平均數	3,319,132,811	3,320,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	攤薄的影響 — 普通股加權平均數： 購股權	31,973,846	32,230,641
		3,351,106,657	3,352,230,641

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee under the Company's share award scheme.

以上所示的普通股加權平均數乃扣除本公司股份獎勵計劃項下受託人所持的股份後得出。

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Hotel properties	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in process	Total
		樓宇	酒店物業	廠房與機械	汽車	傢俱及裝置	租賃裝修	在建工程	總計
		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
31 December 2020	2020年12月31日								
At 1 January 2020:	於2020年1月1日:								
Cost	成本	143,600	399,091	353,643	40,232	74,103	154,021	30,182	1,194,872
Accumulated depreciation	累計折舊	(82,405)	(102,511)	(47,748)	(31,516)	(51,542)	(71,212)	—	(386,934)
Net carrying amount	賬面淨值	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938
At 1 January 2020, net of accumulated depreciation	於2020年1月1日，扣除累計折舊	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938
Additions	添置	—	—	—	251	3,582	13,651	80,527	98,011
Transfer from construction in progress	轉撥自在建工程	—	—	—	—	893	12,777	(13,670)	—
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	—	—	—	—	94	132	—	226
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	—	—	—	(2)	(1,118)	—	(1,404)	(2,524)
Disposals	出售	—	—	(1,261)	(317)	(632)	(9,685)	(3,132)	(15,027)
Depreciation provide during the year (note 6)	年內折舊撥備(附註6)	(7,658)	(13,201)	(15,152)	(3,325)	(6,258)	(22,204)	—	(67,798)
At 31 December 2020, net of accumulated depreciation	於2020年12月31日，扣除累計折舊	53,537	283,379	289,482	5,323	19,122	77,480	92,503	820,826
At 31 December 2020:	於2020年12月31日:								
Cost	成本	143,600	399,091	349,274	38,176	70,895	170,896	92,503	1,264,435
Accumulated depreciation	累計折舊	(90,063)	(115,712)	(59,792)	(32,853)	(51,773)	(93,416)	—	(443,609)
Net carrying amount	賬面淨值	53,537	283,379	289,482	5,323	19,122	77,480	92,503	820,826

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13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

		Buildings 樓宇 RMB'000 人民幣千元	Hotel properties 酒店物業 RMB'000 人民幣千元	Plant and machinery 廠房與機械 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Furniture and fixtures 傢俱及裝置 RMB'000 人民幣千元	Leasehold improvements 租賃裝修 RMB'000 人民幣千元	Construction in process 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2019	2019年12月31日								
At 1 January 2019:	於2019年1月1日:								
Cost	成本	194,690	399,091	567,655	39,031	67,613	107,381	31,150	1,406,611
Accumulated depreciation	累計折舊	(83,851)	(79,817)	(120,435)	(29,682)	(43,050)	(61,220)	—	(418,055)
Net carrying amount	賬面淨值	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556
At 1 January 2019, net of accumulated depreciation and impairment	於2019年1月1日， 扣除累計折舊及減值	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556
Effect of adoption of IFRS 16	採納國際財務報告準則 第16號的影響	—	—	—	—	—	(5,815)	(14,582)	(20,397)
At 1 January 2019, net of accumulated depreciation	於2019年1月1日，扣除累 計折舊	110,839	319,274	447,220	9,349	24,563	40,346	16,568	968,159
Additions	添置	10,397	—	—	6,372	6,899	15,665	60,104	99,437
Transfer from construction in progress	轉撥自在建工程	3,817	—	5,053	—	829	36,791	(46,490)	—
Transfer to investment property (note 14)	轉撥至投資物業(附註14)	(54,784)	—	(96,104)	—	—	—	—	(150,888)
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	—	—	—	—	358	—	—	358
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	—	—	—	—	(160)	(137)	—	(297)
Disposals	出售	—	—	(26,775)	(2,814)	(381)	—	—	(29,970)
Depreciation provided during the year (note 6)	年內折舊撥備(附註6)	(9,074)	(22,694)	(23,499)	(4,191)	(9,547)	(9,856)	—	(78,861)
At 31 December 2019, net of accumulated depreciation	於2019年12月31日， 扣除累計折舊	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938
At 31 December 2019:	於2019年12月31日:								
Cost	成本	143,600	399,091	353,643	40,232	74,103	154,021	30,182	1,194,872
Accumulated depreciation	累計折舊	(82,405)	(102,511)	(47,748)	(31,516)	(51,542)	(71,212)	—	(386,934)
Net carrying amount	賬面淨值	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938

As at 31 December 2020, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB295,581,000 (2019: RMB281,645,000) have been pledged to secure bank and other borrowings granted to the Group (note 40).

於2020年12月31日，本集團已質押賬面總值約人民幣295,581,000元(2019年：人民幣281,645,000元)的若干物業、廠房及設備，以作為本集團獲授銀行及其他借款的抵押(附註40)。

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14. INVESTMENT PROPERTIES

14. 投資物業

		Under construction 在建 RMB'000 人民幣千元	Completed 已完工 RMB'000 人民幣千元	Right-of-use assets 使用權資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Carrying amount at 1 January 2019	於2019年1月1日的賬面值	439,800	8,957,200	763,200	10,160,200
Additions	添置	770,313	—	265,681	1,035,994
Change of contract term	合約條款變動	—	—	(113,397)	(113,397)
Transfer from property, plant and equipment (note 13)	轉撥自物業、廠房及設備 (附註13)	—	150,888	—	150,888
Transferred to investment properties completed	轉撥至已完工投資物業	(294,158)	294,158	—	—
Changes in fair value of investment properties	投資物業公允價值變動	54,282	285,854	(1,784)	338,352
Carrying amount at 31 December 2019	於2019年12月31日的賬面值	970,237	9,688,100	913,700	11,572,037
Carrying amount at 1 January 2020	於2020年1月1日的賬面值	970,237	9,688,100	913,700	11,572,037
Additions	添置	234,157	—	1,022,012	1,256,169
Derecognition of subleases	終止確認轉租	—	—	(17,800)	(17,800)
Change of contract term	合約條款變動	—	—	(2,328)	(2,328)
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	—	—	(93,200)	(93,200)
Changes in fair value of investment properties	投資物業公允價值變動	20,033	253,300	(14,384)	258,949
Carrying amount at 31 December 2020	於2020年12月31日的賬面值	1,224,427	9,941,400	1,808,000	12,973,827

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14. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are situated in Mainland China. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., owner-occupied investment properties and sub-leased investment properties, based on the ownership of each property. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Savills Assets Valuation (Beijing) Company Limited and Beijing PG Advisory Co., Ltd., independent professionally qualified valuers, at RMB12,973,827,000 (31 December 2019: RMB11,572,037,000). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

14. 投資物業(續)

本集團的投資物業位於中國內地。本公司董事釐定投資物業包括兩類資產，即自用投資物業及轉租投資物業。本集團的投資物業根據獨立專業合資格估值師北京第一太平戴維斯資產評估有限公司及北京朴谷財務諮詢有限公司的估值重新估值為人民幣12,973,827,000元(2019年12月31日：人民幣11,572,037,000元)。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已每年與估值師就進行中期及年度財務報告估值的估值假設及估值結果進行兩次討論。

投資物業根據經營租賃出租予第三方，進一步詳情概要載於財務報表附註15。

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14. INVESTMENT PROPERTIES (Continued)

As at 31 December 2020, certain of the Group's investment properties with an aggregate carrying amount of approximately RMB9,386,333,000 (2019: RMB8,375,881,000) have been pledged to secure bank and other borrowings granted to the Group (note 40).

14. 投資物業(續)

於2020年12月31日，本集團已質押賬面總值約人民幣9,386,333,000元(2019年：人民幣8,375,881,000元)的若干投資物業，以作為本集團獲授銀行及其他借款的抵押(附註40)。

Fair value measurement as at 31 December 2020

截至2020年12月31日的公允價值計量

	Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第1級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第2級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第3級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Recurring fair value measurement for:	就以下項目進行的經常性公允價值計量：			
Completed commercial properties	—	—	9,941,400	9,941,400
Commercial properties under construction	—	—	1,224,427	1,224,427
Right-of-use assets	—	—	1,808,000	1,808,000
	—	—	12,973,827	12,973,827

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14. INVESTMENT PROPERTIES (Continued)

14. 投資物業(續)

Fair value measurement as at 31 December 2019
截至2019年12月31日的公允價值計量

	Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第1級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察 輸入數據 (Level 2) (第2級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第3級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Recurring fair value measurement for:	就以下項目進行的經常性公允價值計量：			
Completed commercial properties	—	—	9,688,100	9,688,100
Commercial properties under construction	—	—	970,237	970,237
Right-of-use assets	—	—	913,700	913,700
	—	—	11,572,037	11,572,037

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14. INVESTMENT PROPERTIES (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

14. 投資物業(續)

年內，第1級與第2級之間並無公允價值計量的轉撥，亦無轉入或轉出第3級(2019年：無)。

	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range or weighted average 範圍或加權平均數	
			2020 2020年	2019 2019年
Right-of-use assets 使用權資產	Income capitalisation method 收入資本化法	Estimated rental value (RMB per sq.m. per month) 估計租值(每平方米及每月人民幣)	44-186	46-150
		Capitalisation rate 資本化率	4%-5.5%	3.5%-5%
		Long term vacancy rate 長期空置率	15%-20%	10%-25%
Completed commercial properties 已完工商業物業	Income capitalisation method 收入資本化法	Estimated rental value (RMB per sq.m. per month) 估計租值(每平方米及每月人民幣)	62-270	63-274
		Capitalisation rate 資本化率	3.5%-6.5%	3.5%-6.5%
		Long term vacancy rate 長期空置率	5%-25%	5%-20%
Commercial properties under construction 在建商業物業	Comparison method 比較法	Estimated land price	917-9,225	3,480-10,184
		Residual method 剩餘法	Estimated rental value (RMB per sq.m. per month) 估計租值(每平方米及每月人民幣)	29
		Capitalisation rate 資本化率	3.2%	—
		Long term vacancy rate 長期空置率	25%	—
		Development profit 開發利潤	16%	—

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14. INVESTMENT PROPERTIES (Continued)

The fair values of commercial properties and right-of-use assets are determined by the income capitalisation method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase in the estimated rental value would result in a significant increase in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of the commercial properties under construction is determined by using the comparison method or residual method.

Under the comparison method, the valuation takes into account of sales transactions as available in the relevant market, comparable land in close proximity has been selected and adjustments have been made to account for the difference in factors such as location and property size.

The residual method is based on the assumption that the property is newly completed in accordance with the latest development proposal in terms of property uses, respective saleable areas and construction schedules to establish the gross development value ("GDV"). The total development costs including construction costs, contingency costs, professional fees, infrastructure costs, management costs, financial costs and developer's profit are estimated and deducted from the established GDV. The resultant residual figure is then adjusted back to the valuation date to arrive at the market value of the property interest concerned. The income capitalisation method has been used in estimating the GDV, the basis of capitalisation of estimated net incomes derived from the Property with consideration of the prevailing market yields.

14. 投資物業(續)

商業物業及使用權資產的公允價值乃通過收入資本化法釐定，方法是通過計及有關物業因現有租約而產生及／或在現行市況下可能取得的租金收入淨額（就租約的潛在續租收入作出充分撥備），然後加以資本化，以按適當的資本化比率釐定公允價值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

估計租值大幅增加將導致投資物業的公允價值大幅增加。長期空置率及資本化比率單獨大幅增加(減少)將導致投資物業的公允價值大幅減少(增加)。

在建商業物業的公允價值使用比較法或剩餘法釐定。

根據比較法，估值經考慮相關市場上可獲得的銷售交易，選用鄰近可資比較土地以進行比較，以及就地點及物業規模等因素的差異作出調整。

剩餘法是假設物業已根據最新發展方案的物業用途、各物業用途對應的可出售面積及施工計劃剛竣工，以確立開發價總值（「開發價總值」），在此基礎上扣除預計總開發成本包括建築成本、應急成本、專業費用、基礎設施成本、管理成本、財務成本及開發商利潤，將計算結果調整至評估日，從而計算出該物業之市場值。開發價總值乃採用收入資本化法作估計，乃考慮到當時市場收益的該物業產生的估計淨收入資本化的基準。

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15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 1 and 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

		Leasehold land 租賃土地 RMB'000 人民幣千元	Office buildings 寫字樓 RMB'000 人民幣千元 (Note 14) (附註14)	Total 總計 RMB'000 人民幣千元
As at 1 January 2019	於2019年1月1日	28,903	142,183	171,086
Additions	添置	—	29,034	29,034
Depreciation charge	折舊支出	(1,459)	(40,940)	(42,399)
As at 31 December 2019	於2019年12月31日	27,444	130,277	157,721
As at 1 January 2020	於2020年1月1日	27,444	130,277	157,721
Additions	添置	—	10,208	10,208
Change of contract term	合約條款變動	—	(30,989)	(30,989)
Depreciation charge	折舊支出	(1,126)	(36,377)	(37,503)
As at 31 December 2020	於2020年12月31日	26,318	73,119	99,437

15. 租賃

本集團作為承租人

本集團就其營運所用不同寫字樓項目訂有租賃合約，並已提前作出一次性付款以向業主收購租賃土地，租期為40年，而根據該等土地租賃的條款，將不會繼續支付任何款項。寫字樓租賃的租期一般介乎1至5年。辦公室設備之租賃期限一般為12個月或以下及/或個別為低價值。一般而言，本集團不得在本集團以外轉讓和轉租租賃資產。

(a) 使用權資產

本集團的使用權資產的賬面值以及於年內的變動如下：

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15. LEASES (Continued)

The Group as a lessee (Continued)

(a) *Right-of-use assets (Continued)*

As at 31 December 2020, the Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB9,932,000 (2019: RMB9,377,000) were pledged to secure bank and other borrowings granted to the Group (note 40).

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

15. 租賃(續)

本集團作為承租人(續)

(a) *使用權資產(續)*

於2020年12月31日，本集團已質押賬面總值約人民幣9,932,000元(2019年：人民幣9,377,000元)的預付土地租賃款項，以作為本集團獲授銀行及其他借款的抵押(附註40)。

(b) *租賃負債*

租賃負債的賬面值以及於年內的變動如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	958,286	867,963
New leases	新增租賃	931,764	203,153
Disposal of subsidiaries	出售附屬公司	(88,879)	—
Change of contract term	合約條款變動	(48,020)	(113,397)
Accretion of interest recognised during the year	年內確認利息增長	80,577	49,605
Payments	付款	(52,584)	(49,038)
Carrying amount at 31 December	於12月31日的賬面值	1,781,144	958,286
Analysed into:	分析為：		
Current portion	即期部分	35,509	46,809
Non-current portion	非即期部分	1,745,635	911,477

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15. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	80,577	49,605
Depreciation charge of right-of-use assets (note 6)	使用權資產折舊支出 (附註6)	37,503	42,399
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	與短期租賃及餘下租賃 期於2019年12月31日 或之前結束的其他 租賃相關的開支 (計入行政開支)	2,363	810
Expense relating to leases of low-value assets (included in administrative expenses)	與低價值資產租賃相關 的開支(計入行政 開支)	1,926	295
Net (loss)/profit from a fair value adjustment	公允價值調整所得 (虧損)/利潤淨額	(14,384)	1,784
Total amount recognised in profit or loss	於損益確認的總金額	107,985	94,893

(d) The total cash outflow for leases is disclosed in notes 37(c) to the financial statements, and there are no outflows relating to leases that have not yet commenced.

15. 租賃(續)

本集團作為承租人(續)

(c) 就租賃於損益確認的金額如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	80,577	49,605
Depreciation charge of right-of-use assets (note 6)	使用權資產折舊支出 (附註6)	37,503	42,399
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	與短期租賃及餘下租賃 期於2019年12月31日 或之前結束的其他 租賃相關的開支 (計入行政開支)	2,363	810
Expense relating to leases of low-value assets (included in administrative expenses)	與低價值資產租賃相關 的開支(計入行政 開支)	1,926	295
Net (loss)/profit from a fair value adjustment	公允價值調整所得 (虧損)/利潤淨額	(14,384)	1,784
Total amount recognised in profit or loss	於損益確認的總金額	107,985	94,893

(d) 租賃現金流出總額於財務報表附註37(c)披露，且概無尚未開始與租賃有關的流出。

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15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of 15 commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB448,575,000 (2019: RMB387,678,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

15. 租賃(續)

本集團作為出租人

本集團根據經營租賃安排租賃其投資物業(附註14)，包括15項位於中國內地的商業物業。租賃條款一般規定租戶須支付保證金並訂明定期根據當時現行市況調整租金。本集團於年內確認的租金收入為人民幣448,575,000元(2019年：人民幣387,678,000元)，詳情載於財務報表附註5。

於2020年12月31日，本集團於未來期間根據與其租戶訂立的不可撤銷經營租賃應收未貼現租賃付款如下：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年內	547,287	137,709
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	1,275,308	292,742
After five years	五年後	469,022	98,031
		2,291,617	528,482

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16. OTHER INTANGIBLE ASSETS

16. 其他無形資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Software	軟件		
At 1 January:	於1月1日：		
Cost	成本	37,266	29,663
Accumulated amortisation	累計攤銷	(24,840)	(17,665)
Net carrying amount	賬面淨值	12,426	11,998
Cost at 1 January, net of accumulated amortisation	於1月1日的成本，扣除累計攤銷	12,426	11,998
Additions	添置	3,879	7,603
Amortisation provided during the year	年內已撥備攤銷	(5,125)	(7,175)
Cost at 31 December, net of accumulated amortisation	於12月31日的成本，扣除累計攤銷	11,180	12,426
At 31 December:	於12月31日：		
Cost	成本	41,145	37,266
Accumulated amortisation	累計攤銷	(29,965)	(24,840)
Net carrying amount	賬面淨值	11,180	12,426

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17. LOAN RECEIVABLES

17. 應收貸款

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loan receivables	應收貸款	211,721	—
Less: Current portion	減：即期部分	—	—
		211,721	—

The internal credit rating of loan receivables was performing. The Group has assessed that the credit risk of these loan receivables has not increased significantly since initial recognition. The Group has measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

應收貸款的內部信貸評級為表現良好。本集團評定，該等應收貸款自初始確認以來信貸風險並無顯著增加。本集團按12個月預期信貸虧損計量減值，亦評定預期信貸虧損並不重大。

18. INVESTMENTS IN JOINT VENTURES

18. 於合營企業的投資

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of net assets	分佔資產淨值	1,977,217	2,236,978

The Group's receivable and payable balances with joint ventures are disclosed in note 42 to the financial statements.

本集團與合營企業的應收款項及應付款項結餘於財務報表附註42披露。

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18. INVESTMENTS IN JOINT VENTURES (Continued)

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of the joint ventures' (loss)/profit for the year	年內應佔合營企業 (虧損)/利潤	(85,034)	97,724
Share of the joint ventures' total comprehensive (loss)/income	年內應佔合營企業全面 (虧損)/收益總額	(85,034)	97,724
Aggregate carrying amount of the Group's investments in the joint ventures	本集團於合營企業投資的 賬面總值	1,977,217	2,236,978

18. 於合營企業的投資(續)

本集團的合營企業被視為個別非重大，下表列示合營企業的合計財務資料：

19. INVESTMENTS IN ASSOCIATES

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of net assets	應佔資產淨值	9,572,816	5,584,394

19. 於聯營公司的投資

The Group's receivable and payable balances with associates are disclosed in note 42 to the financial statements.

本集團與聯營公司的應收款項及應付款項結餘於財務報表附註42披露。

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19. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the material associates are as follows:

19. 於聯營公司的投資(續)

重大聯營公司詳情：

Name 名稱	Paid-in capital 實繳資本	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Percentage of ownership interest attributable to the Group 本集團應佔 所有權權益百分比	Principal activity 主要活動
Nantong Xuan Xi Real Estate Co., Ltd. ("Nantong Xuan Xi") 南通暄璽房地產有限公司(「南通暄璽」)	RMB100,000,000 人民幣100,000,000元	PRC/Mainland China 中國/中國內地	25	Property development 物業開發
Yangzhou Qi Hui Real Estate Co., Ltd.* ("Yangzhou Qi Hui") 揚州啟輝置業有限公司*(「揚州啟輝」)	RMB100,000,000 人民幣100,000,000元	PRC/Mainland China 中國/中國內地	19	Property development 物業開發
Changzhou Pei Ling Real Estate Development Co., Ltd. ("Changzhou Pei Ling") 常州市沛凌房地產開發有限公司(「常州市沛凌」)	RMB750,000,000 人民幣750,000,000元	PRC/Mainland China 中國/中國內地	40	Property development 物業開發
Nantong Hua Chang Real Estate Co., Ltd. ("Nantong Hua Chang") 南通市華昌房地產有限公司(「南通市華昌」)	RMB200,000,000 人民幣200,000,000元	PRC/Mainland China 中國/中國內地	17	Property development 物業開發
Chuzhou Zheng Hong Real Estate Development Co., Ltd. ("Chuzhou Zheng Hong") 滁州正宏置業發展有限公司(「滁州正宏」)	RMB125,000,000 人民幣125,000,000元	PRC/Mainland China 中國/中國內地	30	Property development 物業開發
Yizheng Hong Lin Real Estate Co., Ltd. ("Yizheng Hong Lin") 儀徵弘麟置業有限公司(「儀徵弘麟」)	RMB40,000,000 人民幣40,000,000元	PRC/Mainland China 中國/中國內地	48	Property development 物業開發
Ningbo Hong Xin Properties Development Co., Ltd. ("Ningbo Hong Xin") 寧波弘新房地產開發有限公司(「寧波弘新」)	RMB40,000,000 人民幣40,000,000元	PRC/Mainland China 中國/中國內地	48	Property development 物業開發
Hangzhou Hong Zhao Cheng Properties Development Co., Ltd. ("Hangzhou Hong Zhao Cheng") 杭州弘招城房地產開發有限公司(「杭州弘招城」)	RMB200,000,000 人民幣200,000,000元	PRC/Mainland China 中國/中國內地	31	Property development 物業開發
Nanjing Tai Qi Real Estate Development Co., Ltd. ("Nanjing Tai Qi") 南京泰麒置業發展有限公司(「南京泰麒」)	RMB100,000,000 人民幣100,000,000元	PRC/Mainland 中國/中國內地	15	Property development 物業開發

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19. INVESTMENTS IN ASSOCIATES (Continued)

- * Pursuant to the investment framework agreement and the articles of association of this company, this entity was accounted for as an associate of the Group by holding an 19% equity interest in it during the reporting period. Meanwhile, according to the contract between the Group and the other equity interest holders of Yangzhou Qihui ("Contract A") and the profit sharing arrangement stated in Contract A, the Group is entitled to 50% returns from some specified assets, and according to IAS 28, the Group recognised its share of profit or loss of Yangzhou Qihui under the equity method.

Nantong Xuan Xi, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nantong Xuan Xi adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

- * 根據該公司的投資框架協議及組織章程細則，該實體於報告期內以本集團持有其19%股權的一家聯營公司入賬。同時，根據本集團與揚州啟輝的其他股權持有人訂立的合約(「合約A」)及合約A中規定的利潤分成安排，本集團有權從若干特定資產獲得50%回報，且根據國際會計準則第28號，本集團採用權益法確認其分佔揚州啟輝的損益。

南通暄璽(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關南通暄璽的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	1,071,450	1,877,351
Non-current assets	非流動資產	11,959	2,480
Current liabilities	流動負債	(646,304)	(1,854,884)
Net assets	資產淨值	437,105	24,947
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	25%	25%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	109,276	6,237
Carrying amount of the investment	投資的賬面值	109,276	6,237
Revenue	收入	1,672,598	32
Tax	稅項	(137,410)	2,470
Profit/(loss) for the year	年內利潤/(虧損)	412,158	(7,410)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	412,158	(7,410)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Yangzhou Qi Hui, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Yangzhou Qi Hui adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

揚州啟輝(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目,且該聯營公司採用權益法入賬。

下表列示有關揚州啟輝的財務資料摘要,已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current assets	流動資產	514,347	1,202,381
Non-current assets	非流動資產	12,103	189
Current liabilities	流動負債	(295,854)	(1,024,097)
Non-current liabilities	非流動負債	—	(130,000)
Net assets	資產淨值	230,596	48,473
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬:		
Proportion of the Group's ownership	本集團所佔擁有權比例	50%	50%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	84,268	(6,793)
Adjustment of unrecognised share of losses	未確認應佔虧損調整	—	6,793
Carrying amount of the investment	投資的賬面值	84,268	—
Revenue	收入	885,350	—
Tax	稅項	(100,811)	(7,418)
Profit/(loss) for the year	年內利潤/(虧損)	182,123	(39,624)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	182,123	(39,624)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Changzhou Pei Ling, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Changzhou Pei Ling adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

常州市沛凌(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關常州市沛凌的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current assets	流動資產	1,198,298	2,547,584
Non-current assets	非流動資產	238	6,151
Current liabilities	流動負債	(256,998)	(1,821,850)
Net assets	資產淨值	941,538	731,885
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	40%	40%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	376,615	292,754
Elimination of unrealised profit or losses	對銷未變現損益	(5,389)	(4,483)
Dividends	股息	(14,000)	—
Carrying amount of the investment	投資的賬面值	357,226	288,271
Revenue	收入	1,729,391	—
Tax	稅項	(69,945)	2,528
Profit/(loss) for the year	年內利潤/(虧損)	209,653	(7,867)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	209,653	(7,867)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Nantong Hua Chang, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nantong Hua Chang adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

南通市華昌(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關南通市華昌的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current assets	流動資產	953,035	2,681,800
Non-current assets	非流動資產	5	21,996
Current liabilities	流動負債	(450,770)	(2,601,639)
Net assets	資產淨值	502,270	102,157
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	17%	17%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	85,386	17,367
Elimination of unrealised profit or losses	對銷未變現損益	(114)	(1,220)
Carrying amount of the investment	投資的賬面值	85,272	16,147
Revenue	收入	2,330,329	—
Tax	稅項	(133,383)	4,975
Profit/(loss) for the year	年內利潤/(虧損)	400,113	(15,232)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	400,113	(15,232)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Chuzhou Zheng Hong, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Chuzhou Zheng Hong adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

滁州正宏(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關滁州正宏的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	414,520	1,440,823
Non-current assets	非流動資產	32,210	32,230
Current liabilities	流動負債	(206,062)	(1,376,768)
Net assets	資產淨值	240,668	96,285
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	30%	30%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	72,200	28,886
Elimination of unrealised profit or losses	對銷未變現損益	—	(1,862)
Carrying amount of the investment	投資的賬面值	72,200	27,024
Revenue	收入	1,144,968	—
Tax	稅項	(67,512)	2,494
Profit/(loss) for the year	年內利潤/(虧損)	144,383	(7,625)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	144,383	(7,625)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Yizheng Hong Lin, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Yizheng Hong Lin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

儀徵弘麟(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關儀徵弘麟的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	660,494	752,127
Non-current assets	非流動資產	3,657	2,580
Current liabilities	流動負債	(499,647)	(722,485)
Net assets	資產淨值	164,504	32,222
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	48%	48%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	78,139	15,305
Elimination of unrealised profit or losses	對銷未變現損益	—	(1,236)
Carrying amount of the investment	投資的賬面值	78,139	14,069
Revenue	收入	531,373	—
Tax	稅項	(44,195)	2,475
Profit/(loss) for the year	年內利潤/(虧損)	132,282	(7,375)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	132,282	(7,375)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Ningbo Hong Xin, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Ningbo Hong Xin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

寧波弘新(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關寧波弘新的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	278,886	893,729
Non-current assets	非流動資產	6,270	3,520
Current liabilities	流動負債	(152,603)	(688,563)
Non-current liabilities	非流動負債	—	(188,000)
Net assets	資產淨值	132,553	20,686
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	48%	48%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	62,963	9,826
Elimination of unrealised profit or losses	對銷未變現損益	(2,401)	(2,401)
Carrying amount of the investment	投資的賬面值	60,562	7,425
Revenue	收入	748,376	300
Tax	稅項	(37,343)	3,366
Profit/(loss) for the year	年內利潤/(虧損)	111,867	(19,004)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	111,867	(19,004)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Hangzhou Hong Zhao Cheng, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Hangzhou Hong Zhao Cheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

杭州弘招城(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關杭州弘招城的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	470,654	1,439,419
Non-current assets	非流動資產	5,951	5,926
Current liabilities	流動負債	(204,037)	(871,903)
Non-current liabilities	非流動負債	—	(442,300)
Net assets	資產淨值	272,568	131,142
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	31%	31%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	85,450	41,113
Elimination of unrealised profit or losses	對銷未變現損益	(3,329)	(1,903)
Carrying amount of the investment	投資的賬面值	82,121	39,210
Revenue	收入	1,444,786	3
Tax	稅項	(47,553)	5,175
Profit/(loss) for the year	年內利潤/(虧損)	141,424	(16,829)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	141,424	(16,829)

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19. INVESTMENTS IN ASSOCIATES (Continued)

Nanjing Tai Qi, which is considered a material associate of the Group, co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Tai Qi adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

19. 於聯營公司的投資(續)

南京泰麒(被視為本集團的重大聯營公司)與其他中國內地聯營夥伴共同開發一個物業開發項目，且該聯營公司採用權益法入賬。

下表列示有關南京泰麒的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產	2,751,427	3,072,618
Non-current assets	非流動資產	37	8,628
Current liabilities	流動負債	(2,123,424)	(2,433,874)
Non-current liabilities	非流動負債	(303,340)	(600,000)
Net assets	資產淨值	324,700	47,372
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	15%	20%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	48,705	9,474
Elimination of unrealised profit or losses	對銷未變現損益	(2,948)	(7,538)
Carrying amount of the investment	投資的賬面值	45,757	1,936
Revenue	收入	1,132,552	—
Tax	稅項	(88,590)	5,665
Profit/(loss) for the year	年內利潤/(虧損)	277,328	(28,552)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	277,328	(28,552)

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19. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

19. 於聯營公司的投資(續)

下表列示本集團個別非重大的聯營公司的合計財務資料：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Share of the associates' (loss)/profit for the year	年內應佔聯營公司(虧損)/利潤	(61,678)	648,490
Share of the associates' total comprehensive (loss)/income	年內應佔聯營公司全面(虧損)/收入總額	(61,678)	648,490
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司投資的賬面總值	8,599,410	5,184,076

20. PROPERTIES UNDER DEVELOPMENT

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	36,280,854	29,702,386
Additions	添置	26,592,750	20,279,883
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	2,611,822	2,583,351
Disposals of subsidiaries (note 37)	出售附屬公司(附註37)	(1,326,990)	(2,953,091)
Transferred to completed properties held for sale (note 21)	轉撥至持作出售的已完工物業(附註21)	(15,658,457)	(13,550,971)
Impairment losses transferred to completed properties held for sale (note 21)	轉撥至持作出售的已完工物業的減值虧損(附註21)	—	219,296
Carrying amount at 31 December	於12月31日的賬面值	48,499,979	36,280,854

The Group's properties under development are situated on leasehold land in Mainland China.

本集團的開發中物業位於在中國內地的租賃土地。

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20. PROPERTIES UNDER DEVELOPMENT (Continued)

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB20,867,365,000 (2019: RMB18,592,645,000) were pledged to secure bank and other borrowings granted to the Group (note 40).

The movements in provision for impairment of properties under development are as follows:

20. 開發中物業(續)

於2020年12月31日，本集團賬面總值約人民幣20,867,365,000元(2019年：人民幣18,592,645,000元)的開發中物業已質押，以獲得授予本集團的銀行及其他貸款(附註40)。

開發中物業的減值撥備變動如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	—	219,296
Impairment losses transferred to completed properties held for sale (note 21)	轉撥至持作出售的已完工物業的減值虧損(附註21)	—	(219,296)
Carrying amount at 31 December	於12月31日的賬面值	—	—

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value exceeds their realisable value.

開發中物業的價值於報告期末評估。倘賬面值超逾其可變現值，則視為已減值。

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21. COMPLETED PROPERTIES HELD FOR SALE

21. 持作出售的已完工物業

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	3,327,897	1,162,901
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	232,606	—
Transferred from properties under development (note 20)	轉撥自開發中物業(附註20)	15,658,457	13,550,971
Transferred to cost of sales (note 6)	轉撥至銷售成本(附註6)	(15,435,983)	(11,344,897)
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	(19,265)	(27,589)
Impairment losses written off (note 6)	減值虧損撇銷(附註6)	32,010	205,807
Impairment losses transferred from properties under development (note 20)	轉撥自開發中物業的減值虧損(附註20)	—	(219,296)
Carrying amount at 31 December	於12月31日的賬面值	3,795,722	3,327,897

As at 31 December 2020, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB143,365,000 (2019: RMB117,057,000) have been pledged to secure bank and other borrowings granted to the Group (note 40).

於2020年12月31日，本集團賬面總值約人民幣143,365,000元(2019年：人民幣117,057,000元)的持作出售已完工物業已質押，以獲得授予本集團的銀行及其他貸款(附註40)。

The movements in provision for impairment of completed properties held for sale are as follows:

持作出售的已完工物業的減值撥備變動如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	77,930	36,852
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	19,265	27,589
Impairment losses written off (note 6)	減值虧損撇銷(附註6)	(32,010)	(205,807)
Impairment losses transferred from properties under development (note 20)	轉撥自開發中物業的減值虧損(附註20)	—	219,296
Carrying amount at 31 December	於12月31日的賬面值	65,185	77,930

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds their realisable value.

持作出售的已完工物業的價值於各報告期末評估。倘賬面值超逾其可變現值，則視為已減值。

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22. TRADE RECEIVABLES

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	7,067	6,767
Impairment	減值	—	—
		7,067	6,767

The Group's trade receivables arise from the leasing of investment properties and provision of project management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

22. 貿易應收款項

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	7,067	6,767
	7,067	6,767

本集團的貿易應收款項源自租賃投資物業及提供項目管理服務。

買家須按照相關買賣協議的條款支付物業的代價。本集團一般就租賃投資物業及提供物業管理服務規定其客戶按月/季預付費用。

由於本集團的貿易應收款項涉及多名不同客戶，故並無重大信貸集中風險。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信貸增強措施。所有貿易應收款項均為免息。

於報告期末，按發票日期及經扣除虧損撥備的貿易應收款項賬齡分析如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 1 month	1個月以內	2,397	1,989
1 to 3 months	1至3個月	1,857	2,653
3 to 6 months	3至6個月	1,800	1,668
6 to 12 months	6至12個月	1,000	447
Over 12 months	超過12個月	13	10
		7,067	6,767

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

23. 預付款項、其他應收款項及其他資產

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Due from non-controlling shareholders of subsidiaries	應收附屬公司非控股股東款項	5,699,743	2,301,616
Other tax recoverable	其他可收回稅項	1,343,510	1,261,655
Other deposits	其他按金	1,023,693	377,527
Deposits related to pre-sale regulations	有關預售法規的按金	988,363	262,084
Prepayments for acquisition of land use rights	收購土地使用權的預付款項	742,963	2,030,376
Prepayments for construction cost	建築成本預付款項	656,312	605,628
Cost of obtaining contracts	取得合約的成本	265,191	156,075
Deposits related to land performance	有關土地表現的按金	179,695	145,055
Interest receivables	應收利息	145,960	150,624
Due from third parties	應收第三方款項	105,307	230,038
Other receivables	其他應收款項	457,846	188,665
		11,608,583	7,709,343
Impairment allowance	減值撥備	(6,827)	(3,947)
		11,601,756	7,705,396

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

其他應收款項為無抵押、不計息且無固定還款期限。

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties, loans to counterparties for acquisition of land use rights, other receivables and interest receivables were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB6,827,000 as at 31 December 2020 (2019: RMB3,947,000).

應收附屬公司非控股股東款項、應收第三方款項、就收購土地使用權而向對手方作出的貸款、其他應收款項及應收利息的內部信用評級被視為良好等級。本集團已評估該等應收款項的信貸風險自初步確認後並無顯著增加。該等應收款項的預期虧損率評估為0.1%。本集團已評估預期虧損率及賬面總額，並根據12個月的預期信貸虧計量減值，且已評估於2020年12月31日的預期信貸虧損為人民幣6,827,000元（2019年：人民幣3,947,000元）。

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

24. 以公允價值計量且其變動計入損益的金融資產

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Listed equity investments, at fair value	上市權益投資，按公允價值計量	250,964	82,587
Other unlisted investments, at fair value	其他非上市投資，按公允價值計量	177,557	1,065,803
		428,521	1,148,390

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

上述權益投資分類為以公允價值計量且其變動計入損益的金融資產，此乃由於其持作交易。

The Group invests in unlisted investments, which represent a wealth management product issued by wealth management private fund in Hong Kong, and by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

本集團投資於非上市投資，該等投資指香港的財富管理私人基金以及中國內地銀行發行的財富管理產品。本集團根據具有類似條款及風險的工具的市場利率，採用現金流量貼現估值模式估計該等非上市投資的公允價值。

At 31 December 2020, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB185,582,000 (2019: RMB36,025,000) were pledged to secure bank and other borrowings granted to the Group (note 40).

於2020年12月31日，本集團賬面總額約人民幣185,582,000元(2019年：人民幣36,025,000元)的以公允價值計量且其變動計入損益的金融資產已質押，以獲得授予本集團的銀行及其他借款(附註40)。

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25. CASH AND BANK BALANCES

25. 現金及銀行結餘

			2020	2019
			2020年	2019年
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Cash and bank balances	現金及銀行結餘		18,525,081	16,844,417
Less: Pledged deposits	減：已質押存款	(a)	3,253,741	5,848,309
Restricted cash	受限制現金	(b)	2,862,288	2,304,586
Cash and cash equivalents	現金及現金等價物		12,409,052	8,691,522

(a) As at 31 December 2020, bank deposits of RMB3,055,204,000 (2019: RMB5,723,187,000) were pledged as security for bank and other borrowings (note 40). As at 31 December 2020, bank deposits of RMB198,537,000 (2019: RMB125,122,000) were pledged as security for purchasers' mortgage loans or construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

(b) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2020, the restricted cash amounted to RMB2,862,288,000 (2019: RMB2,304,586,000).

(a) 截至2020年12月31日，為數人民幣3,055,204,000元（2019年：人民幣5,723,187,000元）的銀行存款已質押，作為銀行及其他借款（附註40）的抵押品。截至2020年12月31日，為數人民幣198,537,000元（2019年：人民幣125,122,000元）的銀行存款已質押，作為買家按揭貸款或項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

(b) 根據有關中國法規，本集團若干房地產開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。截至2020年12月31日，受限制現金為數人民幣2,862,288,000元（2019年：人民幣2,304,586,000元）。

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25. CASH AND BANK BALANCES (Continued)

25. 現金及銀行結餘(續)

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and cash equivalents	現金及現金等價物		
Denominated in RMB	以人民幣計值	9,837,259	7,113,024
Denominated in HK\$	以港元計值	48,798	29,868
Denominated in US\$	以美元計值	2,522,995	1,548,630
		12,409,052	8,691,522

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2020, the internal credit ratings of restricted cash, pledged deposits and cash and cash equivalents were performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮動利率賺取利息。短期定期存款的期限介乎一年以內不等(視本集團的即時現金需求而定)，並按各自的短期定期存款利率賺取利息。銀行結餘乃存置於近期並無違約記錄的信譽良好銀行。現金及現金等價物的賬面值與其公允價值相若。

於2020年12月31日，受限制現金、已質押存款以及現金及現金等價物的內部信貸評級為表現良好。本集團評定，受限制現金、已質押存款以及現金及現金等價物自初始確認以來信貸風險並無顯著增加，並按12個月預期信貸虧損計量減值，亦評定預期信貸虧損並不重大。

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26. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

26. 貿易應付款項及應付票據

於報告期末，按發票日期的貿易應付款項及應付票據賬齡分析如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 1 year	1年以內	5,663,672	4,224,180
Over 1 year	1年以上	581,169	621,408
		6,244,841	4,845,588

The trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

貿易應付款項為無抵押及免息，一般基於工程進度結算。

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27. OTHER PAYABLES AND ACCRUALS

27. 其他應付款項及應計費用

		2020	2019
		2020年	2019年
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Advances from non-controlling shareholders of subsidiaries	附屬公司非控股股東墊款	5,713,934	4,473,878
Deposits related to cooperation intention	有關合作意向的按金	1,000,000	600,000
Advances from third parties related to land use right	土地使用權相關的第三方墊款	497,177	420,048
Consideration payable	應付代價	2,908	159,870
Other deposits	其他按金	376,094	381,236
Payroll and welfare payable	應付工資及福利	266,537	266,774
Maintenance fund	維修基金	166,719	119,965
Proceeds from asset-backed securities	資產支持證券所得款項	200,345	—
Others	其他	352,644	619,117
		8,576,358	7,040,888
Less: Current portion	減：即期部分	8,376,013	7,040,888
Non-current portion	非即期部分	200,345	—

(a) The balance represented proceeds received from a specific purpose entity ("SPE") set up by a financial institution in the PRC for issuance of asset-backed securities, to which the Group has collateralised the certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

(a) 結餘指由中國金融機構建立的特殊目的實體（「特殊目的實體」）就發行資產支持證券收取的所得款項，而本集團將銷售物業餘下收益的若干未來貿易應收款項作抵押。根據本集團及特殊目的實體的分配協議，本集團自客戶收取銷售所得款項時，本集團將匯出其代表特殊目的實體收取的任何現金流量。

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28. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contract liabilities 合約負債	29,383,224	24,974,641

The Group receives payments from customers based on billing schedules as established in the property sales or rental contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales and rental.

28. 合約負債

合約負債的細節如下：

本集團根據物業銷售或租賃合約所訂的繳費時間表收取客戶付款。根據合約，付款一般是在履約之前收到，主要來自房地產開發、銷售及租賃。

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

		2020 2020年			2019 2019年		
		Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB'000 人民幣千元
Current 即期							
Bank loans — secured 銀行貸款 — 有抵押		3.50-4.23	2021	3,006,752	4.00-6.00	2020	5,154,431
Other loans — secured 其他貸款 — 有抵押		8.00-14.20	2021	2,665,989	9.00-15.00	2020	2,191,995
Current portion of long term bank loans — secured 長期銀行貸款的即期部分 — 有抵押		4.75-11.70	2021	2,631,144	4.75-8.62	2020	1,347,366
Current portion of long term bank loans — unsecured 長期銀行貸款的即期部分 — 無抵押		9.89	2021	43,110	5.32	2020	90,000
Current portion of long term other loans — secured 長期其他貸款的即期部分 — 有抵押		9.00-12.50	2021	419,946	6.44-14.50	2020	1,732,599
				8,766,941			10,516,391
Non-current 非即期							
Bank loans — secured 銀行貸款 — 有抵押		4.75-9.50	2022-31	10,929,557	4.80-11.70	2021-31	7,769,528
Bank loans — unsecured 銀行貸款 — 無抵押		5.30-5.72	2022	778,338	5.04-5.32	2021	184,900
Other loans — secured 其他貸款 — 有抵押		10.30-13.90	2022	1,577,338	9.00-12.99	2021	1,800,927
				13,285,233			9,755,355
				22,052,174			20,271,746

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29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

29. 計息銀行及其他借款(續)

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Analysed into:	分析如下：		
Bank loans repayable:	須於以下期間償還的 銀行貸款：		
Within one year or on demand	一年內或按要求	5,681,006	6,591,797
In the second year	於第二年	5,594,496	3,872,529
In the third to fifth years, inclusive	於第三年至第五年 (包括首尾兩年)	4,989,532	2,967,633
Beyond five years	超過五年	1,123,867	1,114,266
		17,388,901	14,546,225
Other borrowings repayable:	須於以下期間償還的 其他借款：		
Within one year	一年內	3,085,935	3,924,594
In the second year	於第二年	1,577,338	1,800,927
		4,663,273	5,725,521
		22,052,174	20,271,746

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29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property, plant and equipment, investment properties, right-of-use assets, properties under development, completed properties held for sale, financial assets at fair value through profit or loss and interests in joint ventures and associates, details of which are disclosed in note 40 to the financial statements.
- (b) Certain of the Group's bank and other borrowings with an aggregate amount of RMB3,500,112,000 (2019: RMB5,831,652,000) are guaranteed by related parties, including Mr. Zeng Huansha (曾煥沙), Ms. Chen Sihong (陳思紅), Hong Yang Group Co., Ltd. (弘陽集團有限公司), Nanjing Redsun Business World Co., Ltd. (南京紅太陽商業大世界有限公司) and Jiangsu Red Sun Industrial Raw Materials City Co., Ltd. (江蘇紅太陽工業原料城有限公司), as at the end of the reporting period.
- (c) Certain of the Group's bank and other borrowings with an aggregate amount of RMB2,843,443,000 (2019: RMB389,918,000) are guaranteed by non-controlling shareholders, including Country Garden Real Estate Group Co., Ltd. (碧桂園地產集團有限公司), Rongchuang Real Estate Group Co., Ltd. (融創房地產集團有限公司), Jiangsu Tongyin Industrial Group Co. Ltd. (江蘇通銀實業集團有限公司), Huahong Jiaxin Real Estate Group Co., Ltd. (華鴻嘉信房地產集團有限公司), Radiance Group Co., Ltd. (金輝集團股份有限公司) and Xuzhou Fengminghai Properties Co., Ltd. (徐州鳳鳴海置業有限公司) as at the end of the reporting period.
- (d) Certain of the Group's bank and other borrowings with an aggregate amount of RMB6,632,830,000 (2019: RMB4,187,792,000) were secured by share charges in respect of the equity interests in certain subsidiaries of the Group, details of which are set out in note 1 to the financial statements.
- (e) Except for certain borrowings amounting to RMB504,181,000 (as at 31 December 2019: Nil) denominated in US\$ and RMB69,251,000 denominated in HK\$ (as at 31 December 2019: Nil), all of the Group's interest-bearing bank and other borrowings were denominated in RMB as at the end of the reporting period.
- (f) At the end of the reporting period, except for certain bank and other borrowings of RMB9,193,579,000 (2019: RMB11,656,841,000) with fixed interest rates, all of the Group's bank and other borrowings bore interest at floating interest rates.

29. 計息銀行及其他借款(續)

附註：

- (a) 本集團若干銀行及其他借款乃由本集團之銀行存款、物業、廠房及設備、投資物業、使用權資產、開發中物業、持作出售的已完工物業、按公允價值計入損益的金融資產及於合營企業及聯營公司的權益作抵押，有關詳情披露於財務報表附註40。
- (b) 本集團於報告期末總值人民幣3,500,112,000元(2019年：人民幣5,831,652,000元)的若干銀行及其他借款由關聯方，包括曾煥沙先生、陳思紅女士、弘陽集團有限公司、南京紅太陽商業大世界有限公司及江蘇紅太陽工業原料城有限公司擔保。
- (c) 本集團於報告期末總值人民幣2,843,443,000元(2019年：人民幣389,918,000元)的若干銀行及其他借款由非控股股東，包括碧桂園地產集團有限公司、融創房地產集團有限公司、江蘇通銀實業集團有限公司、華鴻嘉信房地產集團有限公司、金輝集團股份有限公司及徐州鳳鳴海置業有限公司擔保。
- (d) 本集團總值人民幣6,632,830,000元(2019年：人民幣4,187,792,000元)的若干銀行及其他借款乃由本集團若干附屬公司股權的股份作擔保，有關詳情載於財務報表附註1。
- (e) 除若干借款人民幣504,181,000元(於2019年12月31日：無)以美元計值及人民幣69,251,000元以港元計值(於2019年12月31日：無)外，本集團所有計息銀行及其他借款於報告期末均以人民幣計值。
- (f) 於報告期末，除若干銀行及其他借款人民幣9,193,579,000元(2019年：人民幣11,656,841,000元)為按固定利率計息外，本集團所有銀行及其他借款均按浮動利率計息。

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30. SENIOR NOTES

30. 優先票據

Notes		2020 2020年				2019 2019年							
		Principal at original currency	Contractual interest rate	Maturity	RMB'000	Principal at original currency	Contractual interest rate	Maturity	RMB'000				
		US\$'000 以原貨幣 的本金 千美元	(%) 合約利率(%)	到期	人民幣千元	US\$'000 以原貨幣 的本金 千美元	(%) 合約利率(%)	到期	人民幣千元				
Senior notes due 2020 I ("2020 Notes I")	2020年到期的優先票據I (「2020年票據I」)	(i)	—	—	—	—	—	—	—	271,200	13.50%	2020	1,894,998
Senior notes due 2021 I ("2021 Notes I")	2021年到期的優先票據I (「2021年票據I」)	(ii)	300,000	11.50%	2021	2,018,484	300,000	11.50%	2021	2,015,098			
Senior notes due 2022 I ("2022 Notes I")	2022年到期的優先票據I (「2022年票據I」)	(iii)	300,000	9.95%	2022	1,962,780	300,000	9.95%	2022	2,011,562			
Senior notes due 2022 II ("2022 Notes II")	2022年到期的優先票據II (「2022年票據II」)	(iv)	250,000	10.50%	2022	1,589,614	250,000	10.50%	2022	1,714,932			
Senior notes due 2021 II ("2021 Notes II")	2021年到期的優先票據II (「2021年票據II」)	(v)	100,000	13.00%	2021	653,242	100,000	13.00%	2021	664,203			
Senior notes due 2022 III ("2022 Notes III")	2022年到期的優先票據III (「2022年票據III」)	(vi)	150,000	9.95%	2022	960,247	150,000	9.95%	2022	973,849			
Senior notes due 2023 I ("2023 Notes I")	2023年到期的優先票據I (「2023年票據I」)	(vii)	300,000	9.70%	2023	2,024,464	—	—	—	—			
Senior notes due 2023 II ("2023 Notes II")	2023年到期的優先票據II (「2023年票據II」)	(viii)	155,000	9.70%	2023	1,044,063	—	—	—	—			
						10,252,894							9,274,642
Less: Current portion	減：即期部分					2,671,726							1,894,998
Non-current portion	非即期部分					7,581,168							7,379,644

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30. SENIOR NOTES (Continued)

30. 優先票據(續)

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
The Group's senior notes were repayable as follows:	本集團的優先票據償還情況如下：		
Repayable within one year	須於一年以內償還	2,671,726	1,894,998
Repayable in the second year	須於第二年償還	4,512,641	2,679,301
Repayable within two to five years	須於二至五年內償還	3,068,527	4,700,343
Subtotal	小計	7,581,168	7,379,644
		10,252,894	9,274,642

- | | |
|--|--|
| <p>(i) On 3 December 2020, the Company repurchased 2020 Notes I at a coupon rate of 13.5% due on 3 December 2020 with an aggregate principal amount of US\$271,200,000.</p> | <p>(i) 於2020年12月3日，本公司購回2020年12月3日到期、票面利率為13.5%、本金總額為271,200,000美元的2020年票據I。</p> |
| <p>(ii) On 4 March 2019, the Company issued 2021 Notes I at a coupon rate of 11.5% due on 4 March 2021 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$290,600,225 (after deduction of the underwriting discount and commissions and other expenses).</p> | <p>(ii) 於2019年3月4日，本公司發行2021年3月4日到期、票面利率為11.5%、本金總額為300,000,000美元的2021年票據I。本公司籌得所得款項淨額290,600,225美元(經扣除包銷折扣及佣金及其他開支)。</p> |
| <p>(iii) On 11 April 2019, the Company issued 2022 Notes I at a coupon rate of 9.95% due on 11 April 2022 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$287,342,755 (after deduction of the underwriting discount and commissions and other expenses).</p> | <p>(iii) 於2019年4月11日，本公司發行2022年4月11日到期、票面利率為9.95%、本金總額為300,000,000美元的2022年票據I。本公司籌得所得款項淨額287,342,755美元(經扣除包銷折扣及佣金及其他開支)。</p> |
| <p>(iv) On 3 July 2019, the Company issued 2022 Notes II at a coupon rate of 10.50% due on 3 October 2022 with an aggregate principal amount of US\$250,000,000. The Company raised net proceeds of US\$237,710,092 (after deduction of the underwriting discount and commissions and other expenses).</p> | <p>(iv) 於2019年7月3日，本公司發行2022年10月3日到期、票面利率為10.50%、本金總額為250,000,000美元的2022年票據II。本公司籌得所得款項淨額237,710,092美元(經扣除包銷折扣及佣金及其他開支)。</p> |

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30. SENIOR NOTES (Continued)

- (v) On 30 October 2019, the Company issued 2021 Notes II at a coupon rate of 13.00% due on 31 October 2021 with an aggregate principal amount of US\$100,000,000. The Company raised net proceeds of US\$95,496,128 (after deduction of the underwriting discount and commissions and other expenses).
- (vi) On 13 November 2019, the Company issued 2022 Notes III at a coupon rate of 9.95% due on 11 April 2022 with an aggregate principal amount of US\$150,000,000. The Company raised net proceeds of US\$140,961,958 (after deduction of the underwriting discount and commissions and other expenses).
- (vii) On 13 January 2020, the Company issued 2023 Notes I at a coupon rate of 9.70% due on 16 April 2023 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$294,709,315 (after deduction of the underwriting discount and commissions and other expenses).
- (viii) On 16 July 2020, the Company issued 2023 Notes I at a coupon rate of 9.70% due on 16 April 2023 with an aggregate principal amount of US\$155,000,000. The Company raised net proceeds of US\$153,388,419 (after deduction of the underwriting discount and commissions and other expenses).

The above senior notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

30. 優先票據(續)

- (v) 於2019年10月30日，本公司發行2021年10月31日到期、票面利率為13.00%、本金總額為100,000,000美元的2021年票據II。本公司籌得所得款項淨額95,496,128美元(經扣除包銷折扣及佣金及其他開支)。
- (vi) 於2019年11月13日，本公司發行2022年4月11日到期、票面利率為9.95%、本金總額為150,000,000美元的2022年票據III。本公司籌得所得款項淨額140,961,958美元(經扣除包銷折扣及佣金及其他開支)。
- (vii) 於2020年1月13日，本公司發行2023年4月16日到期、票面利率為9.70%、本金總額為300,000,000美元的2023年票據I。本公司籌得所得款項淨額294,709,315美元(經扣除包銷折扣及佣金及其他開支)。
- (viii) 於2020年7月16日，本公司發行2023年4月16日到期、票面利率為9.70%、本金總額為155,000,000美元的2023年票據I。本公司籌得所得款項淨額153,388,419美元(經扣除包銷折扣及佣金及其他開支)。

上述優先票據由弘陽地產投資(控股)有限公司及弘陽地產投資有限公司擔保。

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31. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Unrealised revenue received in contract liabilities	Provision of LAT	Provision for construction cost	Impairment of assets	Tax losses	Lease liability	Unrealised Gains resulting from transactions between the Group and joint ventures and associates	Total
		未變現合約負債所收收入	土地增值稅撥備	建築成本撥備	資產減值	稅項虧損	租賃負債	本集團與合營企業及聯營公司交易所產生未變現收益	合計
		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
At 1 January 2019	於2019年1月1日	350,771	218,600	43,814	19,390	85,642	—	26,043	744,260
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	1,014	—	—	1,014
Disposal of subsidiaries	出售附屬公司	(8,748)	—	—	—	(383)	—	—	(9,131)
Deferred tax credited/(charged) to profit or loss during the year	年內計入/(扣除自)損益的遞延稅項	160,798	70,406	(7,798)	(3,999)	5,792	—	31,336	256,535
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	502,821	289,006	36,016	15,391	92,065	—	57,379	992,678
Acquisition of subsidiaries	收購附屬公司	59,669	—	—	—	—	—	—	59,669
Disposal of subsidiaries	出售附屬公司	(13,299)	—	—	—	(4,422)	(22,220)	—	(39,941)
Deferred tax credited/(charged) to profit or loss during the year	年內計入/(扣除自)損益的遞延稅項	47,053	39,356	53,007	(5,128)	51,999	467,506	8,591	662,384
At 31 December 2020	於2020年12月31日	596,244	328,362	89,023	10,263	139,642	445,286	65,970	1,674,790

31. 遞延稅項

年內的遞延稅項資產及負債的變動如下：

遞延稅項資產

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31. DEFERRED TAX (Continued)

Deferred tax liabilities

		Fair value adjustment arising from investment properties 導致公允 價值調整 RMB'000 人民幣千元	Fair value adjustment arising from acquisition of subsidiaries 導致公允價值 調整 RMB'000 人民幣千元	Withholding Tax 預扣稅 RMB'000 人民幣千元	Right-of-use assets 使用權資產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	1,767,340	691,233	170,000	—	2,787	2,631,360
Deferred tax charged/(credited) to profit or loss during the year	年內扣除自/(計入)損益的遞延稅項	117,190	(60,757)	—	—	(1,358)	55,075
Deferred tax credited to asset revaluation reserve during the year	年內計入資產重估儲備的遞延稅項	6,974	—	—	—	—	6,974
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	1,891,504	630,476	170,000	—	1,429	2,693,409
Deferred tax charged/(credited) to profit or loss during the year	年內扣除自/(計入)損益的遞延稅項	503,042	(206,515)	—	18,280	(1,429)	313,378
At 31 December 2020	於2020年12月31日	2,394,546	423,961	170,000	18,280	—	3,006,787

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的的遞延稅項結餘分析：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項資產淨值	1,045,864	727,598
Net deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項負債淨值	(2,377,861)	(2,428,329)
		(1,331,997)	(1,700,731)

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31. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, RMB170,000,000 has been recognised as withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB10,966,376,000 (2019: RMB8,671,293,000).

Deferred tax assets have not been recognised in respect of the following items:

31. 遞延稅項(續)

遞延稅項負債(續)

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後產生的盈利。倘中國內地與該海外投資者所處司法管轄區存在稅收安排，可採用較低預扣稅率。本集團的適用稅率為5%。因此，本集團須就該等在中國內地成立附屬公司就自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。

於2020年12月31日，已就本集團於中國內地成立的附屬公司須繳納預扣稅的未匯出盈利應付的預扣稅確認人民幣170,000,000元。本公司董事認為，本集團的資金將留存於中國內地，以擴充本集團的業務，因此該等附屬公司將不大可能於可預見未來分派該等盈利。與投資於中國內地附屬公司有關而尚未確認遞延稅項負債的暫時性差額總額約為人民幣10,966,376,000元（2019年：人民幣8,671,293,000元）。

並無就以下項目確認遞延稅項資產：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Tax losses	稅項虧損	797,721	685,912
Deductible temporary differences	可扣減暫時差額	299,932	428,491
		1,097,653	1,114,403

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31. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2020, the Group did not recognise deferred tax assets of approximately RMB199,430,000 (2019: RMB171,478,000) in respect of losses amounting to approximately RMB797,721,000 (2019: RMB685,912,000), that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2021, 2022, 2023, 2024 and 2025.

32. SHARE CAPITAL

Shares

Authorised:
100,000,000,000 (2019: 100,000,000,000)
ordinary shares HK\$0.01 each

Issued and fully paid:

3,322,431,000 (2019: 3,320,000,000)
ordinary shares of HK\$0.01 each

31. 遞延稅項(續)

遞延稅項負債(續)

若可通過未來應課稅利潤變現相關稅項優惠，則就稅項虧損結轉確認遞延稅項資產。於2020年12月31日，本集團並無就虧損約人民幣797,721,000元(2019年：人民幣685,912,000元)確認遞延稅項資產約人民幣199,430,000元(2019年：人民幣171,478,000元)，而該等虧損可以結轉以抵銷未來應課稅利潤。該等虧損將於2021年、2022年、2023年、2024年及2025年前到期。

32. 股本

股份

		2020	2019
		2020年	2019年
		HK\$	HK\$
		港元	港元
Authorised:	法定：		
100,000,000,000 (2019: 100,000,000,000) ordinary shares HK\$0.01 each	100,000,000,000股(2019年： 100,000,000,000股)每股 面值0.01港元的普通股	1,000,000,000	1,000,000,000
Issued and fully paid:	已發行及繳足：	RMB'000	RMB'000
		人民幣千元	人民幣千元
3,322,431,000 (2019: 3,320,000,000) ordinary shares of HK\$0.01 each	3,322,431,000股(2019年： 3,320,000,000股)每股 面值0.01港元的普通股	28,275	28,254

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32. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of movements in the Company's share capital is as follows:

32. 股本(續)

股份(續)

本公司股本的變動概況如下：

		Number of shares in issue 已發行 股份數目	Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 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	3,320,000,000	28,254	2,931,914	2,960,168
Final 2018 dividend	2018年末期股息	—	—	(303,613)	(303,613)
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	3,320,000,000	28,254	2,628,301	2,656,555
Exercise of share options	行使購股權	2,431,000	21	5,807	5,828
Final 2019 dividend	2019年末期股息	—	—	(376,671)	(376,671)
At 31 December 2020	於2020年12月31日	3,322,431,000	28,275	2,257,437	2,285,712

The subscription rights attaching to 2,431,000 share options were exercised at the subscription price of HK\$1.82 per share (note 33), resulting in the issue of 2,431,000 shares for a total cash consideration, before expenses, of HK\$4,424,000 (equivalent to RMB3,918,000). An amount of RMB21,000 was transferred from the share option reserve to share capital upon the exercise of the share options. Details of the Company's share option scheme and the share options issued under the scheme are included in note 33 to the financial statements.

2,431,000份購股權所附的認購權已按每股1.82港元的認購價行使(附註33)，導致發行2,431,000股股份，總現金代價(扣除開支)為4,424,000港元(相當於人民幣3,918,000元)。於購股權獲行使後，人民幣21,000元由購股權儲備轉入股本。本公司購股權計劃及根據該計劃發行購股權的詳情載於財務報表附註33。

On 2 April 2020, the board of directors adopted a share award scheme to motivate the employees of the Group. During the year ended 31 December 2020, the Company repurchased a total of 23,948,000 ordinary shares at a total consideration of RMB54,400,000 from the open market, and a total of 23,664,000 shares were granted to the grantees. As at 31 December 2020, a total of 284,000 ordinary shares of the Company were held by trustee of the share award scheme.

於2020年4月2日，董事會採納股份獎勵計劃以激勵本集團僱員。截至2020年12月31日止年度，本公司以總代價人民幣54,400,000元從公開市場購回合共23,948,000股普通股，而合共23,664,000股股份已授予承授人。於2020年12月31日，本公司合共284,000股普通股由股份獎勵計劃的受託人持有。

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33. SHARE-BASED PAYMENT TRANSACTION

(1) Share Option Scheme

As at 31 December 2020, the Company adopted the i) Pre-IPO Share Option Scheme ("Pre-IPO Scheme"), and ii) Post-IPO Share Option Scheme ("Post-IPO Scheme") of employee stock option plans and reserved certain ordinary shares of the Company to be issued upon exercise of options under such plans.

Pre-IPO Share Option Scheme ("Pre-IPO Scheme")

The Company operates the Pre-IPO Scheme for the purpose of providing selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Pre-IPO Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. The Pre-IPO Scheme became effective on 14 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Pre-IPO Scheme is 112,000,000 shares, representing 3.5% of the shares in issue immediately upon completion of the Global Offering in July 2018. The exercise price of share options under the scheme is HK\$1.82.

33. 以股份為基礎的付款的交易

(1) 購股權計劃

截至2020年12月31日，本公司已採納僱員購股權計劃i)首次公開發售前購股權計劃（「首次公開發售前計劃」）及ii)首次公開發售後購股權計劃（「首次公開發售後計劃」），並預留本公司若干普通股待有關計劃項下的購股權獲行使時發行。

首次公開發售前購股權計劃（「首次公開發售前計劃」）

首次公開發售前計劃旨在為選定參與者提供機會購買本公司資本權益，並激勵該等人士為本公司及其股東的整體利益作出努力，提升本公司及其股份價值。首次公開發售前計劃使本公司靈活留聘、激勵、獎勵選定參與者並給予酬勞、補償及／或福利。首次公開發售前計劃自2018年6月14日生效，除非另行註銷或修訂，否則自當日起維持有效十年。

根據首次公開發售前計劃，現時可授出的未行使購股權最高數目為112,000,000股股份（佔於2018年7月緊隨全球發售完成後已發行股本3.5%）。計劃下購股權的行使價為1.82港元。

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**33. SHARE-BASED PAYMENT TRANSACTION
(Continued)**

- (1) Share Option Scheme (Continued)
*Pre-IPO Share Option Scheme ("Pre-IPO Scheme")
(Continued)*

The share option vesting schedules are:

Vesting date in respect of the option may be vested	Maximum percentage of underlying shares
1 July 2019	25%
1 July 2020	25%
1 July 2021	25%
1 July 2022	25%

The following share options were outstanding under the Pre-IPO Scheme during the year:

33. 以股份為基礎的付款的交易(續)

- (1) 購股權計劃(續)
首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

購股權的歸屬時間表為：

可能獲歸屬的購股權的歸屬日期	相關股份的最高百分比
2019年7月1日	25%
2020年7月1日	25%
2021年7月1日	25%
2022年7月1日	25%

年內根據首次公開發售前計劃尚未行使的購股權如下：

		2020 2020年		2019 2019年	
		Weighted average exercise price 加權平均行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千股	Weighted average exercise price 加權平均行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千股
At 1 January	於1月1日	1.82	107,130	1.82	112,000
Forfeited during the year	年內沒收	—	—	1.82	(4,870)
Exercised during the year	年內行使	1.82	(2,431)	—	—
At 31 December	於12月31日		104,699	1.82	107,130

The weighted average share price at the date of exercise for share options exercised during the year was HK\$2.78 per share (2019: No share options were exercised).

年內已行使購股權於行使日期的加權平均股價為每股2.78港元(2019年：並無購股權獲行使)。

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33. SHARE-BASED PAYMENT TRANSACTION (Continued)

(1) Share Option Scheme (Continued)

Pre-IPO Share Option Scheme ("Pre-IPO Scheme") (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020

Number of options 購股權數目	Exercise price 行使價 HK\$ per share 每股港元	Exercise period 行使期
'000 千股		
26,488	1.82	1 July 2019 to 1 July 2028 2019年7月1日至2028年7月1日
24,647	1.82	1 July 2020 to 1 July 2028 2020年7月1日至2028年7月1日
26,782	1.82	1 July 2021 to 1 July 2028 2021年7月1日至2028年7月1日
26,782	1.82	1 July 2022 to 1 July 2028 2022年7月1日至2028年7月1日
104,699		

33. 以股份為基礎的付款的交易(續)

(1) 購股權計劃(續)

首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

於報告期末，尚未行使的購股權的行使價及行使期載列如下：

2020年

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**33. SHARE-BASED PAYMENT TRANSACTION
(Continued)**

(1) Share Option Scheme (Continued)
*Pre-IPO Share Option Scheme ("Pre-IPO Scheme")
(Continued)*

2019

Number of options 購股權數目	Exercise price 行使價 HK\$ per share 每股港元	Exercise period 行使期
'000 千股		
26,783	1.82	1 July 2019 to 1 July 2028 2019年7月1日至2028年7月1日
26,783	1.82	1 July 2020 to 1 July 2028 2020年7月1日至2028年7月1日
26,782	1.82	1 July 2021 to 1 July 2028 2021年7月1日至2028年7月1日
26,782	1.82	1 July 2022 to 1 July 2028 2022年7月1日至2028年7月1日
107,130		

No share options were granted during the year ended 31 December 2020 (2019: Nil).

The fair value of the share options granted during 2018 was RMB87,985,000 (HK\$0.95 each), of which the Group recognised a share option expense of RMB17,276,000 (2019: RMB31,329,000) during the year ended 31 December 2020.

At the end of the reporting period, the Company had 104,699,000 share options outstanding under the Pre-IPO Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 104,699,000 additional ordinary shares of the Company and additional share capital of RMB157,769,000 (before issue expenses).

33. 以股份為基礎的付款的交易(續)

(1) 購股權計劃(續)
首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

2019年

截至2020年12月31日止年度，概無授出購股權(2019年：無)。

於2018年內授出的購股權公允價值為人民幣87,985,000元(每份0.95港元)，其中本集團於截至2020年12月31日止年度確認人民幣17,276,000元(2019年：人民幣31,329,000元)的購股權開支。

於報告期末，本公司在首次公開發售前計劃下擁有104,699,000份尚未行使的購股權。在本公司現行資本架構下，行使全數未行使的購股權將會導致本公司發行104,699,000股額外普通股及人民幣157,769,000元額外股本(扣除發行開支前)。

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33. SHARE-BASED PAYMENT TRANSACTION (Continued)

(1) Share Option Scheme (Continued)

Pre-IPO Share Option Scheme ("Pre-IPO Scheme") (Continued)

At the date of approval of these financial statements, the Company had 104,699,000 share options outstanding under the Pre-IPO Scheme, which represented approximately 3.2% of the Company's shares.

Post-IPO Share Option Scheme ("Post-IPO Scheme")

The Company operates the Post-IPO Scheme for the purpose of providing selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and shareholders as a whole. The Post-IPO Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. The Post-IPO Scheme became effective on 25 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares that may be granted is 320,000,000 representing 10% of the shares in issue immediately upon completion of the Global Offering in July 2018. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

33. 以股份為基礎的付款的交易(續)

(1) 購股權計劃(續)

首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

截至該等財務報表批准之日，本公司在首次公開發售前計劃下有104,699,000份尚未行使的購股權，相等於本公司股份的約3.2%。

首次公開發售後購股權計劃(「首次公開發售後計劃」)

首次公開發售後計劃旨在為選定參與者提供機會購買本公司資本權益，並激勵該等人士為本公司及其股東的整體利益作出努力，提升本公司及其股份價值。首次公開發售後計劃使本公司靈活留聘、激勵、獎勵選定參與者並給予酬勞、補償及／或福利。首次公開發售後計劃自2018年6月25日生效，除非另行註銷或修訂，否則自當日起維持有效十年。

現時可授出的未行使購股權最高數目為320,000,000股股份(佔於2018年7月緊隨全球發售完成後已發行股本10%)。於任何12個月期間，根據計劃授予各合資格參與者的購股權可予發行股份最高數目限於本公司於任何時間的已發行股份的1%。如欲進一步授出超越此限額的任何購股權，須獲本公司股東於股東大會批准。

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33. SHARE-BASED PAYMENT TRANSACTION (Continued)

(1) Share Option Scheme (Continued)

Post-IPO Share Option Scheme (“Post-IPO Scheme”) (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 20 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. Pursuant to the Post-IPO Scheme, the Board is authorised at any time to make an offer of share options to any qualified employee in its absolute discretion. Share options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the board may determine. There were 320,000,000 ordinary shares initially reserved for the issuance of options under this scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

According to the Post-IPO Scheme, the vesting schedule of the option to be issued under this scheme will be specified in the respective option grant notice. Up to 31 December 2020, there were no options granted under the Post-IPO Scheme.

33. 以股份為基礎的付款的交易(續)

(1) 購股權計劃(續)

首次公開發售後購股權計劃(「首次公開發售後計劃」)(續)

將購股權授予董事或本公司主要股東、行政總裁或任何彼等聯繫人士前，須預先獲得獨立非執行董事的批准。此外，於任何12個月期間，授予主要股東或本公司獨立非執行董事或任何彼等聯繫人士的任何購股權倘逾本公司於任何時間已發行的股份的0.1%，或總額(根據授出日期，本公司的股價)逾5百萬港元，須預先於股東大會獲得股東批准。

承授人支付1港元的象徵式總代價後，授出的購股權的要約可於授出日期起計20日內接納。根據首次公開發售後計劃，董事會獲授權可全權酌情決定隨時向任何合資格僱員提呈購股權。董事會可決定購股權的歸屬、行使或其他方面的條款及條件。在本計劃項下就發行購股權初步預留320,000,000股普通股。

購股權並無賦予持有人獲派股息或於股東大會上投票的權利。

根據首次公開發售後計劃，在本計劃項下發行的購股權的歸屬時間表將於各購股權的授出通知內列出。截至2020年12月31日，概無根據首次公開發售後計劃授出購股權。

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33. SHARE-BASED PAYMENT TRANSACTION (Continued)

(2) Share Award Scheme

On 2 April 2020, the board of directors adopted a share award scheme to motivate the employees of the Group. During the year ended 31 December 2020, the Company repurchased a total of 23,948,000 ordinary shares at a total consideration of HK\$60,976,000 (equivalent to RMB54,400,000) from the open market.

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the scheme include the Company's directors, including independent non-executive directors, and employees of any member of the Group. The scheme became effective on 2 April, 2020. The scheme has a performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance target set by the board of directors.

The movements of share award scheme outstanding for the year ended 31 December 2020 were as follows:

		Numbers
		數目
		2020
		2020年
At 1 January	於1月1日	—
Granted during the year	年內授出	23,664
Exercised during the year	年內行使	(23,664)
At 31 December	於12月31日	—

The fair value of the shares granted of the scheme during the year was RMB57,030,000 (2019: Nil), of which the Group recognised a share award scheme expense of RMB53,755,000 (2019: Nil) during the year ended 31 December 2020.

33. 以股份為基礎的付款的交易(續)

(2) 股份獎勵計劃

於2020年4月2日，董事會採納股份獎勵計劃以激勵本集團僱員。截至2020年12月31日止年度，本公司以總代價60,976,000港元（相當於人民幣54,400,000元）從公開市場購回合共23,948,000股普通股。

本公司設有購股權計劃，旨在給予為本集團業務成功作出貢獻之合資格參與者鼓勵及獎勵。該計劃的合資格參與者包括本公司董事（包括獨立非執行董事）及本集團任何成員公司的僱員。該計劃自2020年4月2日起生效。該計劃設有表現歸屬條件，倘參與者未能達到董事會設立的若干表現目標，則會沒收。

截至2020年12月31日止年度，尚未行使的股份獎勵計劃變動如下：

年內就該計劃授出的股份的公允價值為人民幣57,030,000元（2019年：無），其中本集團於截至2020年12月31日止年度確認股份獎勵計劃開支人民幣53,755,000元（2019年：無）。

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34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 247 to 248 of the financial statements.

(a) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserves may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the corporate restructuring and the reorganisation.

34. 儲備

截至本年度及之前年度，本集團的儲備金額及其變動呈列於財務報表第247頁至248頁的綜合權益變動表。

(a) 法定盈餘公積

根據中國《公司法》及於中國成立的附屬公司的組織章程細則，本集團須按稅後利潤淨額的10%計提法定盈餘公積，此乃根據中國會計準則釐定，直至儲備餘額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘公積可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的用途，亦不得作為現金股息分派。

(b) 合併儲備

本集團的合併儲備指公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下的若干附屬公司權益持有人的注資。

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35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

35. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

		Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
		通過非控股權益持有的股權百分比	分配至非控股權益的年內利潤／(虧損)	非控股權益累計結餘
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
31 December 2020	2020年12月31日			
Chuzhou Hong Yang	滁州弘陽	61%	81,828	101,859
Changzhou Sang Ma Culture	常州桑麻文化	30%	75,336	192,195
Anhui Wei Lin	安徽威林	49%	47,568	53,746
Suzhou Quan Zhuo	蘇州全卓	50%	44,573	61,478
Mingliu Properties	名流置業	10%	36,286	241,170
31 December 2019	2019年12月31日			
Jiangxi Xin Yue Hong Lan	江西新越弘嵐	56%	(3,742)	343,683
Jiangyin Tong Yang	江陰通陽	50%	(825)	268,185
Mingliu Properties	名流置業	10%	17,917	204,885
Changzhou Xu Jing	常州旭景	50%	143,830	115,123

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35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries, from the date they became subsidiaries of the Group to 31 December 2019 and 2020. The amounts disclosed are before any inter-company eliminations:

35. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的財務資料概要(自彼等成為本集團附屬公司之日起至2019年及2020年12月31日止)。所披露的金額未計及任何公司間抵銷：

2020	2020年	Changzhou				
		Chuzhou Hong Yang 滁州弘陽 RMB'000 人民幣千元	Sang Ma Culture 常州桑麻 RMB'000 人民幣千元	Anhui Wei Lin 安徽威林 RMB'000 人民幣千元	Suzhou Quan Zhuo 蘇州全卓 RMB'000 人民幣千元	Mingliu Properties 名流置業 RMB'000 人民幣千元
Revenue	收入	1,207,524	1,408,550	600,042	772,364	2,152,776
Total expenses	開支總額	(1,072,441)	(1,157,429)	(502,965)	(684,100)	(1,789,920)
Profit for the year	年內利潤	135,083	251,121	97,077	88,264	362,856
Total comprehensive profit for the year	年內全面利潤總額	135,083	251,121	97,077	88,264	362,856
Current assets	流動資產	360,025	1,255,001	204,584	253,906	5,933,525
Non-current assets	非流動資產	10,896	620,493	6,399	6,524	109,770
Current liabilities	流動負債	(202,295)	(1,227,677)	(97,433)	(138,197)	(3,414,195)
Non-current liabilities	非流動負債	—	(7,168)	—	—	(217,396)
Net cash flows from operating activities	經營活動所得 現金流量淨額	42,022	114,713	34,644	139,440	611,559
Net cash flows used in investing activities	投資活動所用 現金流量淨額	(2)	(53,675)	—	(16)	—
Net cash flows from/(used in) financing activities	融資活動所得/ (所用)現金流量 淨額	22,006	(142,173)	(77,188)	(86,894)	(670,855)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物 增加/(減少)淨額	64,026	(81,135)	(42,544)	52,530	(59,296)

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35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries, from the date they became subsidiaries of the Group to 31 December 2019 and 2020. The amounts disclosed are before any inter-company eliminations: (Continued)

35. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的財務資料概要(自彼等成為本集團附屬公司之日起至2019年及2020年12月31日止)。所披露的金額未計及任何公司間抵銷：(續)

2019	2019年	Jiangxi Xin Yue Hong Lan 江西 新越弘嵐 RMB'000 人民幣千元	Changzhou Xu Jing 常州旭景 RMB'000 人民幣千元	Jiangyin Tong Yang 江陰通陽 RMB'000 人民幣千元	Mingliu Properties 名流置業 RMB'000 人民幣千元
Revenue	收入	—	2,333,590	—	48,752
Total expenses	開支總額	(6,709)	(2,045,930)	(1,650)	(27,727)
(Loss)/profit for the year	年內(虧損)/利潤	(6,709)	287,660	(1,650)	21,025
Total comprehensive (loss)/profit for the year	年內全面(虧損)/利潤總額	(6,709)	287,660	(1,650)	21,025
Current assets	流動資產	1,846,374	705,176	743,043	6,549,175
Non-current assets	非流動資產	23,716	5,287	932	108,891
Current liabilities	流動負債	(620,870)	(479,342)	(107,604)	(4,153,831)
Non-current liabilities	非流動負債	(605,930)	(875)	(100,000)	(455,387)
Net cash flows (used in)/from operating activities	經營活動(所用)/所得現金流量淨額	(684,496)	319,339	(524,419)	1,445,282
Net cash flows used in investing activities	投資活動所用現金流量淨額	(200)	—	(110,922)	—
Net cash flows from/(used in) financing activities	融資活動所得/(所用)現金流量淨額	731,133	(103,075)	688,235	(2,030,524)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	46,437	216,264	52,894	(585,242)

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36. ACQUISITIONS OF SUBSIDIARIES

Year ended 31 December 2020

During the year ended 31 December 2020, the Group acquired certain assets through acquisition of subsidiaries. The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair values of the equity interests previously accounted for as investments in joint ventures at the date of acquisition, and fair value gains of RMB31,221,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 30 December 2020 (2019: Nil).

The following table summarises the financial information in relation to the acquisition of subsidiaries.

36. 收購附屬公司

截至2020年12月31日止年度

截至2020年12月31日止年度，本集團通過收購附屬公司收購了若干資產。本公司董事認為，期內收購的該等附屬公司對本集團而言非屬重大，因此並無披露該等附屬公司於收購日期的個別財務資料。

本集團按收購日期重新計量先前入賬列為於合營企業的投資的股權的公允價值，並於截至2020年12月31日止年度的綜合損益表的其他收入及收益中確認公允價值收益人民幣31,221,000元（2019年：零）。

下表總結有關收購附屬公司的財務資料。

		Total 總計 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	226
Deferred tax assets	遞延稅項資產	59,669
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	1,480,379
Properties under development	開發中物業	2,611,822
Completed properties held for sale	持作出售的已完工物業	232,606
Tax recoverable	可收回稅項	50,967
Due from related companies	應收關聯公司款項	1,056,709
Cash and bank balances	現金及銀行結餘	91,519
Trade and bills payables	貿易應付款項及應付票據	(160,034)
Other payables and accruals	其他應付款項及應計費用	(3,232,658)
Interest-bearing bank and other borrowings	計息銀行及其他借款	(586,250)
Due to related companies	應付關聯公司款項	(636,719)
Tax payable	應繳稅項	(33,046)
Total identifiable net assets at fair value	按公允價值計量的可識別資產淨值 總額	935,190
Gain on remeasurement of pre-existing interests in joint ventures	重新計量於合營企業的既有權益	(31,221)
Non-controlling interests	非控股權益	(398,876)
Total consideration	總代價	505,093
Satisfied by:	由以下支付：	
Cash	現金	24,400
Reclassification from pre-existing interests in joint ventures to investment in subsidiaries	從合營企業中已存在的權益重新 分類為於附屬公司的投資	480,693
		505,093

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36. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2020 (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the above acquisitions is as follows:

36. 收購附屬公司(續)

截至2020年12月31日止年度(續)

有關上述收購的現金及現金等價物流入淨額的分析如下：

		Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(24,400)
Cash and bank balances acquired	所收購現金及銀行結餘	91,519
Net inflow of cash and cash equivalents included in cash flows from investing activities	包括於投資活動現金流量的現金及現金等價物流入淨額	67,119

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36. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2019

During the year ended 31 December 2019, the Group acquired certain assets through acquisition of subsidiaries. The following table summarises the financial information in relation to the acquisition of subsidiaries.

36. 收購附屬公司(續)

截至2019年12月31日止年度

截至2019年12月31日止年度，本集團通過收購附屬公司收購了若干資產。下表總結有關收購附屬公司的財務資料。

		Total 總計 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	358
Deferred tax assets	遞延稅項資產	1,014
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	5,096
Properties under development	開發中物業	2,583,351
Cash and bank balances	現金及銀行結餘	778
Trade and bills payables	貿易應付款項及應付票據	(24,939)
Other payables and accruals	其他應付款項及應計費用	(964,475)
Due to related companies	應付關聯公司款項	(668,183)
Total identifiable net assets	可識別資產淨值總額	933,000
Satisfied by:	由以下支付：	
Cash	現金	567,800
Reclassification from pre-existing interests in a joint venture to investment in a subsidiary	從一家合營企業中已存在的 權益重新分類為於一家 附屬公司的投資	365,200
		933,000

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36. ACQUISITIONS OF SUBSIDIARIES (Continued)

Year ended 31 December 2019 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the above acquisitions is as follows:

		Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(567,800)
Cash and bank balances acquired	所收購現金及銀行結餘	778
Net outflow of cash and cash equivalents included in cash flows from investing activities	包括於投資活動現金流量的現金及現金等價物流出淨額	(567,022)

36. 收購附屬公司(續)

截至2019年12月31日止年度(續)

有關上述收購的現金及現金等價物流出淨額的分析如下：

37. DISPOSAL OF SUBSIDIARIES

a) Disposal of Chongqing Hongjia Real Estate Co., Ltd. ("Chongqing Hongjia")

Pursuant to the share transfer agreement dated 10 June 2020, the Group disposed of its total 49% equity interest in Chongqing Hongjia to an independent third party for a consideration of RMB72,992,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

b) Disposal of Shanghai Hongyu Hotel Management Co., Ltd. ("Shanghai Hongyu")

Pursuant to the share transfer agreement dated 7 May 2020, the Group disposed of its total 100% equity interest in Shanghai Hongyu to an independent third party for a consideration of RMB6,967,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

37. 出售附屬公司

a) 出售重慶弘嘉實業有限公司(「重慶弘嘉」)

根據日期為2020年6月10日的股份轉讓協議，本集團向一名獨立第三方出售其於重慶弘嘉的合共49%股權，代價為人民幣72,992,000元。代價乃經參考所出售股權的相應價值後釐定。

b) 出售上海弘寓酒店管理有限責任公司(「上海弘寓」)

根據日期為2020年5月7日的股份轉讓協議，本集團向一名獨立第三方出售其於上海弘寓的合共100%股權，代價為人民幣6,967,000元。代價乃經參考所出售股權的相應價值後釐定。

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37. DISPOSAL OF SUBSIDIARIES (Continued)

- c) **Disposal of Zhenjiang Jinhong Property Development Co., Ltd. (“Zhenjiang Jinhong”)**
Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 28 October 2020, the Group lost control of Zhenjiang Jinhong.
- d) **Disposal of Fuyang Hongzhuang Property Development Co., Ltd. (“Fuyang Hongzhuang”)**
Pursuant to the share transfer agreement dated 25 December 2020, the Group disposed of its total 50% equity interest in Fuyang Hongzhuang to an independent third party for a consideration of RMB5,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.
- e) **Disposal of Wuhan Hongfei Property Development Co., Ltd. (“Wuhan Hongfei”)**
Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 20 December 2020, the registered capital of Wuhan Hongfei increased from RMB200,000,000 to RMB400,000,000. The additional capital of RMB200,000,000 was injected by an independent third party. The Group’s equity interest in Wuhan Hongfei decreased from 100% to 50% and the Group lost control over Wuhan Hongfei thereafter. This transaction is accounted for as partial disposal of a subsidiary.

37. 出售附屬公司(續)

- c) **出售鎮江金弘房地產開發有限公司 (「鎮江金弘」)**
根據日期為2020年10月28日的股東決議案及組織章程細則修訂本，本集團失去對鎮江金弘的控制權。
- d) **出售阜陽弘壯房地產開發有限公司 (「阜陽弘壯」)**
根據日期為2020年12月25日的股份轉讓協議，本集團向一名獨立第三方出售其於阜陽弘壯的合共50%股權，代價為人民幣5,000,000元。代價乃經參考所出售股權的相應價值後釐定。
- e) **出售武漢弘飛房地產開發有限公司 (「武漢弘飛」)**
根據日期為2020年12月20日的股東決議案及組織章程細則修訂本，武漢弘飛的註冊資本由人民幣200,000,000元增加至人民幣400,000,000元。一名獨立第三方已注入額外資金人民幣200,000,000元。本集團於武漢弘飛的股權由100%減少至50%，而本集團此後失去對武漢弘飛的控制權。該交易被入賬列為部分出售一家附屬公司。

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37. DISPOSAL OF SUBSIDIARIES (Continued)

The effect of such disposals on the Group's assets and liabilities is set out below:

37. 出售附屬公司(續)

有關出售對本集團資產及負債的影響載列如下：

			2020	2019
			2020年	2019年
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Net assets disposed of:	出售以下的資產淨值：			
Property, plant and equipment	物業、廠房及設備	13	2,524	297
Investment properties	投資物業	14	93,200	—
Deferred tax assets	遞延稅項資產	31	39,941	9,131
Properties under development	開發中物業	20	1,326,990	2,953,091
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		1,613,129	59,057
Tax recoverable	可收回稅項		283	9,648
Due from related companies	應收關聯公司款項		481,092	43,366
Cash and bank balances	現金及銀行結餘		162,991	171,134
Trade and bills payables	貿易應付款項及應付票據		(113,259)	(40,717)
Other payables and accruals	其他應付款項及應計費用		(2,081,348)	(1,357,525)
Lease liabilities	租賃負債		(88,879)	—
Due to related companies	應付關聯公司款項		(376,318)	(653,191)
Tax payable	應繳稅項		(19,596)	(2,724)
Interest-bearing bank and other borrowings	計息銀行及其他借款		(264,900)	(247,089)
			775,850	944,478
Non-controlling interests	非控股權益		(39,162)	(18,306)
Net assets attributable to the Group disposed of:	出售以下本集團應佔資產淨值：		736,688	926,172
Gain on disposal of subsidiaries	出售附屬公司的收益	5	251,984	14,874
			988,672	941,046
Satisfied by:	由以下支付：			
Cash	現金		482,869	141,950
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產		2,090	273,900
Fair value of the retained equity interests in joint ventures and associates	於合營企業及聯營公司的保留股權權益的公允價值		503,713	525,196

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37. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash consideration	現金代價	482,869	141,950
Cash and bank balances disposed of	出售現金及銀行結餘	(162,991)	(171,134)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司的現金及現金等價物流入／(流出)淨額	319,878	(29,184)

37. 出售附屬公司(續)

有關出售附屬公司的現金及現金等價物流入淨額的分析如下：

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets (including investment properties) and lease liabilities of RMB931,764,000 and RMB931,764,000, respectively, in respect of lease arrangements for plant and equipment (2019: RMB203,153,000 and RMB203,153,000).

38. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團就廠房及設備租賃安排對使用權資產(包括投資物業)及租賃負債有非現金添置分別為人民幣931,764,000元及人民幣931,764,000元(2019年：人民幣203,153,000元及人民幣203,153,000元)。

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
38. 綜合現金流量表附註(續)
(b) Changes in liabilities arising from financing activities
(b) 融資活動產生的負債變動

		Interest-bearing bank and other borrowings	Senior notes	Lease liabilities	Due to related companies	Total
		計息銀行及其他借款	優先票據	租賃負債	應付關聯公司款項	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2020	於2020年1月1日	20,271,746	9,274,642	958,286	5,387,256	35,891,930
Cash flows from financing activities	融資活動所得現金流量	1,381,492	1,601,032	(52,584)	—	2,929,940
Acquisition of subsidiaries	收購附屬公司	586,250	—	—	636,719	1,222,969
Disposal of subsidiaries	出售附屬公司	(264,900)	—	(88,879)	(376,318)	(730,097)
Cash flows from non-financing activities	非融資活動現金流量	—	—	—	2,420,585	2,420,585
New leases	新租賃	—	—	931,764	—	931,764
Change of contract term	合約條款變動	—	—	(48,020)	—	(48,020)
Interest expense	利息開支	—	—	80,577	—	80,577
Non-cash changes:	非現金變動：					
Accrual of interest	應計利息	127,285	59,259	—	—	186,544
Exchange difference	匯兌差額	(49,699)	(682,039)	—	—	(731,738)
At 31 December 2020	於2020年12月31日	22,052,174	10,252,894	1,781,144	8,068,242	42,154,454
At 1 January 2019	於2019年1月1日	19,326,501	2,592,868	867,963	4,941,489	27,728,821
Cash flows from financing activities	融資活動所得現金流量	1,259,983	6,672,892	(49,038)	(328,995)	7,554,842
Disposal of subsidiaries	出售附屬公司	(247,089)	—	—	—	(247,089)
Cash flows from non-financing activities	非融資活動現金流量	—	—	—	774,762	774,762
New leases	新租賃	—	—	203,153	—	203,153
Change of contract term	合約條款變動	—	—	(113,397)	—	(113,397)
Interest expense	利息開支	—	—	49,605	—	49,605
Non-cash changes:	非現金變動：					
Accrual of interest	應計利息	(67,649)	104,836	—	—	37,187
Exchange difference	匯兌差額	—	(95,954)	—	—	(95,954)
At 31 December 2019	於2019年12月31日	20,271,746	9,274,642	958,286	5,387,256	35,891,930

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

38. 綜合現金流量表附註(續)

(c) 租賃現金流出總額

包括在現金流量表的租賃現金流出總額如下：

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
With financing activities	52,584	49,038

39. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

39. 或然負債

於報告期末，並未於財務報表內撥備的或然負債如下：

	Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(i)	12,516,254	8,454,930
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates, net of counter-guarantees from joint venture partners		3,713,800	3,424,290
Add: Counter-guarantees from joint venture partners		229,500	229,500
Guarantees given to banks and other institutions in connection with facilities granted to related companies	(ii)	3,943,300	3,653,790
		16,459,554	12,108,720

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39. CONTINGENT LIABILITIES (Continued)

- (i) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

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

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance is not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

39. 或然負債(續)

- (i) 本集團就若干銀行向本集團持作出售的已完工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品；倘該等買家拖欠抵押還款，該等銀行有權接管有關法定業權，並通過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關證明一般會於買家接管相關物業後的一至兩年內取得。

初始確認時的擔保的公允價值和預期信貸虧損撥備並不重大，因為本公司董事認為，如果付款方面發生違約，相關物業的可變現淨值可涵蓋要償還的按揭本金，連同應計利息及罰款。

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39. CONTINGENT LIABILITIES (Continued)

- (ii) As at 31 December 2020, the Group provided guarantees to the extent of RMB3,943,300,000 (2019: RMB3,653,790,000) in respect of credit facilities granted to the joint ventures and associates. In addition, as at 31 December 2020, the joint venture partners entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partners provided counter-guarantees to the Group in proportion to those joint venture partners' respective interests in the joint ventures in respect of guarantees provided by the Group to the banks and other lenders on behalf of the joint venture partners. In the event of default on payment by the joint ventures, the Group is responsible for repaying the outstanding loan principals together with the accrued interest and penalties owed by the joint ventures, and the Group has the right to recover from the joint venture partners the attributable portion of liabilities paid pursuant to the counter-guarantee agreements.

In the opinion of the directors, the fair values of the guarantees at initial recognition and the ECL allowance are not significant.

39. 或然負債(續)

- (ii) 於2020年12月31日，本集團就授予合營企業及聯營公司的信貸融資提供擔保人民幣3,943,300,000元(2019年：人民幣3,653,790,000元)。此外，於2020年12月31日，合營企業合夥人與本集團訂立反擔保協議，據此，合營企業合夥人按該等合營企業合夥人各自於合營企業的權益比例向本集團提供反擔保，乃就本集團向銀行及其他貸款人代表合營企業合夥人提供的擔保而作出。倘合營企業拖欠還款，本集團有責任償還未償還的貸款本金以及合營企業所欠的應計利息及罰款，而本集團有權根據反擔保協議向合營企業合夥人收回已付負債應佔部分。

董事認為，初步確認之擔保之公允價值及預期信貸虧損撥備並不重大。

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40. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group and the related companies:

40. 資產抵押

於報告期末，本集團以下列資產作抵押，以抵押授予本集團及關連公司的若干銀行及其他借款：

			31 December	31 December
			2020	2019
			2020年	2019年
			12月31日	12月31日
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Investment properties	投資物業	14, (a)	9,386,333	8,375,881
Property, plant and equipment	物業、廠房及設備	13, (a)	295,581	281,645
Pledged deposits	已質押存款	25, (a)	3,055,204	5,723,187
Right-of-use assets	使用權資產	15, (a)	9,932	9,377
Properties under development	開發中物業	20, (a)	20,867,365	18,592,645
Completed properties held for sale	持作出售的已完工物業	21, (a)	143,365	117,057
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	24, (a)	185,582	36,025
Interests in joint ventures and associates	於合營企業及聯營公司的權益	(b)	41,162	534,108
			33,984,524	33,669,925

Notes:

- (a) These assets were pledged to secure certain bank and other borrowings granted to the Group.
- (b) Interests in joint ventures and associates were pledged to secure certain bank and other borrowings granted to the Group's joint ventures.

附註：

- (a) 該等資產已抵押作為授予本集團的若干銀行及其他借款的抵押品。
- (b) 已抵押合營企業及聯營公司的權益，作為授予本集團合營企業的若干銀行及其他借款的抵押品。

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41. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

41. 承擔

於報告期末，本集團有以下資本承擔：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted, but not provided for:	已訂約但尚未撥備：		
Property development activities	物業開發活動	8,995,736	8,667,601
Acquisition of land use rights	收購土地使用權	246,734	818,607
Property, plant and equipment	物業、廠房及設備	80,303	51,618
Investment properties	投資物業	66,142	27,878
Capital contributions payable to	向以下注資：		
Joint ventures	合營企業	292,400	54,630
Associates	聯營公司	412,475	30,000
		10,093,790	9,650,334

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42. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

42. 關聯方交易

- (a) 除本財務報表其他部分詳述的交易外，本集團本年度與關聯方的交易如下：

			2020	2019
			2020年	2019年
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Associates:	聯營公司：			
Project management service income	項目管理服務收入	(i)	285,591	332,269
Interest income	利息收入	(ii)	5,357	94,698
Decoration service income	裝飾服務收入	(i)	27,394	—
Joint ventures:	合營企業：			
Project management service income	項目管理服務收入	(i)	198,264	80,313
Fellow subsidiaries	同系附屬公司			
Rental income*	租金收入*	(iii)	250,476	205,246
Rental expense	租金開支		—	2,031
Property management service expense*	物業管理服務開支*	(iv)	146,308	118,017
Project management service income	項目管理服務收入	(i)	30,285	—
Income from sales of other materials	銷售其他材料的收入		1,230	—
Companies controlled by the family members of the Controlling shareholder	控股股東家屬所控制公司			
Raw materials purchased*	所購原材料*	(v)	35,072	90,941

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42. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

- (i) The income was derived from management consulting services and decoration service income from joint ventures and associates and companies controlled by the family members of the controlling shareholders at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (ii) This represented the interest income from the associates and joint ventures, which is after the elimination of interest between the Group and the associates or joint ventures. The Group has provided funds to the associates and joint ventures.
- (iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by the controlling shareholder at rates similar to the terms and conditions set out in the rental agreements entered into with other tenants of the Group.
- (iv) Property management service fees charged from related parties at rates similar to terms and conditions were set out in the contracts entered into with other suppliers.
- (v) The Company purchased certain raw materials and services from related parties in the ordinary course of business.

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

- * These related party transactions also include continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. 關聯方交易(續)

(a) (續)

附註：

- (i) 收入來自合營企業和聯營公司以及控股股東家屬所控制公司的管理諮詢及裝飾服務，其利率與本集團其他主要客戶訂立的合同中規定的條款和條件相近。
- (ii) 此為聯營公司及合營企業的利息收入，乃本集團與聯營公司或合營企業之間沖銷利息後的收入。本集團已向聯營公司及合營企業提供資金。
- (iii) 收入來自本集團向控股股東控制的關聯公司以與本集團其他租戶訂立的租賃協議中規定的條款和條件相近的利率出租投資物業所產生的收入。
- (iv) 與其他供應商訂立的合同中載有向關聯方以與條款和條件相似的費率收取的物業管理服務費。
- (v) 本公司在日常業務過程中向關聯方購買了某些原材料和服務。

這些交易乃根據有關各方共同商定的條款和條件進行。

- * 此等關聯方交易亦包括上市規則第14A章定義下的持續關連交易。

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42. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties:

As at 31 December 2020, the Group provided guarantees to the extent of RMB3,943,300,000 (2019: RMB3,653,790,000) in respect of credit facilities granted to the joint ventures and associates.

(c) Outstanding balances with related parties:

42. 關聯方交易(續)

(b) 與關聯方的其他交易：

於2020年12月31日，本集團就授予合營企業及聯營公司的信貸融資提供擔保人民幣3,943,300,000元(2019年：人民幣3,653,790,000元)。

(c) 與關聯方的未付結餘：

		31 December 2020 2020年 12月31日 RMB'000 人民幣千元	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Due from related companies	應收關聯公司款項		
Non-trade related	非貿易相關		
Joint ventures and associates	合營企業及聯營公司	8,658,960	8,220,822
Trade related	與貿易相關		
Joint ventures and associates	合營企業及聯營公司	101,885	126,083
Fellow subsidiaries	同系附屬公司	31,426	101,823
Companies controlled by the family members of the Controlling shareholder	控股股東家屬所控制公司	8,870	6,177
		8,801,141	8,454,905
Due to related companies	應付關聯公司款項		
Non-trade related	非貿易相關		
Joint ventures and associates	合營企業及聯營公司	7,983,470	5,321,272
Trade related	與貿易相關		
Fellow subsidiaries	同系附屬公司	45,777	59,489
Companies controlled by the family members of the Controlling shareholder	控股股東家屬所控制公司	38,995	6,495
		8,068,242	5,387,256

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42. RELATED PARTY TRANSACTIONS (Continued)

42. 關聯方交易(續)

(d) Compensation of key management personnel of the Group:

(d) 本集團主要管理人員薪酬：

		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, allowances and benefits in kind	工資、津貼及實物福利	16,066	5,692
Performance-related bonuses	績效獎金	1,846	1,817
Pension scheme contributions and social welfare	養老金計劃供款及社會福利	348	242
Equity-settled share-based payment	以股權結算以股份為基礎的付款	5,918	4,410
Total compensation paid to key management personnel	向主要管理人員支付的薪酬總額	24,178	12,161

Further details of directors' emoluments are included in note 8 to the financial statements.

有關董事酬金的進一步詳情載於財務報表附註8。

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43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2020

Financial assets

43. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

2020年

金融資產

		Financial assets at fair value through profit or loss 按公允價值 計入損益的 金融資產		
		Mandatorily designated as such 強制指定 RMB'000 人民幣千元	Financial assets at amortised cost 按攤銷 成本列賬的 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Financial assets included in prepayments, other receivables and other assets (note 23)	計入預付款項、其他 應收款項及其他資產的 金融資產(附註23)	—	6,826,734	6,826,734
Trade receivables (note 22)	貿易應收款項(附註22)	—	7,067	7,067
Financial assets at fair value through profit or loss (note 24)	按公允價值計入損益的 金融資產(附註24)	428,521	—	428,521
Loan receivables (note 17)	應收貸款(附註17)	—	211,721	211,721
Due from related companies (note 42)	應收關聯公司款項 (附註42)	—	8,801,141	8,801,141
Cash and bank balances (note 25)	現金及銀行結餘(附註25)	—	18,525,081	18,525,081
		428,521	34,371,744	34,800,265

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43. FINANCIAL INSTRUMENTS BY CATEGORY
(Continued)

43. 按類別劃分的金融工具(續)

Financial liabilities

金融負債

		Financial liabilities at amortised cost 按攤銷 成本列賬的 金融負債 RMB'000 人民幣千元
Trade and bills payables (note 26)	貿易應付款項及應付票據(附註26)	6,244,841
Financial liabilities included in other payables and accruals (note 27)	計入其他應付款項及應計費用的 金融負債(附註27)	7,759,870
Interest-bearing bank and other borrowings (note 29)	計息銀行及其他借款(附註29)	22,052,174
Senior notes (note 30)	優先票據(附註30)	10,252,894
Lease liabilities (note 15)	租賃負債(附註15)	1,781,144
Due to related companies (note 42)	應付關聯公司款項(附註42)	8,068,242
		56,159,165

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43. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2019

Financial assets

43. 按類別劃分的金融工具(續)

2019年

金融資產

		Financial assets at fair value through profit or loss 按公允價值 計入損益的 金融資產	Financial assets at amortised cost 按攤銷 成本列賬的 金融資產	Total 總計
		Mandatorily designated as such 強制指定 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets included in prepayments, other receivables and other assets (note 23)	計入預付款項、其他 應收款項及其他資產的 金融資產(附註23)	—	2,870,943	2,870,943
Trade receivables (note 22)	貿易應收款項(附註22)	—	6,767	6,767
Financial assets at fair value through profit or loss (note 24)	按公允價值計入損益的 金融資產(附註24)	1,148,390	—	1,148,390
Due from related companies (note 42)	應收關聯公司款項 (附註42)	—	8,454,905	8,454,905
Cash and bank balances (note 25)	現金及銀行結餘(附註25)	—	16,844,417	16,844,417
		1,148,390	28,177,032	29,325,422

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43. FINANCIAL INSTRUMENTS BY CATEGORY
(Continued)

43. 按類別劃分的金融工具(續)

Financial liabilities

金融負債

		Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元
Trade and bills payables (note 26)	貿易應付款項及應付票據(附註26)	4,845,588
Financial liabilities included in other payables and accruals (note 27)	計入其他應付款項及應計費用的金融負債(附註27)	5,574,072
Interest-bearing bank and other borrowings (note 29)	計息銀行及其他借款(附註29)	20,271,746
Senior notes (note 30)	優先票據(附註30)	9,274,642
Lease liabilities (note 15)	租賃負債(附註15)	958,286
Due to related companies (note 42)	應付關聯公司款項(附註42)	5,387,256
		46,311,590

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

44. 金融工具的公允價值及公允價值層級

本集團金融工具(不包括該等賬面值與公允價值合理相若的金融工具)的賬面值及公允價值如下:

		Carrying amounts		Fair values	
		賬面值		公允價值	
		2020	2019	2020	2019
		2020年	2019年	2020年	2019年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Financial assets	金融資產				
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	428,521	1,148,390	428,521	1,148,390
		428,521	1,148,390	428,521	1,148,390
Financial liabilities	金融負債				
Interest-bearing bank and other borrowings	計息銀行及其他借款	22,052,174	20,271,746	22,314,596	20,193,239
Senior notes	優先票據	10,252,894	9,274,642	10,640,291	9,686,053
		32,305,068	29,546,388	32,954,887	29,879,292

Management has assessed that the fair values of cash and bank balances, amounts due from related companies, trade receivables, loan receivables, trade and bills payables, amounts due to related companies, financial assets included in prepayments, other receivables and other assets, lease liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

管理層已評估現金及銀行結餘、應收關聯公司款項、貿易應收款項、應收貸款、貿易應付款項及應付票據、應付關聯公司款項、計入預付款項、其他應收款項及其他資產的金融資產、租賃負債以及計入其他應付款項及應計費用的金融負債的公允價值很大程度與其賬面值相若，這是由於該等工具的到期日較短所致。

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 were assessed to be insignificant.

The fair values of senior notes are based on quoted market prices.

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and wealth management private funds in Hong Kong. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

44. 金融工具的公允價值及公允價值層級 (續)

本集團財務部門由財務經理帶領，負責釐定金融工具公允價值計量的政策及程序。財務經理直接向財務總監及審核委員會彙報。於各報告日期，財務部門分析金融工具價值的變動，確定估值採用的主要輸入數據。估值由財務總監審批。每年與審核委員會討論兩次評估過程和結果，以進行中期和年度財務報告。

金融資產及負債的公允價值以該工具自願交易方(強迫或清盤出售除外)當前交易下可交易金額入賬。以下方法及假設均用來估算公允價值：

計息銀行貸款及其他借款的公允價值已就預期未來現金流量按條款、信貸風險及剩餘到期情況相類似的工具的目前可用比率貼現計算。截至2020年12月31日，本集團計息銀行貸款及其他借款的未履約風險引致的公允價值變動被評為不重大。

優先票據的公允價值乃基於市場報價。

上市權益投資的公允價值基於市場報價。

本集團投資於非上市投資，即中國內地銀行發行的理財產品及及香港理財產品私募基金。本集團已使用貼現現金流估值模型，按條款及風險相似的工具的市場利率，估計該等非上市投資的公允價值。

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2020

44. 金融工具的公允價值及公允價值層級 (續)

公允價值層級

下表說明本集團金融工具的公允價值層級：

以公允價值計量的資產：

於2020年12月31日

Fair value measurement using
使用下列數據的公允價值計量

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	活躍市場報價 (第1級)	重大可觀察 輸入數據 (第2級)	重大不可觀察 輸入數據 (第3級)	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
Financial assets at fair value through profit or loss		按公允價值計入損益的 金融資產		
	250,964	177,557	—	428,521
	250,964	177,557	—	428,521

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2019

44. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

於2019年12月31日

	Fair value measurement using 使用下列數據的公允價值計量			Total 總計
	Quoted prices in active markets (Level 1) 活躍市場報價 (第1級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第2級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第3級) RMB'000 人民幣千元	
Financial assets at fair value through profit or loss				
	82,587	1,065,803	—	1,148,390
	82,587	1,065,803	—	1,148,390

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2020 and 2019.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

以公允價值計量的負債：

截至2020年及2019年12月31日，本集團並無按公允價值計量任何金融負債。

年內，第1級與第2級之間並無公允價值計量的轉撥，亦無金融資產及金融負債轉入或轉出第3級(2019年：無)。

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2020

44. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

披露公允價值的負債：

於2020年12月31日

Fair value measurement using
使用下列數據的公允價值計量

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	活躍市場報價 (第1級)	重大可觀察 輸入數據 (第2級)	重大不可觀察 輸入數據 (第3級)	總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Interest-bearing bank and other borrowings	—	22,052,174	—	22,052,174
Senior notes	10,252,894	—	—	10,252,894
	10,252,894	22,052,174	—	32,305,068

31 December 2020
2020年12月31日

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2019

44. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

於2019年12月31日

		Fair value measurement using 使用下列數據的公允價值計量			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		活躍市場報價 (第1級)	重大可觀察 輸入數據 (第2級)	重大不可觀察 輸入數據 (第3級)	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
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	20,271,746	—	20,271,746
Senior notes	優先票據	9,274,642	—	—	9,274,642
		9,274,642	20,271,746	—	29,546,388

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2020年12月31日

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, senior notes, lease liabilities, financial instruments at fair value through profit or loss, pledged deposits, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

45. 財務風險管理目標及政策

本集團的主要金融工具包括計息銀行和其他借款、優先票據、租賃負債、按公允價值計入損益的金融工具、已質押存款，與關聯公司的往來款項和其他應收款項。這些金融工具的主要目的是為集團的運營籌集資金。集團擁有各種自其營運所直接產生的其他金融資產和負債，例如現金和銀行結餘、受限制現金、貿易應收款項以及貿易應付款項和其他應付款項。

本集團金融工具產生的主要風險包括利率風險、外幣風險、信貸風險及流動資金風險。董事會檢討及協定控制各類風險的政策，有關政策概述如下。

利率風險

本集團所承受市場利率變動風險主要與本集團的浮動利率長期債務有關。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

45. 財務風險管理目標及政策(續)

利率風險(續)

下表載列在所有其他變數維持不變之情況下，本集團之稅前利潤(透過浮動利率借款所受影響)對利率合理可能出現變動之敏感程度。

		Increase/ (decrease) in basis points 基點 增加/(減少)	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少) RMB'000 人民幣千元
31 December 2020	2020年12月31日		
RMB	人民幣	25	(32,146)
RMB	人民幣	(25)	32,146
31 December 2019	2019年12月31日		
RMB	人民幣	25	(21,537)
RMB	人民幣	(25)	21,537

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

以上的敏感度分析乃假設利率變動已於年終時發生而釐定，並已計入於該日存在的銀行貸款及其他借款所面臨的利率風險。估計百分比上調或下調指管理層對直至下一個報告期間結束年度利率的可能合理變動的評估。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. None of the Group's sales (2019: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst 100% (2019: 100%) of costs were denominated in the units' functional currencies.

In addition, the Group has currency exposures from its cash and bank balances, financial assets at fair value through profit or loss, loan receivables, amounts due from related companies, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest bearing bank and other borrowings and senior notes.

45. 財務風險管理目標及政策(續)

外匯風險

本集團面臨交易貨幣風險。有關風險源自與非功能貨幣單位的購貨及銷售交易。本集團的銷售均無(2019年：無)以進行出售的經營單位的功能貨幣以外的貨幣計算，而100%(2019年：100%)的成本則以該等單位的功能貨幣計算。

此外，本集團因現金及銀行結餘、按公允價值計入損益的金融資產、應收貸款、應收關聯公司款項、計入預付款項、其他應收款項及其他資產的金融資產、計入其他應付款項及應計費用的金融負債、計息銀行及其他借款及優先票據而面臨外匯風險。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

45. 財務風險管理目標及政策(續)

外匯風險(續)

下表闡述於各報告期末，在所有其他變數維持不變的情況下，本集團的稅前利潤(由貨幣資產及負債的公允價值變動所致)對美元及港元匯率合理可能變動的敏感度：

		Increase/ (decrease) in US\$/RMB rate 美元/ 人民幣匯率 上升/(下降) %	Increase/ (decrease) in profit before tax 稅前利潤 上升/(下降) RMB'000 人民幣千元
2020	2020年		
If the RMB weakens against the US\$	如人民幣兌美元貶值	(5%)	(239,864)
If the RMB strengthens against the US\$	如人民幣兌美元升值	5%	239,864
2019	2019年		
If the RMB weakens against the US\$	如人民幣兌美元貶值	(5%)	(117,484)
If the RMB strengthens against the US\$	如人民幣兌美元升值	5%	117,484

		Increase/ (decrease) in HK\$/RMB rate 港元/ 人民幣匯率 上升/(下降) %	Increase/ (decrease) in profit before tax 稅前利潤 上升/(下降) RMB'000 人民幣千元
2020	2020年		
If the RMB weakens against the HK\$	如人民幣兌港元貶值	(5%)	10,574
If the RMB strengthens against the HK\$	如人民幣兌港元升值	5%	(10,574)
2019	2019年		
If the RMB weakens against the HK\$	如人民幣兌港元貶值	(5%)	933
If the RMB strengthens against the HK\$	如人民幣兌港元升值	5%	(933)

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

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

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related companies as well as individual assessments on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group classified financial assets included in prepayments and other receivables and amounts due from related companies in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related companies.

45. 財務風險管理目標及政策(續)

信貸風險

本集團根據共同的信貸風險特徵(例如工具類型和信貸風險等級)劃分金融工具,以確定信貸風險的重大增加和減值的計算。為管理貿易應收款項產生的風險,本集團已制定政策以確保信貸條件僅適用於具有適當信貸記錄的交易對手,並且管理層對本集團的交易對手進行持續的信貸評估。授予客戶的信貸期通常為六個月,並根據其財務狀況、過往經驗和其他因素評估這些客戶的信貸質量。本集團還有其他監控程序,以確保採取後續行動以收回逾期應收款項。此外,本集團定期檢討貿易應收款項的可收回金額,以確保就無法收回的金額計提足夠的減值虧損。本集團並無重大信貸風險集中,風險分散於大量交易對手及客戶。

管理層根據歷史還款記錄及過往經驗定期對計入預付款項及其他應收款項的金融資產及應收關聯公司款項進行共同評估,並對其他應收款項及應收關聯公司款項的可收回性進行單獨評估。本集團將計入預付款項及其他應收款項的金融資產及應收關聯公司款項分為第1階段,並持續監控其信貸風險。本公司董事認本集團計入預付款項及其他應收款項的金融資產以及應收關聯公司款項並無固有的重大信貸風險。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

		12-month ECLs 12個月 預期信貸虧損	Lifetime ECLs 存續期預期信貸虧損			Total 總計
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables*	貿易應收款項*	—	—	—	7,067	7,067
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他 應收款項及其他 資產的金融資產					
— Normal**	— 正常**	6,826,734	—	—	—	6,826,734
Financial assets at fair value through profit or loss	按公允價值計入損益的 金融資產	428,521	—	—	—	428,521
Loan receivables	應收貸款	211,721	—	—	—	211,721
Due from related companies	應收關聯公司款項	8,801,141	—	—	—	8,801,141
Cash and bank balances	現金及銀行結餘	18,525,081	—	—	—	18,525,081
		34,793,198	—	—	7,067	34,800,265

45. 財務風險管理目標及政策(續)

信貸風險(續)

最高風險及年結階段

下表載列基於本集團的信貸政策的信貸質素及最高信貸風險，主要基於逾期資料(除非其他資料可在無須付出不必要成本或努力的情況下獲得)及年結階段分析。所呈列的有關金額指金融資產總賬面值。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2019

		12-month ECLs 12個月 預期信貸虧損	Lifetime ECLs 存續期預期信貸虧損			Total 總計
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元
Trade receivables*	貿易應收款項*	—	—	—	6,767	6,767
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他 應收款項及其他 資產的金融資產					
— Normal**	— 正常**	2,870,943	—	—	—	2,870,943
Financial assets at fair value through profit or loss	按公允價值計入損益的 金融資產	1,148,390	—	—	—	1,148,390
Due from related companies	應收關聯公司款項	8,454,905	—	—	—	8,454,905
Cash and bank balances	現金及銀行結餘	16,844,417	—	—	—	16,844,417
		29,318,655	—	—	6,767	29,325,422

* For trade receivables to which the Group applies the simplified approach for impairment, there is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, senior notes, trade and bills payables, lease liabilities, amounts due to related companies and other payables. Cash flows are being closely monitored on an ongoing basis.

45. 財務風險管理目標及政策(續)

信貸風險(續)

最高風險及年結階段(續)

於2019年12月31日

* 就本集團應用簡化減值方法的貿易應收款項，概無重大信貸集中風險。

** 計入預付款項、其他應收款項及其他資產中的金融資產信貸質量在未逾期時被視為「正常」，並且沒有資料表明該等金融資產自初始確認以來信貸風險顯著增加。

流動資金風險

本集團的目標是通過使用計息銀行及其他借款、優先票據、貿易應付款項及應付票據、租賃負債、應付關聯公司款項及其他應付款項維持資金持續性及靈活性之間的平衡。現金流量的情況受持續密切監控。

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

45. 財務風險管理目標及政策(續)

流動資金風險(續)

本集團於報告期末按合約未貼現付款計算的金融負債的到期情況如下：

		On demand 按要求 RMB'000 人民幣千元	Less than 3 months 3個月以內 RMB'000 人民幣千元	3 to 12 months 3至12個月 RMB'000 人民幣千元	Over 1 year 1年以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
31 December 2020	2020年12月31日					
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	3,804,748	5,835,143	15,410,229	25,050,120
Senior notes	優先票據	—	2,918,994	618,925	8,171,945	11,709,864
Trade and bills payables	貿易應付款項及應付票據	6,244,841	—	—	—	6,244,841
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	7,559,525	3,465	10,588	224,720	7,798,298
Lease liabilities	租賃負債	—	16,487	56,233	2,725,154	2,797,874
Due to related companies	應付關聯公司款項	8,068,242	—	—	—	8,068,242
		21,872,608	6,743,694	6,520,889	26,532,048	61,669,239

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

		On demand 按要求 RMB'000 人民幣千元	Less than 3 months 3個月以內 RMB'000 人民幣千元	3 to 12 months 3至12個月 RMB'000 人民幣千元	Over 1 year 1年以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
31 December 2019	2019年12月31日					
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	2,820,064	8,581,689	11,404,228	22,805,981
Senior notes	優先票據	—	262,756	2,678,677	8,200,455	11,141,888
Trade and bills payables	貿易應付款項及應付票據	4,845,588	—	—	—	4,845,588
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	5,574,072	—	—	—	5,574,072
Lease liabilities	租賃負債	—	14,767	51,464	1,442,831	1,509,062
Due to related companies	應付關聯公司款項	5,387,256	—	—	—	5,387,256
		15,806,916	3,097,587	11,311,830	21,047,514	51,263,847

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

45. 財務風險管理目標及政策(續)

流動資金風險(續)

資本管理

本集團資本管理的主要目標是為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況變化及相關資產的風險特色管理及調整其資本架構。為維持或調整資本架構，本集團可調整派付予股東的股息、向股東歸還資本或發行新股。本集團不受限於任何外部施加的資本要求。截至2020年12月31日及2019年12月31日止年度，資本管理的目標、政策或流程未發生變化。

31 December 2020
2020年12月31日

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank and other borrowings, senior notes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

		31 December 2020 2020年 12月31日 RMB'000 人民幣千元	31 December 2019 2019年 12月31日 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及應付票據	6,244,841	4,845,588
Other payables and accruals	其他應付款項及應計費用	7,759,870	5,574,072
Interest-bearing bank and other borrowings	計息銀行及其他借款	22,052,174	20,271,746
Senior notes	優先票據	10,252,894	9,274,642
Lease liabilities	租賃負債	1,781,144	958,286
Due to related companies	應付關聯公司款項	8,068,242	5,387,256
Less: Cash and cash equivalents	減：現金及現金等價物	(12,409,052)	(8,691,522)
Net debt	債務淨額	43,750,113	37,620,068
Equity attributable to owners of the parent	母公司擁有人應佔權益	15,180,337	13,887,745
Capital and net debt	資本及債務淨額	58,930,450	51,507,813
Gearing ratio	資本負債比率	74%	73%

46. EVENT AFTER THE REPORTING PERIOD

On 13 January 2021, the Company issued senior notes at a coupon rate of 7.30% due on 13 January 2025 with an aggregate principal amount of US\$350,000,000.

45. 財務風險管理目標及政策(續)

資本管理(續)

本集團採用資本負債比率(即債務淨額除以經調整資本與債務淨額的和)來監控資本。債務淨額包括計息銀行及其他借款、優先票據、貿易應付款項及應付票據、其他應付款項及應計費用、租賃負債及應付關聯公司款項減現金及現金等價物。資本包括母公司擁有人應佔權益。於報告期末的資本負債比率如下：

46. 報告期間後事項

於2021年1月13日，本公司發行2025年1月13日到期、票面利率為7.30%、本金總額為350,000,000美元的優先票據。

31 December 2020

2020年12月31日

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

47. 本公司的財務狀況表

有關本公司於報告期末的財務狀況表的資料如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
NON-CURRENT ASSET	非流動資產		
Loan receivables	應收貸款	211,721	—
Property, plant and equipment	物業、廠房及設備	47	—
Investment in a subsidiary	於一間附屬公司的投資	1,945,919	1,945,919
Total non-current assets	非流動資產總值	2,157,687	1,945,919
CURRENT ASSETS	流動資產		
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	117,444	139,032
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	150,687	492,898
Due from subsidiaries	應收附屬公司款項	5,253,759	3,644,367
Cash and bank balances	現金及銀行結餘	6,106,479	7,219,219
Total current assets	流動資產總值	11,628,369	11,495,516
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	19,641	267,723
Due to subsidiaries	應付附屬公司款項	664,540	—
Interest-bearing bank loans and other borrowings	計息銀行貸款及其他借款	43,110	—
Senior notes	優先票據	2,671,726	1,894,998
Total current liabilities	流動負債總額	3,399,017	2,162,721
NET CURRENT ASSETS	流動資產淨值	8,229,352	9,332,795
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	10,387,039	11,278,714
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank loans and other borrowings	計息銀行貸款及其他借款	461,072	—
Senior notes	優先票據	7,581,168	7,379,644
Total non-current liabilities	非流動負債總額	8,042,240	7,379,644
Net assets	資產淨值	2,344,799	3,899,070
EQUITY	權益		
Share capital	股本	28,275	28,254
Share premium	股份溢價	2,257,437	2,628,301
Other reserves	其他儲備	59,087	1,242,515
Total equity	權益總額	2,344,799	3,899,070

31 December 2020
2020年12月31日

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

47. 本公司的財務狀況表(續)

附註：

本公司的儲備概要如下：

		Share capital	Share premium	Other reserve	Share award scheme	Share option reserve	Accumulated loss	Total
		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
Balance at 1 January 2019	於2019年1月1日的結餘	28,254	2,931,914	1,945,919	—	24,326	(40,302)	4,890,111
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	—	—	—	(718,757)	(718,757)
Recognition of equity-settled share-based payments	確認為以股權結算以股份為基礎的付款	—	—	—	—	31,329	—	31,329
Final 2018 dividend declared	2018年已宣派末期股息	—	(303,613)	—	—	—	—	(303,613)
Balance at 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日的結餘	28,254	2,628,301	1,945,919	—	55,655	(759,059)	3,899,070
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	—	—	—	(1,198,149)	(1,198,149)
Exercise of share options	行使購股權	21	5,807	—	—	(1,910)	—	3,918
Recognition of equity-settled share-based payments	確認為以股權結算以股份為基礎的付款	—	—	—	53,755	17,276	—	71,031
Purchase of shares under the share award scheme	根據股份獎勵計劃購買股份	—	—	—	(54,400)	—	—	(54,400)
Final 2019 dividend declared	2019年已宣派末期股息	—	(376,671)	—	—	—	—	(376,671)
Balance at 31 December 2020	於2020年12月31日的結餘	28,275	2,257,437	1,945,919	(645)	71,021	(1,957,208)	2,344,799

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2021.

48. 核准財務報表

財務報表已於2021年3月29日經董事會批准並授權刊發。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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To the shareholders of Redsun Properties Group Limited
(Incorporated in the Cayman Islands with limited liability)

致弘陽地產集團有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Redsun Properties Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 215 to 415, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

我們已審核列載於第215頁至第415頁的弘陽地產集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於2019年12月31日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收入表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合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」)頒佈的國際財務報告準則(「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日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港審核準則(「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綜合財務報表須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(「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。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。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

關鍵審核事項

Valuation of investment properties

The Group owns investment properties in Mainland China which are measured at fair value and their aggregate carrying amounts were approximately RMB11,572,037,000 as at 31 December 2019, which represented approximately 12% of the Group's total assets. The Group engaged an external valuer to perform the valuations of these properties as at 31 December 2019.

貴集團在中國內地擁有多項按公允價值計量的投資物業，該等物業於2019年12月31日的賬面總值約為人民幣11,572,037,000元，分別佔貴集團總資產約12%。貴集團已聘請外部估值師對該等物業於2019年12月31日的價值進行估值。

Significant judgement is required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values.

在釐定投資物業的公允價值時需要作出重大判斷，該等公允價值反映報告期末的市況。採用不同的估值技術及假設可能導致公允價值的估計出現重大差異。

The accounting policies and disclosures for the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

有關投資物業的會計政策及披露載於綜合財務報表附註2.4、3及14。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期間綜合財務報表的審核最為重要的事項。這些事項是在對綜合財務報表整體進行審核並形成意見的背景下進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審核中是如何應對的描述也以此為背景。

我們已經履行了本報告核數師就審核綜合財務報表須承擔的責任部分闡述的責任，包括與這些關鍵審核事項相關的責任。相應地，我們的審核工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審核程序。我們執行審核程序的結果，包括應對下述關鍵審核事項所執行的程序，為綜合財務報表整體發表審核意見提供了基礎。

How our audit addressed the key audit matter

我們審核時如何處理關鍵審核事項

投資物業之估值

We evaluated the competency, independence and objectivity of the external valuer. We understood the valuation approach and key assumptions used by the external valuer.

吾等已評估外部估值師的能力、獨立性及客觀性。吾等瞭解外部估值師所使用的估值方法及主要假設。

Furthermore, we assessed the correctness of the property-related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We evaluated the source data used in the valuation by benchmarking them to relevant market information on a sample basis.

此外，吾等已評估用作估值輸入數據的物業相關數據的正確性，並責成內部估值專家協助吾等評估估值方法及相關假設。吾等按抽樣基準將相關數據與相關市場資料進行比對，以評估估值過程中使用的源數據。

In addition, we evaluated the adequacy of disclosures on the valuation of investment properties.

此外，吾等已評估對投資物業估值所作披露的充分性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審核事項

Provision for land appreciation tax

The Group is a comprehensive property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the Group estimates the provision for land appreciation tax based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes prepaid land lease payments, property development costs and borrowing costs. When the LAT is subsequently determined, the actual payments may be different from the estimates.

貴集團為一家中國內地的綜合性房地產開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。中國內地的土地增值稅（「土地增值稅」）為貴集團稅項支出的主要組成部分之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於各報告期末，貴集團會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額（包括預付土地租賃款項、物業開發成本及借款成本）作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。

The accounting policies and disclosures for the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

有關土地增值稅撥備的會計政策及披露載於綜合財務報表附註3及10。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

How our audit addressed the key audit matter

我們審核時如何處理關鍵審核事項

土地增值稅撥備

We involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities and applying our local knowledge and experience. We also recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

吾等已責成內部稅務專家協助吾等對土地增值稅狀況進行審查，包括審查貴集團使用的估計及假設，以及根據相關稅務部門發出的通訊資料及應用本地知識及經驗評估稅務風險。吾等亦已重新計算稅項計算結果，並將吾等的計算結果與貴集團錄得的金額進行比較。

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告的編製，僅向全體股東報告，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審核準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審核準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

- 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，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通，該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young

Certified Public Accountants

Hong Kong

25 March 2020

從與審核委員會溝通的事項中，吾等確定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為劉國華 (Lawrence K.W. Lau)。

安永會計師事務所

執業會計師

香港

2020年3月25日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2019
截至2019年12月31日止年度

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
REVENUE	收入	5	15,169,506	9,238,741
Cost of sales	銷售成本		(11,356,243)	(6,351,656)
Gross profit	毛利		3,813,263	2,887,085
Other income and gains	其他收入及收益	5	331,217	235,973
Selling and distribution expenses	銷售及分銷開支		(651,982)	(341,771)
Administrative expenses	行政開支		(1,089,711)	(686,271)
Fair value gains on investment properties	投資物業的公允價值收益		310,456	260,803
Other expenses	其他開支		(36,560)	(48,159)
Finance costs	融資成本	7	(634,309)	(499,297)
Share of profits and losses of:	應佔以下單位利潤及虧損：			
Joint ventures	合營企業		97,724	387,008
Associates	聯營公司		595,285	(19,993)
PROFIT BEFORE TAX	稅前利潤	6	2,735,383	2,175,378
Income tax expense	所得稅開支	10	(1,099,523)	(852,253)
PROFIT FOR THE YEAR	年度利潤		1,635,860	1,323,125
Attributable to:	以下各方應佔：			
Owners of the parent	母公司擁有人		1,467,555	1,412,264
Non-controlling interests	非控股權益		168,305	(89,139)
			1,635,860	1,323,125
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通權益持有人應佔每股盈利	12		
Basic	基本			
— For profit for the year	— 就年度利潤而言		RMB0.44 人民幣0.44元	RMB0.66 人民幣0.66元
Diluted	攤薄			
— For profit for the year	— 就年度利潤而言		RMB0.44 人民幣0.44元	RMB0.66 人民幣0.66元

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收入表

Year ended 31 December 2019
截至2019年12月31日止年度

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年內利潤	1,635,860	1,323,125
OTHER COMPREHENSIVE INCOME	其他全面收入		
Gains on property revaluation:	物業重估收益：		
Change in use from an owner-occupied property to an investment property carried at fair value	變更自用物業用途作按公允價值列賬的投資物業	27,896	—
Income tax effect	所得稅的影響	(6,974)	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	年內其他全面收入，扣除稅項	20,922	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收入總額	1,656,782	1,323,125
Attributable to:	以下各方應佔：		
Owners of the parent	母公司擁有人	1,488,477	1,412,264
Non-controlling interests	非控股權益	168,305	(89,139)
		1,656,782	1,323,125

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019
2019年12月31日

			2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	807,938	988,556
Investment properties	投資物業	14	11,572,037	9,397,000
Right-of-use assets	使用權資產	15(b)	157,721	—
Prepaid land lease payments	預付土地租賃款項	15(a)	—	28,903
Other intangible assets	其他無形資產	16	12,426	11,998
Investments in joint ventures	於合營企業的投資	17	2,236,978	1,026,466
Investments in associates	於聯營公司的投資	18	5,584,394	1,712,839
Deferred tax assets	遞延稅項資產	29	727,598	443,060
Total non-current assets	非流動資產總值		21,099,092	13,608,822
CURRENT ASSETS	流動資產			
Inventories	存貨		12,613	4,054
Properties under development	開發中物業	19	36,280,854	29,702,386
Completed properties held for sale	持作出售的已完工物業	20	3,327,897	1,162,901
Trade receivables	貿易應收款項	21	6,767	23,728
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	22	7,705,396	2,643,862
Due from related companies	應收關聯公司款項	40	8,454,905	6,949,865
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	23	1,148,390	1,130,607
Tax recoverable	可收回稅項		516,753	239,800
Restricted cash	受限制現金	24	2,304,586	2,644,723
Pledged deposits	已質押存款	24	5,848,309	3,578,720
Cash and cash equivalents	現金及現金等價物	24	8,691,522	6,232,596
Total current assets	流動資產總值		74,297,992	54,313,242

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019
2019年12月31日

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	25	4,845,588	2,885,646
Other payables and accruals	其他應付款項及應計費用	26	32,015,529	20,391,991
Interest-bearing bank and other borrowings	計息銀行及其他借款	27	10,516,391	8,233,697
Senior notes	優先票據	28	1,894,998	2,592,868
Lease liabilities	租賃負債	15	46,809	—
Due to related companies	應付關聯公司款項	40	5,387,256	4,941,489
Tax payable	應繳稅項		2,169,259	1,603,664
Total current liabilities	流動負債總額		56,875,830	40,649,355
NET CURRENT ASSETS	流動資產淨值		17,422,162	13,663,887
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		38,521,254	27,272,709
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	27	9,755,355	11,092,804
Senior notes	優先票據	28	7,379,644	—
Lease liabilities	租賃負債	15	911,477	—
Deferred tax liabilities	遞延稅項負債	29	2,428,329	2,330,160
Total non-current liabilities	非流動負債總額		20,474,805	13,422,964
Net assets	資產淨值		18,046,449	13,849,745
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	30	28,254	28,254
Share premium	股本溢價	30	2,628,301	2,931,914
Other reserves	其他儲備	32	11,231,190	9,734,737
Non-controlling interests	非控股權益		13,887,745	12,694,905
			4,158,704	1,154,840
Total equity	權益總額		18,046,449	13,849,745

Mr. Zeng Huansha
曾煥沙先生
Director
董事

Mr. He Jie
何捷先生
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019
截至2019年12月31日止年度

		Attributable to owners of the parent 母公司擁有人應佔									
		Share capital	Share premium	Merger and other reserve	Share option reserve	Asset revaluation reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	合併及其他儲備	購股權儲備	資產重估儲備	法定盈餘儲備	保留利潤	總計	非控股權益	權益總額
		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
		Note 30	Note 30	Note 32	Note 31		Note 32				
		附註30	附註30	附註32	附註31		附註32				
At 31 December 2018 and 1 January 2019	於2018年12月31日及2019年1月1日	28,254	2,931,914	2,106,855*	24,326*	—*	880,534*	6,723,022*	12,694,905	1,154,840	13,849,745
Profit for the year	年度利潤	—	—	—	—	—	—	1,467,555	1,467,555	168,305	1,635,860
Other comprehensive income for the year:	年內其他全面收入：										
Change in use from an owner-occupied property to an investment property carried at fair value, net of tax	變更自用物業用途作按公允價值列賬的投資物業，扣除稅項	—	—	—	—	20,922	—	—	20,922	—	20,922
Total comprehensive income for the year	年內全面收入總額	—	—	—	—	20,922	—	1,467,555	1,488,477	168,305	1,656,782
Equity-settled share option arrangements (note 31)	以股權結算的購股權安排(附註31)	—	—	—	31,329	—	—	—	31,329	—	31,329
Capital injection from non-controlling shareholders	非控股股東注資	—	—	(22,095)	—	—	—	—	(22,095)	3,728,474	3,706,379
Disposal of partial interests in subsidiaries to non-controlling interests	向非控股權益出售附屬公司的部分權益	—	—	—	—	—	—	—	—	3,000	3,000
Acquisition of non-controlling interests	收購非控股權益	—	—	(1,258)	—	—	—	—	(1,258)	(877,609)	(878,867)
Disposal of subsidiaries (note 35)	出售附屬公司(附註35)	—	—	—	—	—	—	—	—	(18,306)	(18,306)
Appropriations to statutory surplus reserves	轉撥至法定盈餘儲備	—	—	—	—	—	213,417	(213,417)	—	—	—
Final 2018 dividend declared	已宣派2018年末期股息	—	(303,613)	—	—	—	—	—	(303,613)	—	(303,613)
At 31 December 2019	於2019年12月31日	28,254	2,628,301	2,083,502*	55,655*	20,922*	1,093,951*	7,977,160*	13,887,745	4,158,704	18,046,449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019

截至2019年12月31日止年度

		Attributable to owners of the parent 母公司擁有人應佔							Non-controlling interests 非控股權益		Total equity 總額
		Share capital 股本	Share premium 溢價	Merger and other reserve 合併及其他儲備	Share option reserve 購股權儲備	Asset revaluation reserve 重估儲備	Statutory surplus reserves 法定盈餘儲備	Retained profits 保留利潤	Total 總計		
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	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
		Note 30 附註30	Note 30 附註30	Note 32 附註32	Note 31 附註31		Note 32 附註32				
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	—	—	2,106,855*	—*	—*	719,602*	5,471,690*	8,298,147	158,719	8,456,866
Total comprehensive income for the year	年內全面收入總額	—	—	—	—	—	—	1,412,264	1,412,264	(89,139)	1,323,125
Issue of shares	發行股份	28,254	2,981,973	—	—	—	—	—	3,010,227	—	3,010,227
Share issue expenses	股份發行開支	—	(50,059)	—	—	—	—	—	(50,059)	—	(50,059)
Equity-settled share option arrangements (note 31)	以股權結算的購股權安排(附註31)	—	—	—	24,326	—	—	—	24,326	—	24,326
Capital injection from non-controlling shareholders	非控股股東注資	—	—	—	—	—	—	—	—	152,955	152,955
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	—	—	—	932,305	932,305
Appropriations to statutory surplus reserves	轉撥至法定盈餘儲備	—	—	—	—	—	160,932	(160,932)	—	—	—
At 31 December 2018	於2018年12月31日	28,254	2,931,914	2,106,855*	24,326*	—*	880,534*	6,723,022*	12,694,905	1,154,840	13,849,745

* These reserve accounts comprise the consolidated other reserves of RMB11,231,190,000 (2018: RMB9,734,737,000) in the consolidated statement of financial position.

* 該等儲備賬目包括於綜合財務狀況表中的綜合其他儲備人民幣11,231,190,000元(2018年:人民幣9,734,737,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019
截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量		
Profit before tax	稅前利潤	2,735,383	2,175,378
Adjustments for:	調整項目：		
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	6, 13 78,861	74,925
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	—	793
Depreciation of right-of-use assets	使用權資產折舊	15 42,399	—
Amortisation of other intangible assets	其他無形資產攤銷	6, 16 7,175	4,787
Losses/(Gains) on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的虧損/(收益)	6, 13 8,716	(210)
Share of profits and losses of:	應佔以下單位利潤及虧損：	6	
Joint ventures	合營企業	(97,724)	(387,008)
Associates	聯營公司	(595,285)	19,993
Net foreign exchange gain	外匯收益淨額	6 (1,431)	(19,941)
Equity-settled share option expense	以股權結算的購股權開支	6 31,329	24,326
Fair value gain on investment properties	投資物業公允價值收益	14 (310,456)	(260,803)
Gain on disposal of a subsidiary	出售一家附屬公司的收益	6 (14,874)	—
Impairment losses recognised	確認減值虧損	6, 20 27,589	116,782
Impairment losses reversed	撥回減值虧損	6, 20 —	(37,380)
Impairment losses written off	撤銷減值虧損	6, 20 (205,807)	(68,726)
Finance costs	融資成本	7 634,309	499,297
Interest income	利息收入	5 (154,895)	(105,654)
Investment income	投資收入	6 (120,939)	(2,121)
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益	6 (13,648)	(8,233)
		2,050,702	2,026,205
Increase in properties under development and completed properties held for sale	開發中物業及持作出售的已完工物業增加	(7,359,522)	(5,011,136)
Increase in inventories	存貨增加	(8,559)	(2,418)
Decrease/(Increase) in restricted cash	受限制現金減少/(增加)	340,136	(1,903,150)
(Increase)/Decrease in pledged deposits	已質押存款(增加)/減少	(72,548)	5,664
Decrease/(Increase) in trade receivables	貿易應收款項減少/(增加)	16,961	(22,214)
(Increase)/Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產(增加)/減少	(4,399,684)	1,246,721
Increase in trade and bills payables	貿易應付款項及應付票據增加	1,975,719	273,745
Increase in other payables and accruals	其他應付款項及應計費用增加	11,532,075	2,857,836
Decrease in amounts due from related companies	應收關聯公司款項減少	36,105	—
Increase/(Decrease) in amounts due to related companies	應付關聯公司款項增加/(減少)	31,941	(137,475)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019

截至2019年12月31日止年度

	Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cash generated from/(used in) operations	經營所得/(所用)現金	4,143,326	(666,222)
Interest received	已收利息	144,360	69,376
Interest paid	已付利息	(2,278,696)	(1,577,497)
Tax paid	已繳稅項	(1,019,263)	(453,655)
Net cash flows from/(used in) operating activities	經營活動所得/(所用)現金 流量淨額	989,727	(2,627,998)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目 所得款項	21,254	—
Purchase of items of property, plant and equipment	購買物業、廠房及設備項目	(99,437)	(316,478)
Purchase of other intangible assets	購置其他無形資產	(7,603)	(2,561)
Additions in investment properties	添置投資物業	(861,876)	(413,338)
Acquisition of subsidiaries	收購附屬公司	(567,022)	(736,511)
Acquisition of joint ventures and associates	收購合營企業及聯營公司	(4,294,915)	(868,763)
Disposal of subsidiaries	出售附屬公司	(29,184)	—
Proceeds from disposal of other long-term assets	出售其他長期資產所得款項	—	14,800
Purchase of financial assets at fair value though profit or loss	購買按公允價值計入損益的 金融資產	(2,482,696)	(1,105,374)
Disposal of financial assets at fair value though profit or loss	出售按公允價值計入損益的 金融資產	2,599,500	2,013,453
Repayment of advances to related companies	向關聯公司作出的墊款償還	3,125	—
Increase in loans to joint ventures and associates	向合營企業及聯營公司貸款 增加	(765,106)	(2,565,461)
Net cash flows used in investing activities	投資活動所用現金流量淨額	(6,483,960)	(3,980,233)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019
截至2019年12月31日止年度

			2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
CASH FLOWS FROM FINANCING ACTIVITIES				
	Notes 附註			
Issue of shares	30	—	2,960,168	—
Acquisition of non-controlling interests		(878,867)	—	—
Capital injection by the non-controlling shareholders		3,706,379	152,955	—
Proceeds from disposal of partial interests in subsidiaries to non-controlling interests		3,000	—	—
Principal portion of lease payments	15	(49,038)	—	—
Dividends paid		(303,613)	—	—
Advances from other related companies		—	6,199,524	—
Repayments of advances from other related companies		(328,995)	(5,879,523)	—
Increase in pledged deposits		(2,197,041)	(2,593,146)	—
Proceeds from the issuance of senior notes		7,883,110	2,598,646	—
Repayment of senior notes		(1,210,218)	—	—
Proceeds from interest-bearing bank and other borrowings		23,268,107	14,156,690	—
Repayments of interest-bearing bank and other borrowings		(22,008,124)	(7,232,550)	—
Net cash flows from financing activities		7,884,700	10,362,764	—
NET INCREASE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		2,390,467	3,754,533	—
Effect of foreign exchange rate changes, net		6,232,596	2,478,063	—
		68,459	—	—
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		8,691,522	6,232,596	—
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	24	16,844,417	12,456,039	—
Less: Restricted cash	24	2,304,586	2,644,723	—
Pledged deposits	24	5,848,309	3,578,720	—
Cash and cash equivalents as stated in the statement of cash flows		8,691,522	6,232,596	—

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財務報表附註

31 December 2019
2019年12月31日

1. CORPORATE AND GROUP INFORMATION

Redsun Properties Group Limited was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office of the Company is located at Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

In the opinion of the directors, the holding company of the Company is Redsun Properties Group (Holdings) Limited, which is incorporated in the British Virgin Islands.

1. 公司及集團資料

弘陽地產集團有限公司在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為 Walkers Corporate Limited，位於Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands。

年內，本集團涉足以下主要活動：

- 物業開發
- 商業物業投資與經營
- 酒店經營

董事認為，本公司的控股公司為於英屬維爾京群島註冊成立的弘陽地產集團(控股)有限公司。

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財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

1. 公司及集團資料(續)

有關附屬公司的資料

本公司主要附屬公司的詳情如下：

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Redsun Properties Investment (Holdings) Limited** 弘陽地產投資(控股)有限公司**	British Virgin Islands 英屬維爾京群島	USD1 1美元	100	—	Investment holding 投資控股
Hong Yang Properties Investment Limited** 弘陽地產投資有限公司**	Hong Kong 香港	HKD1, RMB1,990,446,210 1港元、 人民幣1,990,446,210元	—	100	Investment holding 投資控股
Hopeful Huge Limited** 慶合有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	—	100	Investment holding 投資控股
Profit Icon Development Limited** 溢同發展有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	—	100	Investment holding 投資控股
W Ocean Company Limited** 傲瞬有限公司**	Hong Kong 香港	HKD100 100港元	—	100	Investment holding 投資控股
Huge Winning Limited** 浩聚有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	—	100	Investment holding 投資控股

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Sunny Honesty Limited** 聖信有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	— —	100 100	Investment holding 投資控股
Skillful Point Resources Limited** 信同資源有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	— —	100 100	Investment holding 投資控股
Winning Leap Worldwide Limited** 謙利環球有限公司**	British Virgin Islands 英屬維爾京群島	USD50,000 50,000美元	— —	100 100	Investment holding 投資控股
Nanjing Red Sun Real Estate Development Co., Ltd. (Nanjing Red Sun)* (Renamed as "Redsun Properties (Group) Co., Ltd." on 25 February 2020)	PRC/Mainland China	RMB1,990,446,211	—	100	Property development and property leasing
南京紅太陽房地產開發有限公司(南京紅太陽)* (於2020年2月25日更名為「弘陽置地(集團) 有限公司」)	中國/內地	人民幣1,990,446,211元	—	100	物業開發及物業租賃
Nanjing Hong Yang Rui Shang Real Estate Development Co., Ltd.*	PRC/Mainland China	RMB22,220,000	—	99	Property development
南京弘陽瑞尚房地產開發有限公司*	中國/內地	人民幣22,220,000元	—	99	物業開發
Ju Rong Zi Jin Real Estate Development Co., Ltd.* 句容紫金房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	— —	100 100	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Laian Hong Jia Real Estate Development Co., Ltd.* 來安弘嘉房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB1,740,000 人民幣1,740,000元	—	99	Property development 物業開發
Chuzhou Hong Yang Real Estate Development Co., Ltd.* ^② 滁州弘陽房地產開發有限公司* ^②	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	40	Property development 物業開發
Nanjing Hong Yang Business Management Co., Ltd.* 南京弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB5,000,000 人民幣5,000,000元	—	100	Commercial property management 商業物業管理
Nanjing Hong Yang Hotel Co., Ltd.* 南京弘陽酒店有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Hotel operation 酒店業務
Changshu Hong Yang Real Estate Development Co., Ltd.* 常熟弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB197,770,000 人民幣197,770,000元	—	99	Property development 物業開發
Suzhou Hong Yang Real Estate Development Co., Ltd.* 蘇州弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB944,440,000 人民幣944,440,000元	—	99	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

2019年12月31日

1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries (Continued)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Xuzhou Xincheng Yihui Real Estate Development Co., Ltd. (Xuzhou Xincheng Yihui)* 徐州新城億輝房地產開發有限公司 (徐州新城億輝)*	PRC/Mainland China 中國/內地	RMB202,050,000 人民幣202,050,000元	—	85	Property development 物業開發
Suzhou Hong Yang Properties Co., Ltd.* 蘇州弘陽置業有限公司*	PRC/Mainland China 中國/內地	RMB300,000,000 人民幣300,000,000元	—	99	Property development 物業開發
Suzhou Hong Yang Land Co., Ltd.* 蘇州弘陽置地有限公司*	PRC/Mainland China 中國/內地	RMB120,000,000 人民幣120,000,000元	—	99	Property development 物業開發
Wuxi Su Yuan Tan Xi Wan Properties Co., Ltd.* 無錫蘇源檀溪灣置業有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	Property development 物業開發
Jiangsu Mao Hong Corporate Management Co., Ltd.* 江蘇茂弘企業管理有限公司*	PRC/Mainland China 中國/內地	RMB400,000,000 人民幣400,000,000元	—	100	Commercial property management 商業物業管理
Changzhou Hong Yang Plaza Properties Co., Ltd.* 常州弘陽廣場置業有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	Property development and property leasing 物業開發及物業租賃

1. 公司及集團資料(續)

有關附屬公司的資料(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Hong Yang Group Nantong Real Estate Co., Ltd.* 弘陽集團南通房地產有限公司*	PRC/Mainland China 中國/內地	RMB334,440,000 人民幣334,440,000元	—	99	Property development 物業開發
Nantong Jin Li Properties Co., Ltd.* ^o 南通錦力置業有限公司* ^o	PRC/Mainland China 中國/內地	RMB8,000,000 人民幣8,000,000元	—	33	Property development 物業開發
Anhui Hong Lan Real Estate Development Co., Ltd.* 安徽弘嵐房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB406,000,000 人民幣406,000,000元	—	100	Property development 物業開發
Anhui Hong Peng Properties Co., Ltd.* 安徽弘鵬置業有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	80	Property development 物業開發
Nanjing Hong Yu Life Services Co., Ltd.* 南京弘寓生活服務有限責任公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	House keeping leasing 房務租賃
Nanjing Rui Sheng Real Estate Development Co., Ltd.* [^] 南京銳晟房地產開發有限公司* [^]	PRC/Mainland China 中國/內地	RMB25,000,000 人民幣25,000,000元	—	100	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Nanjing Lin Rui Properties Co., Ltd.* 南京麟瑞置業有限公司*	PRC/Mainland China 中國/內地	RMB5,000,000 人民幣5,000,000元	—	100	Property development 物業開發
Changzhou Sang Ma Culture Expo Park Co., Ltd.* 常州桑麻文化博覽園有限公司*	PRC/Mainland China 中國/內地	RMB400,000,000 人民幣400,000,000元	—	70	Property leasing 物業租賃
Zhangjiagang Hong Chen Properties Co., Ltd.* 張家港弘晨置業有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	69	Property development 物業開發
Changzhou Xu Jing Properties Co., Ltd. (Changzhou Xu Jing)* [®] 常州旭景置業有限公司(常州旭景)* [®]	PRC/Mainland China 中國/內地	RMB40,000,000 人民幣40,000,000元	—	50	Property development 物業開發
Changzhou Jin Tan Xu Run Properties Co., Ltd.* [®] 常州市金壇旭潤置業有限公司* [®]	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	50	Property development 物業開發
Suzhou Quan Zhuo Properties Co., Ltd.* [®] 蘇州全卓置業有限公司* [®]	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	50	Property development 物業開發

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財務報表附註

31 December 2019
2019年12月31日

1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Zhangjiagang Rui Cheng Properties Co., Ltd.* 張家港銳誠置業有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	50	Property development 物業開發
Taixing Rui Shang Real Estate Development Co., Ltd.* 泰興市瑞尚房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	99	Property development 物業開發
Laian Jin Hong Xin Real Estate Co., Ltd.* 來安金弘新房地產有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	33	Property development 物業開發
Xuzhou Xiangyun Resort Management Co., Ltd.* 徐州祥雲景區管理有限公司*	PRC/Mainland China 中國/內地	RMB80,000,000 人民幣80,000,000元	—	75	Property development 物業開發
Changzhou Sang Ma Properties Co., Ltd.* 常州桑麻置業有限公司*	PRC/Mainland China 中國/內地	RMB150,000,000 人民幣150,000,000元	—	70	Property development and property leasing 物業開發及物業租賃
Jiangyin Jia Hong Real Estate Development Co., Ltd.* 江陰嘉鴻房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	100	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Wuxi Xu Yang Real Estate Development Co., Ltd.* 無錫煦陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB300,000,000 人民幣300,000,000元	—	100	Property development 物業開發
Xuzhou Hong Yang Real Estate Development Co., Ltd.* 徐州弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發
Changzhou Hua Feng Properties Co., Ltd (Changzhou Hua Feng)* 常州華風置業有限公司(常州華風)*	PRC/Mainland China 中國/內地	RMB120,000,000 人民幣120,000,000元	—	85	Property development 物業開發
Hefei Hong Yang Business Management Co., Ltd.* 合肥弘陽商業管理有限公司*	PRC/Mainland China 中國/內地	RMB30,010,000 人民幣30,010,000元	—	100	Commercial property management 商業物業管理
Chongqing Bo Jing Ming Xia Properties Co., Ltd.*^ 重慶柏景銘廈置業有限公司*^	PRC/Mainland China 中國/內地	RMB200,000,000 人民幣200,000,000元	—	100	Property development 物業開發
Anhui Wei Lin Properties Co., Ltd.* 安徽威林置業有限公司*	PRC/Mainland China 中國/內地	RMB38,490,000 人民幣38,490,000元	—	51	Property development 物業開發
Chongqing Hong Jing Industrial Co., Ltd.*^ 重慶弘璟實業有限公司*^	PRC/Mainland China 中國/內地	RMB505,000,000 人民幣505,000,000元	—	95	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Chongqing Hong Jia Industrial Co., Ltd.* 重慶弘嘉實業有限公司*	PRC/Mainland China 中國/內地	RMB149,919,300 人民幣149,919,300元	—	95	Property development 物業開發
Hangzhou Hong Yang Real Estate Development Co., Ltd.* 杭州弘陽房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發
Jiangyin Tong Yang Real Estate Development Co., Ltd (Jiangyin Tong Yang)* ^{e^} 江陰通陽房地產開發有限公司(江陰通陽)* ^{e^}	PRC/Mainland China 中國/內地	RMB538,020,500 人民幣538,020,500元	—	50	Property development 物業開發
Wuhan Hong Yang Han Du Real Estate Development Co., Ltd.* 武漢弘陽漢都房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	99	Property development 物業開發
Shanghai Hong Yu Hotel Co., Ltd.* 上海弘寓酒店管理有限責任公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Hotel operation 酒店業務
Huzhou Hong Rui Real Estate Development Co., Ltd.* 湖州弘瑞房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB120,000,000 人民幣120,000,000元	—	94	Property development 物業開發
Chengdu Hong Yang Shu Xing Real Estate Development Co., Ltd.* 成都市弘陽蜀興房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Kaifeng Bao Long Real Estate Development Co., Ltd. (Kaifeng Bao Long)* 開封市寶隆房地產開發有限公司(開封市寶隆)*	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	—	94	Property development 物業開發
Huzhou Hong Yuan Real Estate Development Co., Ltd.* 湖州弘源房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	94	Property development 物業開發
Foshan Hong Jian Real Estate Development Co., Ltd.* 佛山市弘堅房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	78	Property development 物業開發
Nantong Hong Jun Real Estate Development Co., Ltd.* [®] 南通弘俊房地產有限公司* [®]	PRC/Mainland China 中國/內地	RMB25,000,000 人民幣25,000,000元	—	36	Property development 物業開發
Mingliu Properties Wuhan Co., Ltd. (Mingliu Properties)* [^] 名流置業武漢有限公司(名流置業)* [^]	PRC/Mainland China 中國/內地	RMB1,205,000,000 人民幣1,205,000,000元	—	90	Property development 物業開發
Sichuan Ren Shou San Yu Properties Co., Ltd. (Sichuan Ren Shou)* [^] 四川仁壽三宇置業有限公司(四川仁壽)* [^]	PRC/Mainland China 中國/內地	RMB26,670,000 人民幣26,670,000元	—	100	Property development 物業開發
Xuzhou Hong Ran Real Estate Development Co., Ltd.* [^] 徐州弘冉房地產開發有限公司* [^]	PRC/Mainland China 中國/內地	RMB20,000,000 人民幣20,000,000元	—	100	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Yantai Hong Yang Business Management Co., Ltd.*	PRC/Mainland China	RMB10,000,000	—	100	Commercial property management
煙臺弘陽商業管理有限公司*	中國/內地	人民幣10,000,000元	—	100	商業物業管理
Bengbu Xin Hong Real Estate Co., Ltd.* [Ⓜ] [ⓗ]	PRC/Mainland China	RMB86,000,000	—	48	Property development
蚌埠新弘房地產有限公司* [Ⓜ] [ⓗ]	中國/內地	人民幣86,000,000元	—	48	物業開發
Nanchang Hong Yang Real Estate Development Co., Ltd.* [ⓗ]	PRC/Mainland China	RMB20,000,000	—	95	Property development
南昌弘陽房地產開發有限公司* [ⓗ]	中國/內地	人民幣20,000,000元	—	95	物業開發
Guangzhou Hong Yang Real Estate Development Co., Ltd.*	PRC/Mainland China	RMB10,000,000	—	100	Property development
廣州市弘陽房地產開發有限公司*	中國/內地	人民幣10,000,000元	—	100	物業開發
Xi'an Hong Yang Jin Ye Properties Co., Ltd.* [Ⓜ]	PRC/Mainland China	RMB50,000,000	—	48	Property development
西安弘陽錦業置業有限公司* [Ⓜ]	中國/內地	人民幣50,000,000元	—	48	物業開發
Shanghai Lue Qi Engineering Management Co., Ltd.*	PRC/Mainland China	RMB5,000,000	—	100	Scientific research and technology services
上海略啟工程管理有限公司*	中國/內地	人民幣5,000,000元	—	100	科學研究及技術服務
Shanghai Hong Di Technology Development Co., Ltd.*	PRC/Mainland China	RMB5,000,000	—	100	Retail business
上海弘隸信息科技發展有限公司*	中國/內地	人民幣5,000,000元	—	100	零售業務
Shanghai Hong Yu Enterprise Management Co., Ltd.	PRC/Mainland China	RMB2,000,000,000	—	51	Leasing and commercial services
上海弘御企業管理有限公司	中國/內地	人民幣2,000,000,000元	—	51	租賃及商業服務

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1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries (Continued)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Shanghai Hong Bian Enterprise Management Co, Ltd. 上海弘汭企業管理有限公司	PRC/Mainland China 中國/內地	RMB1,000,000,000 人民幣1,000,000,000元	—	51	Leasing and commercial services 租賃及商業服務
Suzhou Hong Yang Investment Co, Ltd.* [^] 蘇州弘陽投資有限公司* [^]	PRC/Mainland China 中國/內地	RMB222,460,400 人民幣222,460,400元	—	99	Property development 物業開發
Shanghai Hong Zhuang Business Management Co, Ltd.* 上海弘壯企業管理有限公司*	PRC/Mainland China 中國/內地	RMB5,000,000 人民幣5,000,000元	—	100	Leasing and commercial services 租賃及商業服務
Shanghai Hong Qing Business Management Co, Ltd.* 上海弘擎企業管理有限公司*	PRC/Mainland China 中國/內地	RMB1,000,000,000 人民幣1,000,000,000元	—	51	Leasing and commercial services 租賃及商業服務
Nanjing Hong Run Real Estate Development Co, Ltd.* [@] 南京弘潤房地產開發有限公司* [@]	PRC/Mainland China 中國/內地	RMB280,000,000 人民幣280,000,000元	—	48	Property development 物業開發
Zhangjiagang Hong Sheng Properties Co, Ltd.* [@] 張家港弘盛置業有限公司* [@]	PRC/Mainland China 中國/內地	RMB250,000,000 人民幣250,000,000元	—	47	Property development 物業開發
Changzhou Hong Jing Run Real Estate Development Co, Ltd.* 常州弘璟潤房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發

1. 公司及集團資料(續)

有關附屬公司的資料(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019

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1. CORPORATE AND GROUP INFORMATION
(Continued)

1. 公司及集團資料(續)

Information about subsidiaries (Continued)

有關附屬公司的資料(續)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Fuyang Hong Zhuang Real Estate Development Co., Ltd.*^ 阜陽弘壯房地產開發有限公司*^	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發
Foshan Hong Sheng Real Estate Development Co., Ltd.*^ 佛山市弘升房地產開發有限公司*^	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	95	Property development 物業開發
Hunan De Yi Real Estate Development Co., Ltd. (Hunan De Yi)* 湖南德一房地產開發有限公司(湖南德一)*	PRC/Mainland China 中國/內地	RMB100,000,000 人民幣100,000,000元	—	66	Property development 物業開發
Changsha Hong Shi Real Estate Development Co., Ltd.* 長沙弘石房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	51	Property development 物業開發
Wuxi Hong Lang Real Estate Development Co., Ltd.* 無錫弘朗房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發
Xuzhou Hong Hou Real Estate Development Co., Ltd.* 徐州泓厚房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB50,000,000 人民幣50,000,000元	—	100	Property development 物業開發

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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1. CORPORATE AND GROUP INFORMATION
(Continued)

Information about subsidiaries (Continued)

Subsidiaries 附屬公司	Place of incorporation/ registration and business 註冊成立/註冊以及 營業地點	Issued ordinary/ registered share capital 已發行普通/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔 股權百分比		Principal activities 主營業務
			Direct 直接	Indirect 間接	
Chengdu Jin Xin Yao Real Estate Development Co., Ltd.* [⊗] 成都金鑫堯房地產開發有限公司* [⊗]	PRC/Mainland China 中國/內地	RMB600,000,000 人民幣600,000,000元	—	50	Property development 物業開發
Chengdu Hong Yang Jin Hua Real Estate Development Co., Ltd.* 成都市弘陽錦華房地產開發有限公司*	PRC/Mainland China 中國/內地	RMB200,000,000 人民幣200,000,000元	—	100	Property development 物業開發
Jiangxi Xin Yue Hong Lan Real Estate Development Co., Ltd (Jiangxi Xin Yue Hong Lan)* [⊗] 江西新越弘嵐房地產開發有限公司 (江西新越弘嵐)* [⊗]	PRC/Mainland China 中國/內地	RMB650,000,000 人民幣650,000,000元	—	44	Property development 物業開發
Zhengzhou Rong Wan Properties Development Co., Ltd (Zhengzhou Rong Wan)* 鄭州榮萬置業發展有限公司(鄭州榮萬)*	PRC/Mainland China 中國/內地	RMB10,000,000 人民幣10,000,000元	—	100	Property development 物業開發

* Registered as limited liability companies under PRC law.

* 根據中國法律註冊為有限責任公司。

** Registered as wholly-foreign-owned enterprises under PRC law.

** 根據中國法律註冊為外商獨資企業。

⊗ As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities including, but not limited to, the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

⊗ 由於本集團因參與該等公司業務而有可變回報的風險或權利，並能透過其多數投票權及現有權利影響相關活動的該等回報，包括但不限於預算、定價及推廣該等公司的策略，本集團對該等公司擁有控制權，因此該等公司被視為本集團的附屬公司。

^ As 31 December 2019, the equity interests of these companies were pledged to secure certain bank and other borrowings of RMB4,187,792,000 (2018: RMB5,349,586,000) granted to the Group (note 27 (c)).

^ 於2019年12月31日，該等公司的股權權益已質押以作授予本集團的若干銀行及其他借款人民幣4,187,792,000元(2018年：人民幣5,349,586,000元)的抵押(附註27(c))。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019
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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Note:

The English translation of the names is for reference only. The official names of these enterprises are in Chinese.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all 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. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1. 公司及集團資料(續)

有關附屬公司的資料(續)

附註：

該等名稱的英文翻譯僅供參考。該等企業的官方名稱以中文為準。

上表列出董事認為主要影響本年度業績或構成本集團資產淨值主要部分的本公司附屬公司。董事認為，提供其他附屬公司的詳情會導致篇幅冗長。

2.1 編製基準

該等財務報表乃根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」，包括所有國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)以及香港公司條例的披露規定編製。該等財務報表乃根據歷史成本慣例編製，惟已按公允價值計量的投資物業及按公允價值計入損益的金融資產除外。該等財務報表以人民幣(「人民幣」)呈列，除另有說明外，所有金額約整至最接近千位數。

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財務報表附註

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 編製基準(續)

綜合入賬基準

該等綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至2019年12月31日止年度的財務報表。附屬公司為受本公司直接或間接控制的實體(包括結構性實體)。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數表決權或類似權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他表決權持有人的合約安排;
- (b) 其他合約安排所產生權利;及
- (c) 本集團的表決權及潛在表決權。

附屬公司的財務報表乃就本公司的相同報告期間使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作綜合入賬,並繼續綜合入賬直至有關控制權終止之日為止。

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準(續)

綜合入賬基準(續)

即使導致非控股權益出現虧絀結餘，損益及其他全面收入各組成部分仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

倘有事實及情況顯示上述三項控制因素其中一項或以上出現變動，則本集團會重新評估是否仍控制投資對象。附屬公司的擁有權權益變動（並無喪失控制權）被視為股本交易入賬。

倘本集團失去對附屬公司的控制權，則會終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值；及(iii)計入權益的累計匯兌差額；並確認(i)已收代價的公允價值；(ii)任何保留投資的公允價值；及(iii)所產生任何計入損益的盈餘或虧絀。先前已於其他全面收入確認的本集團應佔組成部分乃重新分類至損益或保留溢利(如適用)，基準與本集團直接出售相關資產或負債所需依據的基準相同。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to IFRSs 2015–2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015–2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

2.2 會計政策及披露變動

本集團已於本年度財務報表首次採納以下新訂及經修訂國際財務報告準則。

國際財務報告準則第9號的修訂	<i>具有負補償的預付款項特點</i>
國際財務報告準則第16號	<i>租賃</i>
國際會計準則第19號的修訂	<i>計劃調整、削減或結算</i>
國際會計準則第28號的修訂	<i>於聯營公司及合營企業之長期權益</i>
國際財務報告詮釋委員會第23號	<i>所得稅處理的不確定性</i>
國際財務報告準則2015年至2017年週期的年度改進	對國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號的修訂

除與編製本集團財務報表並不相關的國際財務報告準則第9號及國際會計準則第19號的修訂以及國際財務報告準則2015年至2017年週期的年度改進外，新訂及經修訂國際財務報告準則的性質及影響闡述如下：

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset.

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

2.2 會計政策及披露變動(續)

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會第4號釐定安排是否包括租賃、準則詮釋委員會第15號經營租賃 — 優惠及準則詮釋委員會第27號評估涉及租賃法律形式交易的内容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人根據單一資產負債表模式入賬所有租賃，以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。國際財務報告準則第16號項下出租人會計處理與國際會計準則第17號項下者大致不變。出租人繼續按照與國際會計準則第17號相類似的原則將租賃分類為經營租賃或融資租賃。

就分租安排而言，分租乃經參照主租賃所產生使用權資產而非參照相關資產歸類。

國際財務報告準則第16號對本集團作為出租人的租賃並無任何重大影響。

本集團採用修訂追溯法採納國際財務報告準則第16號，首次應用日期為2019年1月1日。根據該方法，該準則予以追溯應用，而首次採納的累計影響確認為對保留盈利於2019年1月1日的期初結餘的調整，而2018年的比較資料不予重列，並繼續根據國際會計準則第17號及相關詮釋呈報。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

2.2 會計政策及披露變動(續)

(a) (續)

租賃的新定義

根據國際財務報告準則第16號，若合約表明在一段時間內為換取代價而擁有控制一項已識別資產的使用權，則該合約為租賃或包含租賃。倘客戶有權從使用已識別資產中獲取絕大部分經濟利益及有權主導已識別資產的使用，則表示擁有控制權。本集團選擇使用過渡可行權宜方法，僅在首次應用日期對先前應用國際會計準則第17號及國際財務報告詮釋委員會第4號識別為租賃的合約應用該準則。根據國際會計準則第17號及國際財務報告詮釋委員會第4號並無識別為租賃的合約不予重估。因此，國際財務報告準則第16號項下租賃的定義僅適用於在2019年1月1日或之後訂立或變更的合約。

作為承租人 — 先前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響性質

本集團擁有多項涉及不同物業、機器、汽車及其他設備項目的租賃合約。作為承租人，本集團先前按該租賃是否評估為已將其資產所有權的絕大部分回報和風險轉予本集團，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團就所有租賃應用單一的方法確認和計量使用權資產和租賃負債，惟就低價值資產租賃(按個別租賃基準選擇)和租賃期為12個月或以下的租賃(「短期租賃」，按相關資產類別選擇)的兩種可選擇豁免除外。本集團確認使用權資產折舊(及減值(如有))及未償還租賃負債所產生利息(為融資成本)，而非於自2019年1月1日開始的租賃期按直線法確認經營租賃項下租金開支。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. No lease assets were recognised under finance leases previously.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying IAS 40.

For the leases previously accounted for as operating leases and entered into for earning sublease rental income, the related right-of-use assets of the head leases amounting to RMB763,200,000 were measured at fair value at 1 January 2019, and have been accounted for and classified as investment properties applying IAS 40 from that date.

2.2 會計政策及披露變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡的影響

於2019年1月1日的租賃負債按剩餘租賃付款的現值，經使用2019年1月1日的遞增借款利率貼現後予以確認。使用權資產按租賃負債的金額計量，並以任何與緊接2019年1月1日前在財務狀況表確認的租賃有關的預付或應計租賃付款的金額予以調整。

所有此等資產均於該日期按國際會計準則第36號作減值評估。本集團選擇在財務狀況表內獨立呈列使用權資產。先前概無租賃資產獲確認為融資租賃。

就先前計入投資物業並按公允價值計量的租賃土地及樓宇(持作賺取租金收入及/或資本增值)而言，本集團繼續將其計入於2019年1月1日的投資物業，並繼續應用國際會計準則第40號按公允價值計量。

就先前入賬列為經營租賃及為賺取分租租金收入而訂立的租賃而言，主租賃的相關使用權資產人民幣763,200,000元於2019年1月1日按公允價值計量，並已自該日期起應用國際會計準則第40號入賬列為及分類為投資物業。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impact on transition (Continued)

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

2.2 會計政策及披露變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡的影響(續)

於2019年1月1日應用國際財務報告準則第16號時，本集團已應用以下可選擇可行權宜方法：

- 對租賃期於首次應用日期起12個月內結束的租賃應用短期租賃豁免
- 倘合約包含延期/終止租賃的選擇權，則使用事後方式釐定租賃期

於2019年1月1日的財務影響

於2019年1月1日採納國際財務報告準則第16號所產生影響如下：

		Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Assets	資產	
Increase in right-of-use assets	使用權資產增加	171,086
Increase in investment properties	投資物業增加	763,200
Decrease in property, plant and equipment	物業、廠房及設備減少	(20,397)
Decrease in prepaid land lease payments	預付土地租賃款項減少	(28,903)
Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少	(17,023)
Increase in total assets	總資產增加	867,963
Liabilities	負債	
Increase in lease liabilities	租賃負債增加	867,963
Increase in total liabilities	總負債增加	867,963

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

Financial impact at 1 January 2019 (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

2.2 會計政策及披露變動(續)

(a) (續)

於2019年1月1日的財務影響(續)

於2019年1月1日的租賃負債與於2018年12月31日的經營租賃承擔對賬如下：

		RMB'000 人民幣千元
Operating lease commitments as at 31 December 2018	於2018年12月31日的經營租賃承擔	1,323,942
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：與短期租賃及餘下租賃期於2019年12月31日或之前結束的租賃相關的承擔	(476)
Commitments relating to leases of low-value assets	與低價值資產租賃相關的承擔	(43)
		1,323,423
Weighted average incremental borrowing rate as at 1 January 2019	於2019年1月1日的加權平均遞增借款利率	4.93%
Discounted operating lease commitments as at 1 January 2019	於2019年1月1日的貼現經營租賃承擔	867,963
Lease liabilities as at 1 January 2019	於2019年1月1日的租賃負債	867,963

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 會計政策及披露變動(續)

- (b) 國際會計準則第28號的修訂明確說明國際財務報告準則第9號的豁免範圍僅包括就此應用權益法的於聯營公司或合營企業的權益，而不包括實質上構成於聯營公司或合營企業的投資淨額一部分的長期權益（並無就此應用權益法）。因此，實體應用國際財務報告準則第9號而非國際會計準則第28號（包括國際財務報告準則第9號項下的減值規定）將該等長期權益入賬。僅就確認聯營公司或合營企業的虧損及於聯營公司或合營企業的投資淨額的減值而言，國際會計準則第28號繼而應用於投資淨額（包括長期權益）。於2019年1月1日採納該等修訂後，本集團評估其於聯營公司及合營企業的長期權益的業務模式，並得出結論認為，於聯營公司及合營企業的長期權益繼續按照國際財務報告準則第9號按攤銷成本計量。因此，該等修訂對本集團的財務狀況或表現並無任何影響。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.2 會計政策及披露變動(續)

(c) 國際財務報告詮釋委員會第23號處理倘稅項處理涉及影響國際會計準則第12號的應用的不確定性(通常指「不確定的稅務狀況」)時的所得稅(即期及遞延)會計處理方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅,亦無特別包括與不確定稅項處理相關的利息及處罰相關規定。詮釋具體處理(i)實體是否單獨考慮不確定稅項處理;(ii)實體對稅務機關的稅項處理檢查所作的假設;(iii)實體如何釐定應課稅利潤或稅項虧損、稅基、未動用稅項虧損、未動用稅項抵免及稅率;及(iv)實體如何考慮事實及情況變動。於採納該詮釋後,本集團已考慮是否存在因集團內公司間銷售的轉讓定價而產生的任何不確定的稅務狀況。基於本集團的稅務合規及轉讓定價研究,本集團釐定,其轉讓定價政策可能將獲稅務機關接納。因此,該詮釋對本集團的財務狀況或表現並無任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i> ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

⁴ Effective for annual period beginning on or after 1 January 2022

Further information about those IFRSs that are expected to be applicable to the Group is described below.

2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但尚未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則 第3號的修訂	業務之定義 ¹
國際財務報告準則 第9號、國際會計 準則第39號、國際 財務報告準則第7 號的修訂	利率指標改革 ¹
國際財務報告準則 第10號及國際會計 準則第28號的修訂	投資者與其聯營公司 或合營企業之間的 資產出售或注資 ³
國際財務報告準則 第17號	保險合約 ²
國際會計準則 第1號及國際會計 準則第8號的修訂	重大之定義 ¹
國際會計準則 第1號的修訂	將負債分類為流動或 非流動 ⁴

¹ 於2020年1月1日或之後開始之年度期間生效

² 於2021年1月1日或之後開始之年度期間生效

³ 尚未釐定強制生效日期，惟可供採納

⁴ 於2022年1月1日或之後開始之年度期間生效

下述為有關預期適用於本集團的該等國際財務報告準則的進一步資料。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則第3號的修訂闡明並提供有關業務定義之額外指引。該等修訂闡明一套綜合活動及資產將被視為業務，其必須至少包括可對產出能力有重大貢獻之投入及實質性進程。在不包括需要創造產出之所有投入及進程時業務可以存在。該等修訂移除評估市場參與者是否有能力收購業務並持續產出。相反，專注點在於所收購之投入及所收購之實質性進程能否共同對創造產出之能力作出重大貢獻。該等修訂亦縮小產出的定義以注重向客戶提供的商品或服務、一般活動之投資收入或其他收入。此外，該等修訂提供指引以評估所收購之進程是否為實質性的並引入可選擇的公允價值集中度測試，以允許簡化評估一系列所收購之活動及資產是否為業務。本集團預期自2020年1月1日起採納該等修訂。由於修訂本預期適用於首次應用日期或之後發生的交易或其他事件，因此本集團在過渡日期將不受這些修訂的影響。

國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號之修訂本旨在解決銀行同業拆息改革對財務申報之影響。該等修訂本提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂本規訂公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該等修訂本於2020年1月1日或其後開始的年度生效，可提前獲採納。預期該等修訂本將不會對本集團財務報表造成任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則第10號及國際會計準則第28號的修訂提出國際財務報告準則第10號及國際會計準則第28號有關處理投資者與其聯營公司或合營企業間之資產出售或注入的規定時的不一致情況。該等修訂規定當投資者與其聯營公司或合營企業間之資產出售或注入構成一項業務時，需全數確認收益或虧損。就涉及不構成一項業務的資產交易而言，交易產生的收益或虧損於投資者的損益確認，並僅以無關聯投資者於該聯營公司或合營企業的權益為限。該等修訂將按預期基準應用。國際會計準則理事會已於2015年12月廢除國際財務報告準則第10號及國際會計準則第28號的修訂的先前強制生效日期，而新強制生效日期將於完成對聯營公司及合營企業會計處理作更廣泛檢討後釐定。然而，該等修訂現時可供採納。

國際會計準則第1號及國際會計準則第8號修訂本對重大予以新定義。新定義列明，倘資料遭忽略、錯報或隱瞞時可合理預期會影響一般用途財務報表主要使用者根據該等財務報表作出的決定，則有關資料屬重大。該等修訂澄清重大與否視乎資料的性質或幅度。倘可合理預期會影響主要使用者的決定，則資料錯報屬重大。本集團預期自2020年1月1日起前瞻性採納該等修訂。該等修訂預期不會對本集團的財務報表產生任何重大影響。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 主要會計政策概要

於聯營公司及合營企業的投資

聯營公司指本集團長期擁有合共不少於20%股本投票權且可對其行使重大影響力之企業。重大影響力指的是參與投資對象之財務及經營決策之權力，但不是控制或共同控制該等決策之權力。

合營企業指一種合資安排，對安排擁有共同控制權之訂約方據此對合營企業之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有控制，共同控制僅在有相關活動要求享有控制權之訂約方作出一致同意之決定時存在。

本集團於聯營公司及合營企業之投資以權益會計法按本集團應佔資產淨值扣除任何減值虧損在綜合財務狀況表列賬。

本集團應佔聯營公司及合營企業之收購後業績及其他全面收入分別計入綜合損益表及綜合全面收入表。此外，倘於聯營公司或合營企業之權益直接確認出現變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合營企業交易所產生未變現收益及虧損按本集團於聯營公司或合營企業之投資為限的方式對銷，惟倘未變現虧損有證據顯示所轉讓資產出現減值則除外。收購聯營公司或合營企業產生之商譽計入為本集團於聯營公司或合營企業投資之一部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 主要會計政策概要(續)

於聯營公司及合營企業的投資(續)

倘於聯營公司之投資成為與合營企業之投資(反之亦然)，則保留權益不會重新計量，而該項投資會繼續以權益法入賬。在所有其他情況下，於失去對聯營公司之重大影響力或對合營企業之共同控制權時，本集團按其公允價值計量並確認任何保留投資。於失去重大影響力或共同控制權後之聯營公司或合營企業賬面值與保留投資公允價值及出售事項所得款項之任何差異，於損益賬中確認。

當對聯營公司或合營企業的投資被分類為持作出售時，則根據國際財務報告準則第5號持有待售之非流動資產及已終止業務進行處理。

業務合併及商譽

業務合併使用收購法入賬。所轉讓代價按收購日期的公允價值計量，即本集團轉讓的資產、本集團向原擁有人承擔的負債及本集團為交換被收購方控制權而發行的股權於收購日期的公允價值總和。就各業務合併而言，本集團選擇被收購方中屬於現時擁有權且令持有人可在被收購方清盤時獲得該實體一定份額的非控股權益，按公允價值或按佔被收購方的可識別資產淨值的比例計量。非控股權益的所有其他部分按公允價值確認。收購相關成本於產生時列為開支。

當本集團收購業務時，其評估金融資產及所承擔負債，以按照合約條款、收購日期的經濟情況及相關狀況進行適當分類及指定。這包括將被收購方主合約中的嵌入式衍生工具分開。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 主要會計政策概要(續)

業務合併及商譽(續)

倘業務合併分階段實現，早前持有的股權按收購日期的公允價值重新計量，因此產生的任何收益或虧損於損益確認。

收購方將予轉讓的任何或然代價乃按收購日期的公允價值確認。分類為資產或負債的或然代價按公允價值計量，公允價值變動於損益確認。分類為權益的或然代價不予重新計量，而其後結算於權益入賬。

商譽初步按成本(即所轉讓代價、就非控股權益確認的金額及本集團先前於被收購方持有的股權公允價值的總額，超出所收購可識別資產淨值及所承擔負債的部分)計量。倘該代價與其他項目的總和低於所收購淨資產的公允價值，差額經重新評估後於損益確認為議價購買收益。

於初步確認後，商譽按成本減任何累計減值虧損入賬。商譽每年進行減值測試，倘有事件或情況變化表明賬面值可能減值，則更頻繁地進行減值測試。本集團於12月31日對商譽進行年度減值測試。就減值測試而言，業務合併中收購的商譽自收購日期起分配至預期受益於合併協同效益的本集團各現金產生單位或現金產生單位組別(不論本集團其他資產或負債是否分配予該等單位或單位組別)。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Business combinations and goodwill (Continued)**

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 主要會計政策概要(續)**業務合併及商譽(續)**

減值透過評估商譽涉及的現金產生單位(現金產生單位組別)的可收回金額而釐定。倘現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽確認的減值虧損不會於隨後期間撥回。

倘商譽分配予現金產生單位(或現金產生單位組別)，且該單位內部分經營被出售，則與被出售經營有關的商譽在釐定出售收益或虧損時計入經營的賬面值。在該等情況下，被出售的商譽基於所出售經營及所保留現金產生單位部分的相對價值計量。

公允價值計量

本集團於各報告期末按公允價值計量其投資物業、衍生金融工具及權益投資。公允價值指於計量日期之市場參與者之間之有序交易中，就出售資產所收取之價格或轉讓負債所支付之價格。公允價值計量乃基於假設出售資產或轉讓負債之交易於資產或負債之主要市場，或在未有主要市場之情況下，則於資產或負債之最有利市場進行。主要或最有利市場須位於本集團能到達之地方。資產或負債之公允價值乃使用市場參與者為資產或負債定價所用之假設計量(假設市場參與者依照彼等之最佳經濟利益行事)。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 主要會計政策概要(續)

公允價值計量(續)

非金融資產之公允價值計量乃經計及一名市場參與者透過使用其資產之最高及最佳用途或透過將資產出售予將使用其最高及最佳用途之另一名市場參與者而能夠產生經濟利益之能力。

本集團使用適用於不同情況之估值技術，而其有足夠數據計量公允價值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

於財務報表計量或披露公允價值之所有資產及負債，均根據對公允價值計量整體而言屬重要之最低層輸入數據在下述公允價值等級架構內進行分類：

- 第1級 — 按相同資產或負債於活躍市場之報價(未經調整)計算
- 第2級 — 按估值技巧計算(對公允價值計量而言屬重要之最低層輸入數據為可直接或間接觀察)
- 第3級 — 按估值技巧計算(對公允價值計量而言屬重要之最低層輸入數據為不可觀察)

就按經常性基準於財務報表確認之資產及負債而言，本集團於每個報告期末通過重新評估分類(基於對公允價值計量整體而言屬重大之最低層輸入數據)以決定等級架構內各層之間是否有轉移。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 主要會計政策概要(續)

非金融資產的減值

倘出現減值跡象或須對資產(不包括存貨、合約資產、遞延稅項資產、金融資產、投資物業及非流動資產/分類為持作出售的出售組別)進行年度減值測試,則會估計資產的可收回金額。資產的可收回金額乃資產或現金產生單位使用價值與其公允價值減出售成本兩者中的較高者,並且就個別資產釐定,如果資產並不產生大部分獨立於其他資產或資產組合的現金流入,在該情況下,可收回金額則按資產所屬的現金產生單位釐定。

減值虧損僅於資產賬面值超過其可收回金額時確認。評估使用價值時,估計未來現金流量乃以反映貨幣時間值及資產特定風險的除稅前貼現率貼現至其現值。減值虧損於其產生之期間在損益表中支銷,並計入與減值資產之功能一致之有關費用類別內。

於各報告期末,會就是否有任何跡象顯示先前確認之減值虧損不再存在或可能已減少作出評估。倘有該等跡象,便會估計可收回金額。先前就資產(不包括商譽)確認之減值虧損,僅於用以釐定該資產之可收回金額之估計有變時予以撥回,但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應有之賬面值(扣除任何折舊/攤銷)。此減值虧損之撥回計入發生當期之損益表內,除非資產以重估金額入賬,於此情況下,則減值虧損撥回將根據該重估資產的相關會計政策入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

2.4 主要會計政策概要(續)

關聯方

任何一方如屬以下情況，即被視為本集團之關聯方：

- (a) 該人士為個人或與該個人關係密切的家庭成員，且該個人
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司之主要管理層成員；

或

- (b) 該人士為適用以下任何情況的實體：
 - (i) 該實體與本集團屬同一集團之成員公司；
 - (ii) 一實體為另一實體(或其他實體之母公司、附屬公司或同系附屬公司)之聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方之合營企業；
 - (iv) 一實體為第三方實體之合營企業，而其他實體為第三方實體之聯營公司；
 - (v) 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職後福利計劃；

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 主要會計政策概要(續)

關聯方(續)

(b) (續)

- (vi) 該實體受(a)所識別人士控制或共同控制；
- (vii) 於(a)(i)所識別人士對該實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員；及
- (viii) 該實體或其所屬集團的成員公司向本集團或本集團的母公司提供主要管理人員服務。

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)按成本減去累計折舊和任何減值虧損入賬。倘物業、廠房及設備被分類為持作出售或屬於分類為持作出售之待售組別其中部分，則毋須折舊，並按國際財務報告準則第5號入賬(詳見「持作出售之非流動資產及待售組別」之會計政策)。物業、廠房及設備項目之成本包括其購買價格和將資產運抵指定地點並使其達到能夠按照預定之方式進行運作狀態之任何直接可歸屬成本。

物業、廠房及設備項目投入運行後產生之開支，如維修和保養，通常在開支發生當期之損益表中扣除。倘符合確認標準，主要檢查之開支於資產賬面值中資本化為重置成本。倘物業、廠房及設備之重要部分須不時更換，則本集團將該等部分確認為具有特定使用年限之個別資產並相對其計提折舊。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Hotel properties	5%
Plant and machinery	10%–19%
Motor vehicles	24%
Furniture and fixtures	19%–32%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 主要會計政策概要(續)

物業、廠房及設備及折舊(續)

物業、廠房及設備各項目在採用直線法計算折舊之估計使用期限內撇銷其成本至其殘值。就此目的之比率如下：

樓宇	2%–5%
酒店物業	5%
廠房及機器	10%–19%
汽車	24%
傢俬及裝置	19%–32%
租賃物業裝修	租賃年期及20% (以較短者為準)

如果某項物業、廠房及設備項目其中部分的可使用年期不同，該項目的成本會按合理基準分配至有關部分，而各部分均分開計提折舊。剩餘價值、可使用年期及折舊方法將至少於各財政年度末檢討及按需要作出調整。

物業、廠房及設備項目(包括任何初次確認的重大部分)於出售或預期使用或出售有關項目不會產生未來經濟利益時取消確認。於取消確認資產年度在損益表確認的出售或報廢資產的收益或虧損，為出售有關資產所得款項淨額與其賬面值兩者間的差額。

在建工程指在建的樓宇，按成本減任何減值虧損列賬且不作折舊。成本包括建設期內的直接建設成本及相關借入資金的資本化借款成本。當在建工程完成並可使用時，將被重新分類至適當物業、廠房及設備類別。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (2018: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 主要會計政策概要(續)

投資物業

投資物業指為賺取租金收入及／或資本增值而持有的土地及樓宇權益(包括符合投資物業定義的持作使用權資產的租賃物業(2018年：經營租賃下的租賃物業))，但不包括用作生產或供應貨品或提供服務或行政管理用途者；或在日常業務過程中出售的土地及樓宇權益。該等物業初步按成本(包括交易成本)計量。首次確認後，投資物業按公允價值列賬，其反映報告期間末之市況。

投資物業公允價值變動產生的收益或虧損列入產生年度的損益表。

報廢或出售投資物業之任何收益或虧損於報廢或出售期間於損益表內確認。

對於從投資物業到自置物業或存貨的轉移，其後續會計處理的視同成本是其使用改變之日的公允價值。如果本集團作為自置物業所有者佔有的物業成為投資物業，則本集團按照「物業，廠房及設備及折舊」中規定的政策對擁有的物業和／或該物業根據「使用權資產」中規定的政策進行會計處理，持有至使用變更之日為止作為使用權資產的物業，以及該日物業賬面價值與公允價值之間的差額根據上述「物業，廠房及設備及折舊」中所述的政策，將該物業記為重估。對於從存貨到投資物業的轉移，在該日期的物業公允價值與其先前的賬面價值之間的任何差額均在損益表中確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

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

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

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

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

2.4 主要會計政策概要(續)

開發中物業

開發中物業擬於落成後持作待售。

開發中物業按成本與可變現淨值之較低者列賬，成本包括土地成本、建築成本、借貸成本、專業費用及於發展期內與有關物業直接相關的其他成本。

除非開發中物業不會於一個正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於落成時轉至持作待售的已竣工物業。

持作出售的已完工物業

持作出售的已完工物業按成本與可變現淨值兩者之較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定，可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

分配物業開發成本

土地成本根據各單位的可售建築面積（「建築面積」）佔可售總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2.4 主要會計政策概要(續)

無形資產(商譽除外)

分開購入的無形資產於初次確認時按成本計量。於業務合併購入無形資產之成本為於收購日期之公允價值。無形資產的可使用年期被評估為有限或無限。可使用年期有限的無形資產其後在可用的經濟年期內攤銷，並在有跡象顯示無形資產可能已減值時進行減值評估。可使用年期有限的無形資產的攤銷期和攤銷法至少於各財政年度末作檢討。

租賃(由2019年1月1日起適用)

本集團在合約開始時評估合約是否為租賃或包含租賃。若合約表明在一段時間內為換取代價而擁有控制一項已識別資產的使用權，則該合約為租賃或包含租賃。

本集團作為承租人

本集團對所有租賃採用單一確認及計量方法(短期租賃及低價值資產租賃除外)。本集團確認租賃負債以作出租賃付款及使用權資產(代表使用相關資產的權利)。

於訂立或重新評估包含租賃組成部分及非租賃組成部分的合同時，本集團採用實際權宜之計，不對非租賃組成部分進行分離，並考慮租賃組成部分及相關的非租賃組成部分(例如，用於物業租賃的物業管理服務)作為單個租賃組成部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued) Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 years
Office	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 主要會計政策概要(續)

租賃(由2019年1月1日起適用)(續) 本集團作為承租人(續)

(a) 使用權資產

使用權資產在租賃開始日(即相關資產可供使用之日)確認。使用權資產按成本減去任何累計折舊和任何減值損失後的金額進行計量,並根據租賃負債的重新計量進行調整。使用權資產的成本包括已確認的租賃負債金額,已發生的初始直接成本以及在開始日期或之前支付的租賃付款額減已收到的任何租賃激勵措施。在適用的情況下,使用權資產的成本還包括拆除和移除相關資產或恢復相關資產或資產所在地點的成本估算。使用權資產按租賃期和資產的估計使用壽命中的較短者按直線法計提折舊:

租賃土地	40年
辦公室	1至5年

如果租賃資產的所有權在租賃期結束時轉移至本集團或成本反映了購買期權的行使,則使用資產的估計使用壽命計算折舊。

當使用權資產與作為存貨持有的租賃土地的權益相關時,彼等其後根據本集團的「存貨」政策按成本與可變現淨值的較低者計量。當使用權資產符合投資物業的定義時,則計入投資物業中。相應的使用權資產初始按成本計量,其後根據本集團的「投資物業」政策按公允價值計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

*Group as a lessee (Continued)**(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 主要會計政策概要(續)

租賃(由2019年1月1日起適用)(續)

*本集團作為承租人(續)**(b) 租賃負債*

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括固定付款(包括實質固定付款)減任何租賃優惠應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及支付終止租賃的罰款(倘租賃條款反映本集團行使選擇權終止租賃)。並非取決於指數或利率的可變租賃付款在出現導致付款的事件或條件所發生期間內確認為開支。

於計算租賃付款的現值時，倘租賃中所隱含的利率不易確定，則本集團於租賃開始日期使用增量借貸利率。於開始日期後，租賃負債金額的增加反映了利息的增長及減少租賃付款。此外，倘存租賃期的修改、租賃付款變動(例如：由指數或利率變動引致的未來租賃付款變動)或購買相關資產期權的評估變動，則重新計量租賃負債的賬面值。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued) *Group as a lessee (Continued)*

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2.4 主要會計政策概要(續)

租賃(由2019年1月1日起適用)(續) *本集團作為承租人(續)*

(c) *短期租賃和低價值資產租賃*

本集團對其機械設備的短期租賃(即自開始之日起租賃期為12個月或更短且不包含購買期權的租賃)採用短期租賃確認豁免。它還將低價值資產租賃的確認豁免應用於被認為具有低價值的辦公設備和手提電腦的租賃。

短期租賃和低價值資產租賃的租賃付款在租賃期內按直線法確認為費用。

本集團作為出租人

當本集團作為出租人時，在租賃開始時(或發生租賃變更時)將其每個租賃分類為經營租賃或融資租賃。

本集團實質上不轉移與資產所有權有關的全部風險和報酬的租賃分類為經營租賃。當合同包含租賃和非租賃組成部分時，本集團以相對獨立的銷售價格為基礎將合同中的對價分配給每個組成部分。租金收入在租賃期內按直線法入賬，由於其經營性質，計入當期損益表收益。協商和安排經營租賃所發生的初始直接費用被加到租賃資產的賬面價值中，並在租賃期內以與租金收入相同的基礎確認。或然租金在賺取期間確認為收益。

實質上將與相關資產所有權有關的所有風險和報酬轉移給承租人的租賃，作為融資租賃入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued) *Group as a lessor (Continued)*

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

2.4 主要會計政策概要(續)

租賃(由2019年1月1日起適用)(續) *本集團作為出租人(續)*

當本集團為中介出租人時，轉租參照主要租賃產生的使用權資產分類為融資租賃或經營租賃。如果總租約是本集團對其資產負債表內確認豁免適用的短期租約，則本集團將轉租分類為經營租約。

租賃(於2019年1月1日前適用)

凡將資產所有權(法定所有權除外)大部分回報及風險撥歸本集團的租賃均列為融資租賃。融資租賃訂定時，租賃資產的成本將按最低租金付款的現值資本化，並連同反映購買及融資的債務(不包括利息部分)入賬。以資本化融資租賃持有的資產(包括融資租賃項下預付土地租賃款項)包括在物業、廠房及設備項下，並按租約期或資產的估計可使用年期兩者中較短者計算折舊。上述租賃的融資成本於損益表扣減，以在租約期按固定比率扣除。

通過具有融資性質的租購合約收購的資產乃列作融資租賃，有關資產乃按估計可使用年期予以折舊。

資產所有權之絕大部分回報與風險仍歸於出租人之租賃列作經營租賃。倘本集團為出租人，由本集團以經營租賃出租的資產乃計入非流動資產，而經營租賃的應收租金按租約年期以直線法計入損益表。倘本集團為承租人，則經營租賃之應付租金(扣除出租人給予之優惠)按照租期以直線法在損益表扣除。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable before 1 January 2019) (Continued)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 主要會計政策概要(續)

租賃(於2019年1月1日前適用)(續)

根據經營租賃預付的土地租金首次乃成本列賬，而隨後則按租期以直線法確認。

租金不可於土地及樓宇部分可靠地分配時，全部租金作為物業、廠房及設備的融資租賃於土地及樓宇的成本中列賬。

投資及其他金融資產

初始確認及計量

金融資產於初步確認時分類，其後按攤銷成本計量，並按公允價值計入其他全面收入及公允價值計入損益。

初步確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理彼等的業務模式。除了並不包含顯著的融資組成部份或本集團已就此應用簡易處理方法而非調整重大融資組成部分影響，本集團初始按公允價值加上(倘金融資產並非按公允價值計入損益)交易成本計量金融資產。不含重大融資組成部分或本集團已採用實際權宜之方法的貿易應收款項，根據下文「收益確認」所載之政策，根據國際財務報告準則第15號釐定之交易價格計量。

為使金融資產按攤銷成本進行分類及計量，需就未償還本金產生「純粹支付本金及利息」的現金流量。現金流量不是純粹支付本金及利息的金融資產被分類並按公允價值計入損益，而與業務模型無關。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。以攤銷成本分類和計量的金融資產被保存在一種商業模型中，其目的是持有金融資產以收合同現金流量，而按公允價值計入其他全面收入的金融資產則被保存在一種商業模型中，既收取合同現金流量並且出售作為目的。不屬於上述業務模式的金融資產，按照公允價值計入損益。

所有一般買賣之金融資產於交易日確認，即本集團承諾購買或出售該資產之日。一般買賣指須按照市場一般設立之規定或慣例在一定期間內交付資產之金融資產買賣。

後續計量

金融資產的後續計量取決於其分類，如下所示：

按攤銷成本列賬的金融資產(債務工具)

以攤銷成本後續計量使用實際利率法的金融資產受減值影響。當資產終止確認、修改或減值時，收益及虧損在損益表中確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

後續計量(續)

按公允價值計入其他全面收入的金融資產(債務工具)

就按公允價值計入其他全面收入的債務投資而言，利息收入、外匯重估及減值虧損或撥回於損益表中確認，並按與按攤銷成本計量的金融資產相同的方式計量。其餘公允價值變動於其他全面收入中確認。終止確認時，於其他全面收入中確認的累計公允價值變動將重新計入損益表。

指定按公允價值計入其他全面收入的金融資產(權益投資)

於初步確認後，倘權益投資符合國際會計準則第32號金融工具：呈列項下的股權定義，且並非持作買賣，本集團可選擇不可撤回地將該權益投資分類為指定按公允價值計入其他全面收入的權益投資。分類乃按個別工具基準而釐定。

該等金融資產的收益及虧損永不回流損益表。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，則股息會於損益表確認為其他收入，惟倘本集團受惠於該等所得款項作為收回部分金融資產成本則作別論，在此情況下，有關收益會入賬為其他全面收入。指定按公允價值計入其他全面收入的權益投資無須進行減值評估。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 主要會計政策概要(續)

投資及其他金融資產(續)

後續計量(續)

按公允價值計入損益的金融資產

按公允價值計入損益的金融資產乃於財務狀況表按公允價值列賬，而公允價值變動淨額則於損益表確認。

該類別包括本集團不可撤回地選擇按公允價值計入其他全面收入進行分類的衍生工具及權益投資。分類為按公允價值計入損益的金融資產的權益投資的股息亦在支付權確立時於損益確認為其他收入，與股息有關的經濟利益很大機會流入本集團，且能夠可靠計量股息金額。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟特徵及風險；具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公允價值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允價值計量，且其變動計入損益表。僅當合約條款出現變動，以致大幅改變其他情況下所須現金流量時或當原分類至按公允價值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公允價值計入損益的金融資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 主要會計政策概要(續)

終止確認金融資產

金融資產(或如適用,金融資產的一部分或一組類似金融資產的一部分)主要於以下情況終止確認(即從本集團的財務狀況表刪除):

- 自資產收取現金流量的權利已經屆滿;或
- 本集團已轉讓其自資產收取現金流量的權利或已承擔責任根據「轉讓」安排在並無重大延誤下將其全數支付予第三方;及(a)本集團已轉讓該資產的絕大部分風險及回報,或(b)本集團並無轉讓或保留該資產的絕大部分風險及回報,但已轉讓該資產的控制權。

當本集團已轉讓其自資產收取現金流量的權利或已訂立轉讓安排,其會評估有否保留所有權的風險及回報,以及其程度。當本集團並無轉讓或保留該資產的絕大部分風險及回報及並無轉讓該資產的控制權,本集團以本集團持續滲入程度為限繼續確認所轉讓資產。在此情況下,本集團亦確認相關負債。經轉讓資產及相關負債乃按反映本集團已保留的權利及責任為基準計量。

持續滲入乃以被轉讓資產作出的一項保證的形式出現,並以該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 主要會計政策概要(續)

金融資產減值

本集團確認對並非按公允價值計入損益的所有債務工具預期信貸虧損(「預期信貸虧損」)的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就自初步確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來十二個月內可能發生違約事件而導致的信貸虧損(十二個月預期信貸損失)。就自初步確認起經已顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備(存續期預期信貸虧損)。

本集團在各報告日期評估相關金融工具的信用風險自初始確認後是否已顯著增加。於作出評估時，本集團將報告日期金融工具出現違約事件之風險與初步確認日期金融工具出現違約事件之風險進行比較，並會考慮合理且可證實的資料(毋須過高成本或太多工序便可供查閱)，包括過往經驗及前瞻性資料。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

2.4 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

就按公允價值計入其他全面收入的債務投資，本集團採用低信用風險簡化措施。於各報告日，本集團使用所有無需花費過多成本或力量即可獲得的合理且可支持的信息，評估債務投資是否被認為具有較低的信用風險。在進行評估時，本集團重新評估了債務投資的外部信用評級。此外，本集團認為，當合同付款逾期超過30天時，信用風險顯著增加。

當合約付款已逾期90天，本集團會將金融資產視為違約。然而，在若干情況，在計及本集團所持的任何信貸增強時前，當內部或外部資料指出本集團不大可能悉數收回尚未償還合約金額，則本集團亦可能將金融資產視為違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

按公允價值計入其他全面收入的債務投資和以攤銷成本計量的金融資產在一般方法下會發生減值，並且在以下階段進行預期信貸損失的計量時分類，而應收貿易賬款和合同資產採用簡化方法的情況則除外，詳情如下：

第一階段 – 金融工具的信用風險自初始確認後並未顯著增加，且虧損撥備以等同於12個月預期信貸虧損的金額計量

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

第二階段 – 金融工具的信用風險自初始確認後顯著增加，惟其並非信貸減值的金融資產，其虧損撥備以等同於存續期預期信貸虧損的金額計量

第三階段 – 於報告日期信貸減值的金融資產(惟其並非購買或原信貸減值)，其虧損撥備以等同於存續期預期信貸虧損的金額計量

簡化方法

並無重大融資成分或本集團應用可行權宜方法不調整重大融資成分影響的貿易應收款項及合約資產，本集團應用簡化方法計算預期信貸虧損。根據簡化方法，本集團並無追蹤信貸風險的變動，而是根據各報告日期的存續期預期信貸虧損確認虧損撥備。本集團已建立撥備矩陣，乃根據其過往信貸虧損經驗評估預期虧損率，並按債務人特定的前瞻性因素及經濟環境作出調整。

就包括重大融資成分及應收租賃款項的貿易應收款項及合約資產而言，本集團於計算預期信貸虧損選擇採納上述政策所述之簡化方法作為其會計政策。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 主要會計政策概要(續)

金融負債

初始確認及計量

金融負債在初始確認時分類為：按公允價值計入損益的金融負債、貸款及借款、應付款項，或在有效對沖中指定為對沖工具的衍生工具。

初步確認所有金融負債時，乃以公允價值及(倘屬貸款、借款及應付款項)扣除直接應佔交易成本計量。

本集團的金融負債包括貿易和其他應付款項，應付最終控股公司的款項，衍生金融工具以及計息銀行和其他借款。

後續計量

金融負債的後續計量取決於其分類，如下所示：

按公允價值計入損益的金融負債

按公允價值計入損益的金融負債包括交易性金融負債和初始確認時指定為按公允價值計入損益的金融負債。

倘產生金融負債的目的為於近期回購，則該金融負債分類為持作買賣。此分類包括本集團根據國際財務報告準則第9號所界定之對沖關係不被指定為對沖工具之衍生金融工具。獨立嵌入式衍生工具亦分類為持作買賣，除非其被指定為有效的對沖工具則另作別論。持作買賣的負債收益或虧損於損益表內確認。在損益表中確認的公允價值淨損益不包括對這些金融負債收取的任何利息。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

2.4 主要會計政策概要(續)

金融負債(續)

後續計量(續)

按公允價值計入損益的金融負債(續)

於初始確認時指定為按公允價值計入損益的金融負債在初始確認日期且僅在符合國際財務報告準則第9號項下標準時指定。指定為按公允價值計入損益的負債的損益在損益表中確認，惟本集團自身信用風險產生的損益在其他全面收入中列示，且其後不重新分類至損益表。在損益表中確認的公允價值淨損益不包括對這些金融負債收取的任何利息。

按攤銷成本列賬的金融負債(貸款和借款)

初始確認後，有息貸款和借款隨後採用實際利率法按攤銷成本進行計量，除非折現的影響不重大，在這種情況下以成本列示。終止確認負債時以及通過實際利率攤銷過程在損益表中確認損益。

攤銷成本的計算方法是考慮任何收購折價或溢價以及作為實際利率一部分的費用或成本。有效利率攤銷計入損益表中的融資成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 主要會計政策概要(續)

金融負債(續)

後續計量(續)

財務擔保合約

本集團發行的財務擔保合約為要求作出付款以償付持有人因特定債務人未能根據債務工具的條款償還到期款項而招致的損失的合約。財務擔保合約初步按公允價值確認為一項負債，並就發行擔保直接產生的交易成本作出調整。於初步確認後，本集團按以下兩者的較高者計量財務擔保合約：(i)根據「金融資產減值」所載政策釐定的預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)累計攤銷。

終止確認金融負債

當負債項目下的責任被解除或取消或屆滿，金融負債須予終止確認。

如現有金融負債由同一放債人以幾乎完全不同條款的負債所取代，或現有負債的條款實質上幾乎已完全修訂，此類取代或修訂將被視為終止確認原負債及確認新負債處理，而有關賬面值的差額須於損益表確認。

抵銷金融工具

倘目前有合法可強制執行權利抵銷已確認的金額，且有意按淨額基準支付或同時將資產變現及結算負債，則抵銷金融資產及金融負債，而其淨額須列於財務狀況表內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 主要會計政策概要(續)**存貨**

存貨成本值及可變現淨值之較低者入賬。成本以先進先出的原則確定，就在製品和製成品而言，成本包括直接材料、直接人工和適當比例的間接費用。可變現淨值是基於估計的售價減去完成和處置所需的任何估計成本。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金、活期存款及可隨時轉換為已知數額現金、價值變動風險極低及一般自購入後三個月內到期的短期高流動性投資，但須扣減應要求償還及構成本集團現金管理不可分割部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物由手頭現金及銀行現金組成，包括定期存款及與現金性質類似及用途不受限制的資產。

撥備

倘因過往事件須承擔現時責任(法定或推定)，而履行該責任可能導致未來資源外流，且該責任所涉金額能夠可靠估計，則確認撥備。

倘貼現影響重大，則確認撥備的金額為預期履行責任所需未來開支於報告期末的現值。貼現現值隨時間流逝而增加的金額，並計入損益表中的融資成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要(續)

所得稅

所得稅包括即期和遞延稅項。與損益外確認的科目相關的所得稅不在損益確認，而在其他全面收入或直接在權益中確認。

即期稅項資產和負債以報告期末已頒佈或實質已頒佈的稅率(及稅法)，並考慮本集團運營所在國家的詮釋及慣例，按照預期自稅務機關收回或向稅務機關支付的金額進行計量。

遞延稅項使用負債法就報告期末資產及負債稅基與其作財務呈報的賬面值之間的一切暫時差額作出撥備。

所有應課稅暫時差額均確認為遞延稅項負債，除非：

- 遞延稅項負債是由商譽或不構成業務合併交易中的資產或負債的初始確認所產生，而在交易時既不影響會計利潤也不影響應課稅利潤或虧損；及
- 就有關附屬公司、合營企業及聯營公司投資所產生的應課稅暫時差額而言，撥回暫時差額的時間可受控制，而暫時差額於可預見的將來可能不會撥回。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 主要會計政策概要(續)

所得稅(續)

所有可扣減暫時差額及未動用稅項抵免及任何未動用稅項虧損結轉，均被確認為遞延稅項資產。倘可能具有應課稅利潤抵銷可扣減暫時差額，以及可動用結轉的未動用稅項抵免及稅項虧損，則會確認遞延稅項資產，惟下述情況除外：

- 因有關可扣減暫時差額的遞延稅項資產源自初始確認一項交易(並非業務合併)中的資產或負債，而有關交易進行時既不影響會計利潤也不影響應課稅利潤或虧損；及
- 就有關附屬公司、聯營公司及合營企業投資所產生的可扣減暫時差額而言，遞延稅項資產僅於暫時差額於可預見的將來可能撥回，而且具有應課稅利潤用以抵銷暫時差額時，方會予以確認。

遞延稅項資產的賬面值於各報告期末進行審閱，並扣減至不再可能有足夠應課稅利潤以扣減所有或部分將予動用的遞延稅項資產為止。未確認遞延稅項資產於各報告期末重新評核，並於可能有足夠應課稅利潤以扣減所有或部分將予收回的遞延稅項資產時予以確認。

遞延稅項資產及負債以預期適用於資產變現或負債清還期間的稅率計量，並以報告期末已頒佈或實質已頒佈的稅率(及稅法)為基準。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.4 主要會計政策概要(續)

所得稅(續)

當及僅當本集團有在法律上可強制執行的權利將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產及遞延稅項負債與同一稅務機關對同一應課稅實體或不同應課稅實體徵收的所得稅相關，而該等不同的應課稅實體於各未來期間預期有大額遞延稅項負債或資產將予結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助

政府補助在合理確信可收取及一切附帶條件均可達成的情況下按其公允價值予以確認。倘補助涉及一項支出，則在與其擬補償而支銷相關成本的期間內，有系統地確認為收入。

當政府補助與某個資產項目相關聯時，公允價值先計入遞延收入賬，並根據相關資產之預期使用年期以年限平均法計入損益表，或者從資產的賬面值中減去並通過減少折舊費用的方式計入損益表。

收入確認

客戶合同收入

客戶合約之收益應於商品或服務控制權轉讓至客戶時確認，其金額反映本集團預期就交換該等商品或服務而有權獲得之代價。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 主要會計政策概要(續)

收入確認(續)

客戶合同收入(續)

當合同中的對價包括可變金額時，本集團將有權獲得對價以交換將商品或服務轉讓給客戶的金額。可變對價在合同開始時進行估計，並受到約束，直到很可能在隨後解決與可變對價相關的不確定性時，在確認的累計收入金額中不會發生重大的收入沖銷。

當合約中包含為客戶提供向其轉移貨品或服務超過一年的重大融資利益的融資部分時，收益按應收金額的現值計量，並以本集團與客戶之間於合約開始時的獨立融資交易所反映的折現率折現。當合約中包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收益包括按實際利率法計算的合約負債所產生的利息開支。對於客戶付款與轉移承諾商品或服務之間的期限為一年或以下的合約，交易價格不會根據國際財務報告準則第15號的實際權宜方法就重大融資部分的影響而調整。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Sale of properties

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

2.4 主要會計政策概要(續)

(a) 銷售物業

於資產控制權轉移至買方時確認收入。視乎合約條款及該合約的適用法例，資產控制權可在一段時間內或某一時間點轉移。倘本集團在履約過程中滿足下列各項，則資產控制權隨時間轉移：

- 本集團履約所帶來的利益由買家同時接收並消耗；或
- 本集團履約時創建及強化由買家控制的資產；或
- 並無創建一項對本集團具可替代用途的資產，且本集團就迄今為止已完成的履約有可強制執行的支付權利。

倘資產控制權隨時間轉移，收入會於整個合約期間經參考已完成履約責任的進度予以確認。否則，收入於買家取得資產控制權的時間點確認。

完成履約責任的進度乃基於本集團履行履約責任的支出或投入，經參考截至報告期末已產生的合約成本佔每份合約的估計總成本的百分比計量。

當存在重大融資成分時，本集團將會調整代價的承諾金額。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策概要(續)

(b) 提供管理服務

提供管理服務的收益在預定的期限內按直線法確認，因為客戶同時獲得和使用本集團提供的利益。

來自其他來源的收入

租金收入於租賃期限內按時間比例確認。並不依賴指數或利率的可變租賃付款在產生的會計期間確認為收入。

其他收入

利息收入按應計基準以實際利率法透過採用將金融工具的估計未來所收現金在預計可使用年期內或更短時間內(倘合適)準確貼現至金融資產賬面值淨值的利率予以確認。

股息收入於確立股東收取股息的權利時確認。與股息有關的經濟利益很可能會流入本集團，而股息的金額能夠可靠地計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

2.4 主要會計政策概要(續)

合約資產

合約資產為收取向客戶轉讓貨物或服務作為交換的代價。倘本集團於客戶支付代價或付款到期前向客戶轉讓貨物或服務，則就所賺取的有條件代價確認合約資產。合約資產需要進行減值評估，其詳情包括在金融資產減值的會計政策中。

合約負債

當本集團轉移相關的商品或服務之前，收到客戶的款項或應付款(以較早者為準)時，確認合約負債。當本集團根據合約履行合約時(即將相關商品或服務的控制權轉讓給客戶)，合約負債確認為收益。

合約成本

除滿足以下所有條件的資本化作為存貨、物業、廠房和設備以及無形資產的費用外，與客戶履行合同產生的成本也資本化為資產：

- (a) 有關成本與實體可特定地識別之合約或預期訂立之合約有直接關係。
- (b) 有關成本令實體將用於完成(或持續完成)日後履約責任之資源得以產生或有所增加。
- (c) 有關成本預期可收回。

資本化合約成本按系統基準進行攤銷並自損益表中扣除，與確認相關資產的收益模式一致。其他合約成本於產生時列為開支。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract costs (Continued)

Incremental costs of obtaining a contract were those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs related 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 expense when incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 主要會計政策概要(續)

合約成本(續)

取得合約的增加成本是本集團為獲得與客戶簽訂的合約而產生的成本，如果未取得合約，則該等成本不會產生(例如：給予銷售經紀的佣金)。如果與收入有關的成本在以後的報告期中確認，並且預期將收回這些成本，則在發生時將取得合約的增量成本資本化。獲得合約的其他成本在發生時為費用。

以股份為基礎之付款

本公司設有購股權計劃，旨在給予為本集團業務成功作出貢獻之合資格參與者鼓勵及獎勵。本集團僱員(包括董事)按以股付款形式收取酬金，而僱員則提供服務作為股本工具之代價(「股權結算交易」)。

與僱員之股權結算交易之成本乃參考購股權授出之日之公允價值計算。外部估值師採用二項式模型釐訂公允價值，有關進一步詳情載於財務報表附註31。

在滿足表現及／或服務條件的期間，應確認股權結算交易費用為僱員福利開支，並同時相應增加權益。在股權結算交易於各報告期末至歸屬日期間確認之累計開支，反映所過去歸屬期以及本集團就最後歸屬之股本工具之數目之最佳估計。期內在損益表扣除或計入損益表之金額，指於該段期初及期終所確認之累計開支變動。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 主要會計政策概要(續)

以股份為基礎之付款(續)

釐定於獎勵授出日之公允價值並無考慮服務及非市場表現條件，惟評定能達成條件之可能性部分在於為最終將歸屬為本集團權益工具之最佳估計數目。市場表現條件將反映在授出日之公允價值。附帶於獎勵中但並無相關聯服務要求之其他任何條件皆視為非歸屬條件。反映非歸屬條件之獎勵公允價值若當中不包含服務及／或表現條件，則須即時予以支銷。

因未能達至非市場表現及／或服務條件，而導致最終並無歸屬之獎勵並不會確認支銷。當獎勵包括一項市場或非歸屬條件，則無論市場或非歸屬條件是否達成，其均仍被視為歸屬，但必須符合所有其他表現及／或服務條件。

倘股權結算交易之條款被修訂，則確認最低開支，猶如條款未被修改及給予的原條款獲履行。此外，任何修訂將確認開支，增加股份付款之公允價值總額，或對以修訂日期計算有關公允價值之僱員有利。

倘股權結算獎勵被註銷，則被視為已於註銷日期被歸屬，而未就獎勵確認之開支則即時確認。這包括在本集團或僱員控制範圍以內之非歸屬條件未能獲履行的任何獎勵。然而，倘被註銷獎勵被新獎勵所取代，則被視為於授出之日期替代獎勵處理，而所註銷及新獎勵之處理方法，乃猶如其為前段所述修訂原獎勵。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 主要會計政策概要(續)

以股份為基礎之付款(續)

計算每股盈利時，尚未行使購股權之攤薄影響將列作額外股份攤薄效應。

僱員福利

退休金計劃

本集團根據《強制性公積金計劃條例》為有資格參加強積金計劃的僱員實施定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的一定百分比作出，並於根據強積金計劃的規定應付時自損益表扣除。強積金計劃的資產與本集團的資產分開持有，並由獨立管理基金持有。本集團的僱主供款在向強積金計劃供款時完全歸屬於僱員。

本集團於中國內地經營業務之附屬公司之僱員須參與由地方市政府設立之中央退休金計劃。附屬公司必須將其工資成本的若干比例支付予中央退休金計劃。供款根據中央退休金計劃的規定於應付時自損益表扣除。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 主要會計政策概要(續)

借款成本

直接用於購買、興建或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)的借款成本一律撥充作為該等資產的部分成本。一旦資產大致可供擬定用途或出售,則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。所有其他借款成本均於產生期間支銷。借款成本包括實體就借用資金產生的利息及其他成本。

股息

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

中期股息於建議同時宣派,乃因本公司之組織章程大綱及細則授權董事宣派中期股息。因此,中期股息於建議及宣派後隨即確認為負債。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 主要會計政策概要(續)**外幣**

該等財務報表以人民幣列示，為本公司的功能貨幣。本集團內各實體決定其自身的功能貨幣，列入各實體財務報表的項目使用該呈列貨幣計量。本集團內實體錄得的外幣交易初步使用交易日期的通行功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按報告期末的通行外幣匯率換算。結算或換算貨幣項目時產生的差額於損益表確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公允價值計量的非貨幣項目按計量公允價值當日的匯率換算。換算按公允價值計量的非貨幣項目產生的收益或虧損按與確認項目公允價值變動的收益或虧損一致的方式處理(即公允價值收益或虧損於其他全面收入或損益中確認的項目的匯兌差額亦分別於其他全面收入或損益中確認)。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 主要會計政策概要(續)

外幣(續)

釐定有關資產於初步確認時、終止確認與預付代價有關的非貨幣性資產或非貨幣性負債產生的開支或收入的匯率時，初步交易日期為本集團初步確認因預付代價而產生非貨幣性資產或非貨幣性負債的日期。倘存在多次付款或預收款項，本集團釐定預付代價各付款或收款交易日期。

若干海外附屬公司、合營企業和聯營公司的功能貨幣是人民幣以外的貨幣。於報告期末，這些實體的資產和負債按照報告期末的匯率折算成人民幣，其損益表按年內加權平均匯率折算成人民幣。

因此而產生的匯兌差額於其他全面收入確認並於匯兌波動儲備累計。出售外國業務時，與該項外國業務有關的其他全面收入的組成部分，會在損益表確認。

就綜合現金流量表而言，海外附屬公司的現金流量按照現金流量發生之日的匯率折算為人民幣。海外附屬公司全年經常發生的經常性現金流量，按年內加權平均匯率折算為人民幣。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. 重大會計判斷及估計

編製本集團的財務報表時，管理層須於報告日作出會影響所呈報收入、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

投資物業及自置物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者的物業。因此，本集團會考慮物業是否大致獨立於本集團所持有的其他資產而產生現金流量。部分物業被持作賺取租金或資本增值用途，另一部分則被持作生產、貨物及服務供應或行政用途。倘若此等部分可分別出售或根據融資租賃分別出租，則本集團就將此等部分分別列賬。倘若該等部分無法分別出售，則只能於不重要部分作生產、貨物及服務供應或行政用途時，該物業方列為投資物業。按個別物業判斷以決定配套服務之重大程度是否足以使物業不再列為投資物業。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Allocation of construction cost on properties under development for sale

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

3. 重大會計判斷及估計(續)

判斷(續)

投資物業及持作銷售物業的分類

本集團開發持作銷售物業以及持作為賺取租金及／或資本增值的物業。管理層判斷以釐定是否將某物業指定為投資物業或持作銷售物業。本集團認為有意在相關物業的開發初期持有該物業。在建造過程中，如果擬在建造完成後將物業出售的，則在建相關物業記為流動資產中包括其中的待售開發中物業，而如果擬持有該物業以賺取租金及／或進行資本增值，則將這些物業計入投資物業中的在建投資物業。物業落成後，持作銷售物業轉為持作銷售已完工物業並以成本列示，而持作賺取租金及／或資本增值的物業則轉為已完工投資物業。在建和已完工的投資物業，將在每個報告期末進行重估。

待售開發中物業的建築成本分配

在開發物業時，本集團通常將開發項目分為多個階段。與階段的開發直接相關的成本記錄為該階段的成本。每個階段共有的成本是根據每個階段的可售面積(佔整個項目的總可售面積的百分比)分配給每個階段。售出單位的成本由年內售出的樓面面積(平方米)乘以該項目特定階段的每平方米平均成本釐定。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in IAS 12 Income Taxes that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. The presumption is rebutted only in the circumstance that there is sufficient evidence such as a historical transaction, future development plans and management's intention to demonstrate that the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by management at each reporting date.

3. 重大會計判斷及估計(續)

判斷(續)

物業租賃分類 — 本集團作為出租人

本集團就其投資物業組合訂有商業物業租約。本集團根據對安排條款和條件的評估(例如租賃期不構成商業物業經濟壽命的主要部分,以及最低租賃付款額的現值大致不等於商業物業的所有公允價值),已經釐定其保留與這些出租物業所有權有關的所有重大風險和回報,並將有關合同作為經營租賃入賬。

釐定遞延稅項時以公允價值列示的投資物業透過出售收回的假設是否被駁回

本集團在中國擁有以公允價值計量的投資物業。投資物業是為賺取租金或資本增值或兩者兼有而持有的財產。在考慮是否應以國際會計準則第12號所得稅中假設以公允價值計量的投資物業將透過出售而收回的假設被駁回時,本集團在作出該判斷時制定了若干標準,例如是否在一個業務模型中持有該投資物業,而其目標是隨著時間的推移或通過銷售來消耗投資物業體現的幾乎所有經濟利益。只有在足夠的證據(例如歷史交易、未來發展計劃及管理層意圖證明持有投資物業的目的是隨著時間的推移而不是通過銷售長期消耗幾乎所有的經濟利益)方駁斥該假設。管理層將在每個報告日對假設進行連續評估。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the financial statements, respectively.

3. 重大會計判斷及估計(續)

估計不明朗因素

下文所述可能引致資產及負債的賬面值於下個財政年度或須予以重大調整的重大風險且有關未來的主要假設，以及於報告期末存在的估計不明朗因素的其他主要來源。

貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分類組別(即按地理位置、產品類型、客戶類型及評級，以及信用證及其他形式的信貸保險的覆蓋範圍劃分)的逾期天數。

預期虧損率最初基於本集團歷史可觀察違約率。本集團將根據前瞻性資料調整矩陣以調整歷史信貸虧損經驗。例如，如預測經濟狀況(即國內生產總值)將在未來一年惡化，這可能導致房地產行業違約數量增加，則調整歷史違約率。於各報告日期，更新歷史可觀察違約率並分析前瞻性估計的變化。

對歷史可觀察違約率、預測經濟狀況與預期信貸虧損之間的相關性評估是一項重要估計。預期信貸虧損的數量對環境變化及預測經濟狀況敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦或無法代表客戶的未來實際違約情況。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產的預期信貸虧損的資料分別於財務報表附註24及附註25中披露。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

租賃 — 評估增量借款率

本集團無法輕易釐定租賃內含的利率，因此，使用增量借款率（「增量借款率」）來計量租賃負債。增量借款率是指本集團在類似期限內以類似擔保，為獲得與類似經濟環境條件下的使用權資產具有相似價值的資產而所需的資金所必須支付以借回的利率。因此，增量借款率反映本集團「需要支付的」事宜，當沒有可觀察的利率（例如：未進行融資交易的附屬公司）或需要進行調整以反映租賃的條款和條件時（例如：當租賃不以附屬公司功能貨幣計值）而需要進行估算。本集團使用可觀察到的數據（例如市場利率（如果可用））估算增量借款率，並且需要進行作出若干特定實體的估算（例如附屬公司的獨立信用評級）。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2019 was RMB11,572,037,000 (2018: RMB9,397,000,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

投資物業公允價值估計

若無類似物業在活躍市場的現價，本集團將考慮來自多種來源之資料，其中包括：

- (a) 不同性質、狀況或地點之物業於活躍市場之現有價格(經調整以反映各項差異)；
- (b) 活躍程度稍遜之市場所提供同類物業近期價格(經調整以反映自按該等價格進行交易當日以來經濟狀況之任何變動)；及根據未來現金流量所作可靠估計預測之經貼現現金流量，此項預測以任何現有租約及其他合約之條款以及(在可行情況下)外來證據(如地點及狀況相同之類似物業現有市場租值)為憑證，並採用可反映有關現金流量金額及時間不明朗因素當時市場評估之貼現率。

於2019年12月31日，投資物業之賬面值為人民幣11,572,037,000元(2018年：人民幣9,397,000,000元)。進一步詳情(包括用作公允價值計量及敏感度分析之主要假設)載於財務報表附註14。

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財務報表附註

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

發展中物業及持作出售的已完工物業的撥備

本集團的開發中物業及持作出售的已完工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計發展中物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就發展中物業及持作銷售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

中國企業所得稅(「企業所得稅」)

本集團須繳納中國企業所得稅。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. 重大會計判斷及估計(續)

估計不明朗因素(續)

中國土地增值稅(「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業發展項目竣工後由稅務機關釐定。本集團尚未就其全部物業發展項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

遞延稅項資產

倘可能具有應課稅利潤抵銷虧損，則會就未動用稅項虧損確認遞延稅項資產。管理層在釐定可予以確認的遞延稅項資產金額時，須根據未來應課稅利潤可能出現的時間及水平連同未來稅務計劃策略作出重大判斷。

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Property development;
- (b) Commercial property investment and operations;
- (c) Hotel operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, fair value gains on financial assets at fair value through profit or loss, equity-settled share option payment, net foreign exchange gains, investment income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. 經營分部資料

就管理而言，本集團根據本身的產品及服務劃分業務單位，並設有三個可報告經營分部如下：

- (a) 物業開發；
- (b) 商業物業投資與經營；
- (c) 酒店經營。

管理層獨立監察本集團經營分部業績，藉以作出有關資源分配及表現評核的決策。分部表現基於可報告分部利潤／虧損（為經調整稅前利潤／虧損的計量方式）評定。經調整稅前利潤／虧損的計量方式與本集團稅前利潤的計量方式一致，惟有關計量不包括銀行利息收入、按公允價值計入損益的金融資產公允價值收益、以股權結算的購股權付款、外匯收益淨額、投資收入、非租賃相關融資成本以及總部及企業開支。

分部資產不包括未分配總部及企業資產，原因為該等資產按集團基準管理。

分部負債不包括未分配總部及企業負債，原因為該等負債按集團基準管理。

本集團的業務主要在中國內地進行。管理層認為並無可報告地域分部，原因為來自外部客戶的所有收入均源自中國內地，且本集團的主要非流動資產位於中國內地。

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4. OPERATING SEGMENT INFORMATION
(Continued)

4. 經營分部資料(續)

Year ended 31 December 2019 截至2019年12月31日止年度	Property development 物業開發 RMB'000 人民幣千元	Commercial property investment and operation 商業物業 投資與經營 RMB'000 人民幣千元	Hotel operations 酒店經營 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue:	分部收入：			
Sales to external customers	14,718,381	411,368	39,757	15,169,506
Revenue	收入			15,169,506
Segment results	2,714,797	461,614	(3,582)	3,172,829
<i>Reconciliation:</i>	<i>對賬：</i>			
Bank interest income				60,197
Fair value gain on financial assets at fair value through profit or loss				13,648
Equity-settled share option expense				(31,329)
Net foreign exchange gains				1,431
Investment income				120,939
Finance costs (other than interest on lease liabilities)				(584,704)
Corporate and other unallocated expenses				(17,628)
Profit before tax	稅前利潤			2,735,383
Segment assets	82,162,018	12,099,989	338,383	94,600,390
<i>Reconciliation:</i>	<i>對賬：</i>			
Corporate and other unallocated assets				796,694
Total assets	總資產			95,397,084
Segment liabilities	75,355,728	1,942,628	28,602	77,326,958
<i>Reconciliation:</i>	<i>對賬：</i>			
Corporate and other unallocated liabilities				23,677
Total liabilities	總負債			77,350,635
Other segment information	其他分部資料			
Share of profits and losses of:	應佔以下單位利潤及虧損：			
Joint ventures	97,724	—	—	97,724
Associates	595,285	—	—	595,285
Impairment losses recognised	27,589	—	—	27,589
Impairment losses written off	(205,807)	—	—	(205,807)
Fair value gains on investment properties	—	310,456	—	310,456
Depreciation and amortisation	74,115	27,535	26,785	128,435
Investments in associates	5,584,394	—	—	5,584,394
Investments in joint ventures	2,236,978	—	—	2,236,978

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4. OPERATING SEGMENT INFORMATION
(Continued)

4. 經營分部資料(續)

Year ended 31 December 2018	Property development	Commercial property investment and operation	Hotel operations	Total	
截至2018年12月31日止年度	物業開發 RMB'000 人民幣千元	商業物業 投資與經營 RMB'000 人民幣千元	酒店經營 RMB'000 人民幣千元	總計 RMB'000 人民幣千元	
Segment revenue:	分部收入：				
Sales to external customers	銷售予外部客戶	8,843,003	359,026	36,712	9,238,741
Revenue	收入				9,238,741
Segment results	分部業績	2,242,489	428,395	(5,348)	2,665,536
<i>Reconciliation:</i>	<i>對賬：</i>				
Bank interest income	銀行利息收入				9,124
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的 金融資產公允價值收益				8,233
Equity-settled share option expense	以股權結算的購股權開支				(24,326)
Net foreign exchange gains	外匯收益淨額				19,941
Investment income	投資收入				2,121
Finance costs (other than interest on lease liabilities)	融資成本 (不包括租賃負債利息)				(499,297)
Corporate and other unallocated expenses	企業及其他未分配開支				(5,954)
Profit before tax	稅前利潤				2,175,378
Segment assets	分部資產	56,313,799	9,911,499	356,294	66,581,592
<i>Reconciliation:</i>	<i>對賬：</i>				
Corporate and other unallocated assets	企業及其他未分配資產				1,340,472
Total assets	總資產				67,922,064
Segment liabilities	分部負債	53,784,844	105,570	8,047	53,898,461
<i>Reconciliation:</i>	<i>對賬：</i>				
Corporate and other unallocated liabilities	企業及其他未分配負債				173,858
Total liabilities	總負債				54,072,319
Other segment information	其他分部資料				
Share of profits and losses of:	應佔以下單位利潤及虧損：				
Joint ventures	合營企業	387,008	—	—	387,008
Associates	聯營公司	(19,993)	—	—	(19,993)
Impairment losses recognised	確認減值虧損	116,782	—	—	116,782
Impairment losses reversed	撥回減值虧損	(37,380)	—	—	(37,380)
Impairment losses written off	撇銷減值虧損	(68,726)	—	—	(68,726)
Fair value gain on investment properties	投資物業的公允價值收益	—	260,803	—	260,803
Depreciation and amortisation	折舊及攤銷	21,178	38,352	20,975	80,505
Investments in associates	於聯營公司的投資	1,712,839	—	—	1,712,839
Investments in joint ventures	於合營企業的投資	1,026,466	—	—	1,026,466

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財務報表附註31 December 2019
2019年12月31日4. OPERATING SEGMENT INFORMATION
(Continued)

Information about a major customer:

During the year, there was no revenue from a single customer which amounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

4. 經營分部資料(續)

有關主要客戶的資料：

年內，概無單一客戶收入佔本集團收入的10%或以上。

5. 收入、其他收入及收益

收入的分析如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue from contracts with customers	客戶合約收入	14,781,828	8,949,385
<i>Revenue from other sources</i>	<i>來自其他來源的收入</i>		
Gross rental income from investment property operating leases	來自投資物業經營租賃的總租金收入	387,678	289,356
		15,169,506	9,238,741

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5. REVENUE, OTHER INCOME AND GAINS
(Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

5. 收入、其他收入及收益(續)

客戶合約收入

(a) 收入資料明細

截至2019年12月31日止年度

Segments		Property development	Commercial property investment and operations 商業物業 投資與經營	Hotel operations 酒店經營	Total
分部		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
Type of goods or services	貨品或服務類型				
Sale of properties	物業銷售	14,305,799	—	—	14,305,799
Hotel operations	酒店經營	—	—	39,757	39,757
Project management services	項目管理服務	412,582	—	—	412,582
Others	其他	—	23,690	—	23,690
Total revenue from contracts with customers	客戶合約收入總額	14,718,381	23,690	39,757	14,781,828
Timing of revenue recognition	收入確認時間				
Goods transferred at a point in time	於某一時間點轉移貨品	14,305,799	—	—	14,305,799
Services transferred over time	隨時間轉移服務	412,582	23,690	39,757	476,029
Total revenue from contracts with customers	客戶合約收入總額	14,718,381	23,690	39,757	14,781,828

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5. REVENUE, OTHER INCOME AND GAINS
(Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2018

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(a) 收入資料明細(續)

截至2018年12月31日止年度

Segments	Property development	Commercial property investment and operations	Hotel operations	Total
分部	物業開發	投資與經營	酒店經營	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
Type of goods or services	貨品或服務類型			
Sale of properties	8,843,003	—	—	8,843,003
Hotel operations	—	—	36,712	36,712
Others	—	69,670	—	69,670
Total revenue from contracts with customers	8,843,003	69,670	36,712	8,949,385
Timing of revenue recognition	收入確認時間			
Goods transferred at a point in time	8,843,003	—	—	8,843,003
Services transferred over time	—	69,670	36,712	106,382
Total revenue from contracts with customers	8,843,003	69,670	36,712	8,949,385

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5. REVENUE, OTHER INCOME AND GAINS
(Continued)

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (Continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	8,335,079	6,987,240

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the completed properties.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(a) 收入資料明細(續)

下表列示計入報告期初的合約負債及已就於過往期間達成的履約責任於本報告期內確認的收入金額：

(b) 履約責任

有關本集團履約責任的資料概述如下：

物業銷售

履約責任於交付已完工物業時完成。

酒店經營

履約責任乃於提供服務時達成。有時須於提供服務前作出短期墊款。

NOTES TO FINANCIAL STATEMENTS
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2019年12月31日5. REVENUE, OTHER INCOME AND GAINS
(Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are sometimes required before rendering the service. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(b) 履約責任(續)

物業管理服務

履約責任乃於提供服務時隨時間達成，且一般須於提供服務前作出短期墊款。物業管理服務合約的年期為一年或以下，或根據所產生時間支賬。

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	60,197	9,124
Interest income from associates and joint ventures	來自聯營公司及合營企業的利息收入	94,698	96,530
Investment income	投資收入	120,939	2,121
Forfeiture of deposits	沒收按金	2,716	1,547
Government grants	政府補助	3,714	1,353
Fair value gain on financial assets at fair value through profit or loss	按公允價值計入損益的金融資產公允價值收益	13,648	8,233
Project management services provided to joint ventures and associates	向合營企業及聯營公司提供項目管理服務	—	63,771
Net foreign exchange gains	外匯收益淨額	1,431	19,941
Others	其他	33,874	33,353
		331,217	235,973

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6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

6. 稅前利潤

本集團來自持續經營業務的稅前利潤已扣除／(計入)以下各項：

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cost of inventories sold	已售存貨成本	20	11,344,897	6,204,908
Cost of services provided	提供服務成本		127,144	89,663
Impairment losses written off for properties completed held for sale	就持作出售的已完工物業撇銷減值虧損	20	(205,807)	(68,726)
Impairment losses recognised for properties under development and completed properties held for sale	就開發中物業及持作出售的已完工物業確認減值虧損	19, 20	27,589	116,782
Impairment losses reversed for properties under development	就開發中物業撥回減值虧損	19	—	(37,380)
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	13	78,861	74,925
Depreciation of right-of-use assets (2018: amortisation of land lease payments)	使用權資產折舊 (2018年：土地租賃付款攤銷)	15	42,399	793
Amortisation of other intangible assets	其他無形資產攤銷	16	7,175	4,787
Fair value gains on investment properties	投資物業公允價值收益		(310,456)	(260,803)
Losses/(Gains) on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的虧損／(收益)		8,716	(210)
Gains on disposal of a subsidiary	出售一家附屬公司的收益		(14,874)	—
Foreign exchange differences, net	外匯淨差額	5	(1,431)	(19,941)
Share of (gains)/losses of:	應佔以下單位(收益)／虧損：			
Joint ventures	合營企業		(97,724)	(387,008)
Associates	聯營公司		(595,285)	19,993
Auditor's remuneration	核數師酬金		4,900	2,880
Employee benefit expense (excluding directors' and chief executive's remuneration):	僱員福利開支 (不包括董事及最高行政人員薪酬)：			
Wages and salaries	工資及薪金		951,563	522,179
Equity-settled share option expense	以股權結算的購股權開支		31,329	24,326
Pension scheme contributions and social welfare	養老金計劃供款及社會福利		75,843	44,901
Less: Amount capitalised	減：資本化金額		(156,003)	(159,093)
			902,732	432,313

NOTES TO FINANCIAL STATEMENTS

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7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

7. 融資成本

來自持續經營業務的融資成本分析如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Interest on bank loans, senior notes and other loans	銀行貸款、優先票據及其他貸款的利息	2,447,882	1,548,159
Interest on pre-sales deposits	預售訂金的利息	885,836	320,757
Interest on lease liabilities	租賃負債利息	49,605	—
Total interest expense	利息開支總額	3,383,323	1,868,916
Less: Interest capitalised	減：資本化利息	(2,749,014)	(1,369,619)
		634,309	499,297

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Fees	袍金	810	312
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	工資、津貼及實物福利	10,068	6,275
Performance-related bonuses*	表現掛鈎花紅*	2,608	3,350
Equity-settled share-based payment expenses	以股權結算以股份為基礎的 付款開支	8,485	7,358
Pension scheme contributions and social welfare	養老金計劃供款及社會福利	270	342
		22,241	17,637

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

During the year, certain directors were granted shares options, in respect of their services to the Group, under the share option scheme of the Company. Further details are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the directors' and chief executive's remuneration disclosure.

8. 董事及最高行政人員薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規例第2部披露的本年度董事及最高行政人員薪酬如下：

* 本公司若干執行董事有權獲得與本集團稅後利潤相關的花紅付款。

年內，若干董事根據本公司購股權計劃就其對本集團的服務獲授購股權。進一步詳情載於財務報表附註31。該等於歸屬期內於損益表確認的購股權的公允價值於授出日釐定，而本年度財務報表所載金額已計入董事及最高行政人員的披露內。

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)**(a) Independent non-executive directors**

Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung were appointed as independent non-executive directors of the Company on 15 March 2018. The fees paid to independent non-executive directors during the year were as follows:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Mr. Lee Kwok Tung Louis	李國棟先生	270	104
Mr. Leung Yau Wan John	梁又穩先生	270	104
Mr. Au Yeung Po Fung	歐陽寶豐先生	270	104
		810	312

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

8. 董事及最高行政人員薪酬(續)**(a) 獨立非執行董事**

李國棟先生、梁又穩先生及歐陽寶豐先生於2018年3月15日獲委任為本公司獨立非執行董事。年內向獨立非執行董事支付的袍金如下：

年內並無應付獨立非執行董事的其他薪酬(2018年：無)。

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

8. 董事及最高行政人員薪酬(續)

(b) 執行董事、非執行董事及最高行政人員

		Salaries, allowances and benefits in kind	Performance- related bonuses	Equity-settled share-based payment expenses 以股權結算	Pension scheme contributions and social welfare 及社會福利	Total remuneration
	Fees	工資、津貼及 實物福利	表現掛鈎花紅	以股份為基礎的 付款開支	養老金計劃供款	薪酬總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
2019	2019年					
<i>Executive directors:</i>	<i>執行董事:</i>					
— Mr. Zeng Huansha*	— 曾煥沙先生*	— 156	—	—	61	217
— Mr. He Jie	— 何捷先生	— 3,184	1,546	2,151	93	6,974
— Mr. Lui Wai Pang**	— 雷偉彬先生**	— 2,680	—	—	8	2,688
		— 6,020	1,546	2,151	162	9,879
<i>Non-executive directors:</i>	<i>非執行董事:</i>					
— Mr. Zhang Liang	— 張良先生	— 1,723	531	2,879	33	5,166
— Mr. Jiang Daqiang	— 蔣達強先生	— 1,905	531	3,455	33	5,924
— Mr. Zhang Hongwu***	— 張宏武先生***	— 420	—	—	42	462
		— 4,048	1,062	6,334	108	11,552
		— 10,068	2,608	8,485	270	21,431
2018	2018年					
<i>Executive directors:</i>	<i>執行董事:</i>					
— Mr. Zeng Huansha*	— 曾煥沙先生*	— 156	—	—	68	224
— Mr. He Jie	— 何捷先生	— 3,267	1,758	1,598	96	6,719
		— 3,423	1,758	1,598	164	6,943
<i>Non-executive directors:</i>	<i>非執行董事:</i>					
— Mr. Zhang Liang	— 張良先生	— 1,325	883	2,137	—	4,345
— Mr. Jiang Daqiang	— 蔣達強先生	— 907	605	2,565	82	4,159
— Mr. Zhang Hongwu	— 張宏武先生	— 620	104	1,058	96	1,878
		— 2,852	1,592	5,760	178	10,382
		— 6,275	3,350	7,358	342	17,325

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8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (Continued)

(b) Executive directors, non-executive directors and
the chief executive (Continued)

- * Mr. Zeng Huansha is the chairman and an executive director of the Company.
- ** Mr. Lui Wai Pang has been appointed as an executive director, a vice president and a member of the nomination committee with effect from 5 July 2019.
- *** Mr. Zhang Hongwu has retired as a non-executive director with effect from 21 June 2019.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2018: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2018: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

8. 董事及最高行政人員薪酬(續)

(b) 執行董事、非執行董事及最高行政人員(續)

- * 曾煥沙先生為本公司主席兼執行董事。
- ** 雷偉彬先生自2019年7月5日起獲委任為執行董事、副總裁兼提名委員會成員。
- *** 張宏武先生自2019年6月21日起退任非執行董事職務。

年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

9. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括四名董事(2018年：四名董事)，其薪酬詳情載於上文附註8。並非本公司董事或最高行政人員的餘下一名(2018年：一名)最高薪酬僱員年內的薪酬詳情如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	工資、津貼及實物福利	2,046	1,109
Performance-related bonuses	表現掛鈎花紅	209	716
Equity-settled share-based payment expenses	以股權結算以股份為基礎的 付款開支	—	685
Pension and social welfare	養老金及社會福利	99	96
		2,354	2,606

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9. FIVE HIGHEST PAID EMPLOYEES (Continued)

The remuneration of the non-director and non-chief executive highest paid employee fell within the following band as follows:

		Number of employees 僱員人數	
		2019 2019年	2018 2018年
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	—
HK\$3,000,001 to HK\$3,500,000	3,000,001港元至3,500,000港元	—	1
		1	1

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2019.

Subsidiaries of the Group operating in Mainland China are subject to PRC corporate income tax at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

9. 五名最高薪酬僱員(續)

薪酬位於以下範圍的非董事及非最高行政人員最高薪酬僱員如下：

10. 所得稅

本集團須就產生自或源自本集團成員公司註冊及經營所在稅務司法管轄區的利潤按實體基準繳納所得稅。根據開曼群島及英屬維爾京群島的規則及規例，本集團於開曼群島及英屬維爾京群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該等公司於截至2019年12月31日止年度並無現時於香港產生的任何應課稅利潤。

年內，本集團於中國內地經營的附屬公司須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收，土地增值額為銷售物業所得款項減可扣減開支(包括土地成本、借款成本及其他物業開發開支)。本集團根據有關中國內地稅務法律法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由地方稅務機關進行最終審核及批准。

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10. INCOME TAX (Continued)

10. 所得稅(續)

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current tax:	即期稅項：		
Corporate income tax	企業所得稅	736,140	638,948
LAT	土地增值稅	564,843	441,357
Deferred tax (note 29)	遞延稅項(附註29)	(201,460)	(228,052)
Total tax charge for the year	年內稅項支出總額	1,099,523	852,253

A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is follows:

本公司及其附屬公司註冊所在司法管轄區按法定稅率計算的稅前利潤適用的所得稅開支與實際所得稅率計算的所得稅開支對賬如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Profit before tax	稅前利潤	2,735,383	2,175,378
At the statutory income tax rate	按法定所得稅率計算	683,846	551,374
Profits and losses attributable to joint ventures and associates	合營企業及聯營公司應佔利潤及虧損	(165,670)	(91,754)
Expenses not deductible for tax	不可扣稅開支	113,294	10,289
Tax losses utilised from previous years	過往年度利用的稅務虧損	(42,036)	(37,532)
Tax losses not recognised	未確認的稅務虧損	86,457	88,858
Provision for LAT	土地增值稅撥備	564,843	441,357
Tax effect on LAT	土地增值稅的稅務影響	(141,211)	(110,339)
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	1,099,523	852,253

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10. INCOME TAX (Continued)

Tax payable in the consolidated statement of financial position represents the following:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Corporate income tax payable	應付企業所得稅	1,010,944	753,260
LAT payable	應付土地增值稅	1,158,315	850,404
Total tax payable	應繳稅項總額	2,169,259	1,603,664

10. 所得稅(續)

綜合財務狀況表內的應繳稅項指以下項目：

11. DIVIDENDS

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Proposed final — RMB11.1 cents (2018: RMB9.1 cents) per ordinary share	建議末期 — 每股普通股 人民幣11.1分 (2018年：人民幣9.1分)	369,488	303,613

11. 股息

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

建議年度末期股息須待本公司股東於即將舉行的股東周年大會上批准後方可作實。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,320,000,000 (2018: 2,129,501,370) shares in issue during the year, as adjusted to reflect the rights issue during the year.

12. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通權益持有人應佔年內利潤及年內已發行普通股的加權平均數3,320,000,000股(2018年：2,129,501,370股)計算，並就反映年內的供股作出調整。

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

12. 母公司普通權益持有人應佔每股盈利 (續)

每股攤薄盈利金額乃根據母公司普通權益持有人應佔年內利潤計算。計算時採用的普通股加權平均數為年內已發行普通股數目，即與計算每股基本盈利所採用者相同，並假設普通股加權平均數已因全部攤薄潛在普通股被視為已行使為普通股，而按零代價發行。

每股基本及攤薄盈利的計算基準為：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	計算每股基本盈利所用母公司普通權益持有人應佔利潤	1,467,555	1,412,264
		Number of shares 股份數目	
		2019 2019年	2018 2018年
Shares	股份		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	計算每股基本盈利所用年內已發行普通股加權平均數	3,320,000,000	2,129,501,370
Effect of dilution — weighted average number of ordinary shares:	攤薄的影響 — 普通股加權平均數：		
Share options	購股權	32,230,641	22,211,762
		3,352,230,641	2,151,713,132

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings 樓宇	Hotel properties 酒店物業	Plant and machinery 廠房與機械	Motor vehicles 汽車	Furniture and fixtures 傢俱及裝置	Leasehold improvements 租賃裝修	Construction in process 在建工程	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
31 December 2019	2019年12月31日								
At 31 December 2018:	於2018年12月31日：								
Cost	成本	194,690	399,091	567,655	39,031	67,613	107,381	31,150	1,406,611
Accumulated depreciation	累計折舊	(83,851)	(79,817)	(120,435)	(29,682)	(43,050)	(61,220)	—	(418,055)
Net carrying amount	賬面淨值	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556
At 31 December 2018, net of accumulated depreciation and impairment	於2018年12月31日，扣除累計 折舊及減值	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556
Effect of adoption of IFRS 16	採納國際財務報告準則第16號 的影響	—	—	—	—	—	(5,815)	(14,582)	(20,397)
At 1 January 2019, net of accumulated depreciation	於2019年1月1日，扣除累計 折舊	110,839	319,274	447,220	9,349	24,563	40,346	16,568	968,159
Additions	添置	10,397	—	—	6,372	6,899	15,665	60,104	99,437
Transfer from construction in progress	轉撥自在建工程	3,817	—	5,053	—	829	36,791	(46,490)	—
Transfer to investment property (note 14)	轉撥至投資物業(附註14)	(54,784)	—	(96,104)	—	—	—	—	(150,888)
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	358	—	—	358
Disposal of subsidiaries (note 35)	出售附屬公司(附註35)	—	—	—	—	(160)	(137)	—	(297)
Disposals	出售	—	—	(26,775)	(2,814)	(381)	—	—	(29,970)
Depreciation provided during the year (note 6)	年內折舊撥備(附註6)	(9,074)	(22,694)	(23,499)	(4,191)	(9,547)	(9,856)	—	(78,861)
At 31 December 2019, net of accumulated depreciation	於2019年12月31日，扣除累計 折舊	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938
At 31 December 2019:	於2019年12月31日：								
Cost	成本	143,600	399,091	353,643	40,232	74,103	154,021	30,182	1,194,872
Accumulated depreciation	累計折舊	(82,405)	(102,511)	(47,748)	(31,516)	(51,542)	(71,212)	—	(386,934)
Net carrying amount	賬面淨值	61,195	296,580	305,895	8,716	22,561	82,809	30,182	807,938

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13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

		Buildings	Hotel properties	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in process	Total equity
		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
31 December 2018	2018年12月31日								
At 31 December 2017 and 1 January 2018:	於2017年12月31日及2018年1月1日:								
Cost	成本	192,685	371,811	154,255	36,896	50,800	82,036	206,402	1,094,885
Accumulated depreciation	累計折舊	(75,907)	(58,842)	(101,612)	(29,185)	(32,128)	(50,220)	—	(347,894)
Net carrying amount	賬面淨值	116,778	312,969	52,643	7,711	18,672	31,816	206,402	746,991
At 1 January 2018, net of accumulated depreciation	於2018年1月1日，扣除累計折舊	116,778	312,969	52,643	7,711	18,672	31,816	206,402	746,991
Additions	添置	2,005	27,280	54,912	4,706	18,229	10,250	199,096	316,478
Transfer from construction in progress	轉撥自在建工程	—	—	359,440	—	—	14,908	(374,348)	—
Acquisition of subsidiaries	收購附屬公司	—	—	—	65	1,123	172	—	1,360
Disposals	出售	—	—	(352)	(170)	(826)	—	—	(1,348)
Depreciation provided during the year (note 6)	年內折舊撥備(附註6)	(7,944)	(20,975)	(19,423)	(2,963)	(12,635)	(10,985)	—	(74,925)
At 31 December 2018, net of accumulated depreciation	於2018年12月31日，扣除累計折舊	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556
At 31 December 2018:	於2018年12月31日:								
Cost	成本	194,690	399,091	567,655	39,031	67,613	107,381	31,150	1,406,611
Accumulated depreciation	累計折舊	(83,851)	(79,817)	(120,435)	(29,682)	(43,050)	(61,220)	—	(418,055)
Net carrying amount	賬面淨值	110,839	319,274	447,220	9,349	24,563	46,161	31,150	988,556

As at 31 December 2019, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB281,645,000 (2018: RMB631,914,000) have been pledged to secure bank and other borrowings granted to the Group (note 38).

於2019年12月31日，本集團已質押賬面總值約人民幣281,645,000元(2018年：人民幣631,914,000元)的若干物業、廠房及設備，以作為本集團獲授銀行及其他借款的抵押(附註38)。

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14. INVESTMENT PROPERTIES

14. 投資物業

		Under construction 在建	Completed 已完工	Right-of- use assets 使用權資產	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Carrying amount at 1 January 2018	於2018年1月1日的賬面值	836,459	7,886,400	—	8,722,859
Additions	添置	245,162	168,176	—	413,338
Transfer	轉撥	(659,645)	659,645	—	—
Net gain from a fair value adjustment	公允價值調整所得收益淨額	17,824	242,979	—	260,803
Carrying amount at 31 December 2018	於2018年12月31日的賬面值	439,800	8,957,200	—	9,397,000
Effect of adoption of IFRS 16	採納國際財務報告準則 第16號的影響	—	—	763,200	763,200
Carrying amount at 1 January 2019	於2019年1月1日的賬面值	439,800	8,957,200	763,200	10,160,200
Additions	添置	770,313	—	265,681	1,035,994
Change of contract terms (note 15)	合約條款變動(附註15)	—	—	(113,397)	(113,397)
Transfer from property, plant and equipment (note 13)	轉撥自物業、廠房及設備 (附註13)	—	150,888	—	150,888
Transferred to investment properties completed	轉撥至已完工投資物業	(294,158)	294,158	—	—
Changes in fair value of investment properties	投資物業公允價值變動	54,282	285,854	(1,784)	338,352
Carrying amount at 31 December 2019	於2019年12月31日的賬面值	970,237	9,688,100	913,700	11,572,037

The Group is engaged with Savills Real Estate Valuation (Beijing) Company Limited and Lance (Beijing) Assets Valuation Co., Ltd., to value the investment properties, of which the fair value as at 31 December 2019 was RMB11,572,037,000 (31 December 2018: RMB9,397,000,000), on an open market, existing use basis. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

本集團委聘北京第一太平戴維斯房地產與土地評估有限公司及藍策(北京)資產評估有限公司按公開市場當前用途基準對投資物業進行評估，於2019年12月31日，有關物業的公允價值為人民幣11,572,037,000元(2018年12月31日：人民幣9,397,000,000元)。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

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14. INVESTMENT PROPERTIES (Continued)

As at 31 December 2019, certain of the Group's investment properties with an aggregate carrying amount of approximately RMB8,375,881,000 (2018: RMB8,520,150,000) have been pledged to secure bank and other borrowings granted to the Group (note 38).

14. 投資物業(續)

於2019年12月31日，本集團已質押賬面總值約人民幣8,375,881,000元(2018年：人民幣8,520,150,000元)的若干投資物業，以作為本集團獲授銀行及其他借款的抵押(附註38)。

Fair value measurement as at 31 December 2019 截至2019年12月31日的公允價值計量			
Quoted prices in active markets 於活躍市場的 報價 (Level 1) (第1級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸 入數據 (Level 2) (第2級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第3級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元

Recurring fair value measurement for: 就以下項目進行的經常性公允價值計量：

Completed commercial properties	已完工商業物業	—	—	9,688,100	9,688,100
Commercial properties under Construction	在建商業物業	—	—	970,237	970,237
Right of use assets	使用權資產	—	—	913,700	913,700
		—	—	11,572,037	11,572,037

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14. INVESTMENT PROPERTIES (Continued)

14. 投資物業(續)

Fair value measurement as at 31 December 2018

截至2018年12月31日的公允價值計量

	Quoted prices in active markets 於活躍市場的 報價 (Level 1) (第1級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸 入數據 (Level 2) (第2級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入數據 (Level 3) (第3級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Recurring fair value measurement for:	就以下項目進行的經常性公允價值計量：			
Completed commercial properties	—	—	8,957,200	8,957,200
Commercial properties under construction	—	—	439,800	439,800
	—	—	9,397,000	9,397,000

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14. INVESTMENT PROPERTIES (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

14. 投資物業(續)

年內，第1級與第2級之間並無公允價值計量的轉撥，亦無轉入或轉出第3級(2018年：無)。

	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Range or weighted average 範圍或加權平均數	
			2019 2019年	2018 2018年
Right-of-use assets 使用權資產	Income capitalisation method 收入資本化法	Estimated rental value (RMB per sq.m. and per month) 估計租值(每平方米及每月人民幣)	46-150	—
		Capitalisation rate 資本化率	3.5%-5%	—
		Long term vacancy rate 長期空置率	10%-25%	—
Completed commercial properties 已完工商業物業	Income capitalisation method 收入資本化法	Estimated rental value (RMB per sq.m. and per month) 估計租值(每平方米及每月人民幣)	63-247	55-237
		Capitalisation rate 資本化率	3.5%-6.5%	4%-6.5%
		Long term vacancy rate 長期空置率	5%-20%	5%-15%
Commercial properties under construction 在建商業物業	Comparison method 比較法	Estimated land price 預期土地價格	3,480-10,184	3,200-4,600

The fair value of completed commercial properties is determined by the income capitalisation method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

已完工商業物業的公允價值乃通過收入資本化法釐定，方法是通過計及有關物業因現有租約而產生及/或在現行市況下可能取得的租金收入淨額(就租約的潛在續租收入作出充分撥備)，然後加以資本化，以按適當的資本化比率釐定公允價值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

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14. INVESTMENT PROPERTIES (Continued)

A significant increase in the estimated rental value would result in a significant increase in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of the commercial properties under construction is determined by using the comparison method, and with reference to sales transactions as available in the relevant market, comparable land in close proximity has been selected and adjustments have been made to account for the difference in factors such as location and property size.

The higher the estimated land price, the higher is the fair value of the investment properties under construction.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases.

(a) Prepaid land lease payments (before 1 January 2019)

		RMB'000 人民幣千元
Carrying amount at 1 January 2018	於2018年1月1日的賬面值	29,696
Recognised in profit or loss during the year	年內於損益確認	(793)
Carrying amount at 31 December 2018	於2018年12月31日的賬面值	28,903

14. 投資物業(續)

估計租值大幅增加將導致投資物業的公允價值大幅增加。長期空置率及資本化比率單獨大幅增加(減少)將導致投資物業的公允價值大幅減少(增加)。

在建商業物業的公允價值使用比較法釐定，並經參考相關市場上可獲得的銷售交易，選用鄰近可資比較土地以進行比較，以及就地點及物業規模等因素的差異作出調整。

估計土地價格越高，在建投資物業的公允價值越高。

15. 租賃

本集團作為承租人

本集團就其營運所用不同廠房及機械項目訂有租賃合約，並已提前作出一次性付款以向業主收購租賃土地，租期為40年，而根據該等土地租賃的條款，將不會繼續支付任何款項。

(a) 預付土地租賃款項(於2019年1月1日之前)

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15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

		Prepaid land lease payments 預付土地 租賃款項 RMB'000 人民幣千元	Office 辦公室 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2019	於2019年1月1日	28,903	142,183	171,086
Additions	添置	—	29,034	29,034
Depreciation charge	折舊支出	(1,459)	(40,940)	(42,399)
As at 31 December 2019	於2019年12月31日	27,444	130,277	157,721

As at 31 December 2019, the Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB9,377,000 (2018: RMB22,473,000) were pledged to secure bank and other borrowings granted to the Group (note 38).

15. 租賃(續)

本集團作為承租人(續)

(b) 使用權資產

本集團的使用權資產的賬面值以及於年內的變動如下：

於2019年12月31日，本集團已質押賬面總值約人民幣9,377,000元(2018年：人民幣22,473,000元)的預付土地租賃款項，以作為本集團獲授銀行及其他借款的抵押(附註38)。

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15. LEASES (Continued)

The Group as a lessee (Continued)

(c) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

15. 租賃(續)

本集團作為承租人(續)

(c) 租賃負債

租賃負債(計入計息銀行及其他借款)的賬面值以及於年內的變動如下:

		2019 2019年 Lease liabilities 租賃負債 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	867,963
New leases	新增租賃	203,153
Change of contract term	合約條款變動	(113,397)
Accretion of interest recognised during the year	年內確認利息增長	49,605
Payments	付款	(49,038)
Carrying amount at 31 December	於12月31日的賬面值	958,286
Analysed into:	分析為:	
Current portion	即期部分	46,809
Non-current portion	非即期部分	911,477

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15. LEASES (Continued)

The Group as a lessee (Continued)

(d) *The amounts recognised in profit or loss in relation to leases are as follows:*

15. 租賃(續)

本集團作為承租人(續)

(d) 就租賃於損益確認的金額如下：

		2019 2019年 Lease liabilities 租賃負債 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	49,605
Depreciation charge of right-of-use assets (note 6)	使用權資產折舊支出(附註6)	42,399
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	與短期租賃及餘下租賃期於2019年12月31日或之前結束的其他租賃相關的開支(計入行政開支)	810
Expense relating to leases of low-value assets (included in administrative expenses)	與低價值資產租賃相關的開支(計入行政開支)	295
Net loss from a fair value adjustment	公允價值調整所得虧損淨額	1,784
Total amount recognised in profit or loss	於損益確認的總金額	94,893

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15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of 15 commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB387,678,000 (2018: RMB289,356,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

15. 租賃(續)

本集團作為出租人

本集團根據經營租賃安排租賃其投資物業(附註14)，包括15項位於中國內地的商業物業。租賃條款一般規定租戶須支付保證金並訂明定期根據當時現行市況調整租金。本集團於年內確認的租金收入為人民幣387,678,000元(2018年：人民幣289,356,000元)，詳情載於財務報表附註5。

於2019年12月31日，本集團於未來期間根據與其租戶訂立的不可撤銷經營租賃應收未貼現租賃付款如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within one year	一年內	137,709	97,568
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	292,742	173,957
After five years	五年後	98,031	184,253
		528,482	455,778

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16. OTHER INTANGIBLE ASSETS

16. 其他無形資產

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Software	軟件		
At 1 January:	於1月1日：		
Cost	成本	29,663	27,102
Accumulated amortisation	累計攤銷	(17,665)	(12,878)
Net carrying amount	賬面淨值	11,998	14,224
Cost at 1 January, net of accumulated amortisation	於1月1日的成本，扣除累計攤銷	11,998	14,224
Additions	添置	7,603	2,561
Amortisation provided during the year	年內已撥備攤銷	(7,175)	(4,787)
Cost at 31 December, net of accumulated amortisation	於12月31日的成本，扣除累計攤銷	12,426	11,998
At 31 December:	於12月31日：		
Cost	成本	37,266	29,663
Accumulated amortisation	累計攤銷	(24,840)	(17,665)
Net carrying amount	賬面淨值	12,426	11,998

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17. INVESTMENTS IN JOINT VENTURES

17. 於合營企業的投資

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Share of net assets	分佔資產淨值	2,236,978	1,026,466

The loans from joint ventures included in the Group's current liability are disclosed in note 40 to the financial statements.

計入本集團流動負債的合營公司的貸款於財務報表附註40披露。

Particulars of the Group's material joint venture are as follows:

本集團重大合營公司詳情：

Name 名稱	Paid-in capital 實繳資本	Place of registration and business 註冊及營業地點	Percentage of 佔以下各項的百分比			Principal activity 主要活動
			Ownership interest 所有權權益	Voting power 表決權	Profit sharing 溢利分派	
Nanjing Shun Hong Real Estate Development Co., Ltd	RMB150,000,000	PRC/Mainland China	50	50	50	Property development
南京舜鴻房地產開發有限公司	人民幣150,000,000元	中國／中國大陸	50	50	50	物業開發

Nanjing Shun Hong Real Estate Development Co., Ltd, which is considered a material joint venture of the Group, co-develops a property development project with the other associate partner in the PRC and is accounted for using the equity method.

南京舜鴻房地產開發有限公司(被視為本集團的重要合營企業)與其他中國聯營夥伴共同開發一個物業開發項目，採用權益法入賬。

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17. INVESTMENTS IN JOINT VENTURES (Continued)

17. 於合營企業的投資(續)

The following table illustrates the summarised financial information in respect of Nanjing Shun Hong Real Estate Development Co., Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

下表列示有關南京舜鴻房地產開發有限公司的財務資料摘要，已就會計政策差異作出調整並與財務報表內的賬面值對賬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	61,705	384,230
Other current assets	其他流動資產	973,238	2,467,607
Current assets	流動資產	1,034,943	2,851,837
Non-current assets	非流動資產	31,606	18,517
Financial liabilities, excluding trade and other payables and provisions	金融負債(不包括貿易及其他應付款項及撥備)	(233,801)	(882,233)
Other current liabilities	其他流動負債	(440,325)	(1,798,292)
Current liabilities	流動負債	(674,126)	(2,680,525)
Non-current financial liabilities, excluding trade and other payables and provisions	非流動金融負債(不包括貿易及其他應付款項及撥備)	—	(127,200)
Non-current liabilities	非流動負債	—	(127,200)
Net assets	資產淨值	392,423	62,629
Reconciliation to the Group's interest in the joint venture:	與本集團於合營企業的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	50%	50%
Group's share of net assets of the joint venture	本集團應佔合營企業資產淨值	196,212	31,315
Carrying amount of the investment	投資的賬面值	196,212	31,315
Revenue	收入	1,584,773	12,265
Interest income	利息收入	728	2,445
Depreciation and amortisation	折舊及攤銷	(21)	(21)
Tax	稅項	(233,217)	(471)
Profit/(loss) and total comprehensive income/(loss) for the year	年內利潤/(虧損)及全面收入/(虧損)總額	329,794	(30,647)

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17. INVESTMENTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

17. 於合營企業的投資(續)

下表列示本集團個別非重大的合營企業的合計財務資料：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Share of the joint ventures' (loss)/profit for the year	年內應佔合營企業 (虧損)/利潤	(67,173)	402,332
Share of the joint ventures' total comprehensive (loss)/income	年內應佔合營企業全面 (虧損)/收益總額	(67,173)	402,332
Aggregate carrying amount of the Group's investments in the joint ventures	本集團於合營企業投資的 賬面總值	2,040,766	995,151

18. INVESTMENTS IN ASSOCIATES

18. 於聯營公司的投資

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	5,584,394	1,712,839

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18. INVESTMENTS IN ASSOCIATES (Continued)

The loans from associates included in the Group's current liabilities are disclosed in note 40 to the financial statements.

Particulars of the material associates are as follows:

18. 於聯營公司的投資(續)

計入本集團流動負債的聯營公司的貸款於財務報表附註40披露。

重大聯營公司詳情：

Name	Paid-in capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
名稱	實繳資本	註冊成立／註冊及 營業地點	本集團 應佔所有 權權益 百分比	主要活動
Anhui Qian Tai Real Estate Development Co., Ltd ("Anhui Qian Tai") 安徽乾泰房地產開發有限公司 (「安徽乾泰」)	RMB200,000,000 人民幣 200,000,000元	PRC/Mainland China 中國／中國內地	25	Property development 物業開發
Changshu Xin Bi Real Estate Development Co., Ltd ("Changshu Xin Bi") 常熟市新碧房地產開發有限公司 (「常熟市新碧」)	RMB100,000,000 人民幣 100,000,000元	PRC/Mainland China 中國／中國內地	33	Property development 物業開發
Nanjing Hongweisheng Estate Development Co., Ltd (“Nanjing Hongweisheng”) 南京弘威盛房地產開發有限公司 (「南京弘威盛」)	RMB765,000,000 人民幣 765,000,000元	PRC/Mainland China 中國／中國內地	33	Property development 物業開發
Nantong Hong Yan Real Estate Development Co., Ltd (“Nantong Hong Yan”) 南通弘晏房地產有限公司 (「南通弘晏」)	RMB30,000,000 人民幣 30,000,000元	PRC/Mainland China 中國／中國內地	33	Property development 物業開發

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18. INVESTMENTS IN ASSOCIATES (Continued)

Anhui Qian Tai, which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Anhui Qian Tai adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

安徽乾泰(被視為本集團的重大聯營公司)為本集團的戰略合作夥伴，從事房地產開發業務，採用權益法入賬。

下表列示有關安徽乾泰的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current assets	流動資產	1,250,627	4,075,394
Non-current assets	非流動資產	1,347	47,046
Current liabilities	流動負債	(458,050)	(3,265,345)
Non-current liabilities	非流動負債	—	(700,000)
Net assets	資產淨值	793,924	157,095
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	25%	25%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	198,481	39,274
Elimination of interest income	對銷利息收入	—	(7,760)
Carrying amount of the investment	投資的賬面值	198,481	31,514
Revenue	收入	3,833,778	2,117
Profit/(loss) for the year	年內利潤/(虧損)	636,829	(24,581)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	636,829	(24,581)

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18. INVESTMENTS IN ASSOCIATES (Continued)

Changshu Xin Bi, which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Changshu Xin Bi adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

常熟市新碧(被視為本集團的重大聯營公司)為本集團的戰略合作夥伴，從事房地產開發業務，採用權益法入賬。

下表列示有關常熟市新碧的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current assets	流動資產	1,136,679	2,145,206
Non-current assets	非流動資產	53,077	20,796
Current liabilities	流動負債	(630,493)	(2,145,922)
Net assets	資產淨值	559,263	20,080
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	33%	33%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	184,557	6,627
Carrying amount of the investment	投資的賬面值	184,557	6,627
Revenue	收入	1,990,047	36
Profit/(loss) for the year	年內利潤/(虧損)	539,183	(19,657)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	539,183	(19,657)

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18. INVESTMENTS IN ASSOCIATES (Continued)

Nanjing Hongweisheng, which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Hongweisheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

南京弘威盛(被視為本集團的重大聯營公司)為本集團的戰略合作夥伴，從事房地產開發業務，採用權益法入賬。

下表列示有關南京弘威盛的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current assets	流動資產	1,581,076	3,117,958
Non-current assets	非流動資產	2,461	16,038
Current liabilities	流動負債	(344,553)	(2,396,594)
Net assets	資產淨值	1,238,984	737,402
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	33%	33%
Group's share of net assets of the associate	本集團應佔聯營公司資產淨值	408,865	243,343
Elimination of interest income	對銷利息收入	—	(2,535)
Carrying amount of the investment	投資的賬面值	408,865	240,808
Revenue	收入	2,227,407	—
Profit/(loss) for the year	年內利潤/(虧損)	501,582	(28,341)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	501,582	(28,341)

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18. INVESTMENTS IN ASSOCIATES (Continued)

Nantong Hong Yan, which is considered a material associate of the Group, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nantong Hong Yan adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

18. 於聯營公司的投資(續)

南通弘晏(被視為本集團的重大聯營公司)為本集團的戰略合作夥伴，從事房地產開發業務，採用權益法入賬。

下表列示有關南通弘晏的財務資料摘要，已就會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current assets	流動資產	1,222,656	3,456,849
Non-current assets	非流動資產	186	45,526
Current liabilities	流動負債	(659,486)	(3,569,439)
Net assets	資產淨值	563,356	(67,064)
Reconciliation to the Group's interest in the associate:	與本集團於聯營公司的權益對賬：		
Proportion of the Group's ownership	本集團所佔擁有權比例	33%	33%
Group's share of net assets of the associate	本集團應佔聯營公司	188,161	(22,399)
Elimination of interest income	對銷利息收入	—	22,399
Carrying amount of the investment	投資的賬面值	188,161	—
Revenue	收入	3,205,629	—
Profit/(loss) for the year	年內利潤/(虧損)	630,420	(18,476)
Total comprehensive income/(loss) for the year	年內全面收入/(虧損)總額	630,420	(18,476)

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18. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Share of the associates' (loss)/profit for the year	年內應佔聯營公司(虧損)/利潤	(117,935)	8,163
Share of the associates' total comprehensive (loss)/income	年內應佔聯營公司全面(虧損)/收入總額	(117,935)	8,163
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司投資的賬面總值	4,604,330	1,433,890

18. 於聯營公司的投資(續)

下表列示本集團個別非重大的聯營公司的合計財務資料：

19. PROPERTIES UNDER DEVELOPMENT

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	29,702,386	16,957,888
Additions	添置	20,279,883	12,201,284
Acquisition of subsidiaries	收購附屬公司	2,583,351	5,532,747
Disposals of subsidiaries	出售附屬公司	(2,953,091)	—
Transferred to completed properties held for sale (note 20)	轉撥至持作出售的已完工物業(附註20)	(13,550,971)	(4,933,911)
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	—	(93,002)
Impairment losses reversed (note 6)	撥回的減值虧損(附註6)	—	37,380
Impairment losses transferred to completed properties held for sale (note 20)	轉撥至持作出售的已完工物業的減值虧損(附註20)	219,296	—
Carrying amount at 31 December	於12月31日的賬面值	36,280,854	29,702,386

19. 開發中物業

The Group's properties under development are situated on leasehold land in Mainland China.

本集團的開發中物業位於在中國內地的租賃土地。

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19. PROPERTIES UNDER DEVELOPMENT (Continued)

At 31 December 2019, the Group's properties under development with an aggregate carrying amount of approximately RMB18,592,645,000 (2018: RMB15,636,245,000) were pledged to secure bank and other borrowings granted to the Group (note 38).

The movements in provision for impairment of properties under development are as follows:

19. 開發中物業(續)

於2019年12月31日，本集團賬面總值約人民幣18,592,645,000元(2018年：人民幣15,636,245,000元)的開發中物業已質押，以獲得授予本集團的銀行及其他貸款(附註38)。

開發中物業的減值撥備變動如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	219,296	163,674
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	—	93,002
Impairment losses reversed (note 6)	撥回的減值虧損(附註6)	—	(37,380)
Impairment losses transferred to completed properties held for sale (note 20)	轉撥至持作出售的已完工物業的減值虧損(附註20)	(219,296)	—
Carrying amount at 31 December	於12月31日的賬面值	—	219,296

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value exceeds its realisable value.

開發中物業的價值於報告期末評估。倘賬面值超逾其可變現值，則視為已減值。

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20. COMPLETED PROPERTIES HELD FOR SALE

20. 持作出售的已完工物業

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	1,162,901	1,842,510
Acquisition of subsidiaries	收購附屬公司	—	546,442
Transferred from properties under development (note 19)	轉撥自開發中物業(附註19)	13,550,971	4,933,911
Transferred to cost of sales (note 6)	轉撥至銷售成本(附註6)	(11,344,897)	(6,204,908)
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	(27,589)	(23,780)
Impairment losses written off (note 6)	減值虧損撇銷(附註6)	205,807	68,726
Impairment losses transferred from properties under development (note 19)	轉撥自開發中物業的減值虧損(附註19)	(219,296)	—
Carrying amount at 31 December	於12月31日的賬面值	3,327,897	1,162,901

As at 31 December 2019, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB117,057,000 (2018: nil) have been pledged to secure bank and other borrowings granted to the Group (note 38).

於2019年12月31日，本集團賬面總值約人民幣117,057,000元(2018年：零)的持作出售已完工物業已質押，以獲得授予本集團的銀行及其他貸款(附註38)。

The movements in provision for impairment of completed properties held for sale are as follows:

持作出售的已完工物業的減值撥備變動如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Carrying amount at 1 January	於1月1日的賬面值	36,852	81,798
Impairment losses recognised (note 6)	確認的減值虧損(附註6)	27,589	23,780
Impairment losses written off (note 6)	減值虧損撇銷(附註6)	(205,807)	(68,726)
Impairment losses transferred from properties under development (note 19)	轉撥自開發中物業的減值虧損(附註19)	219,296	—
Carrying amount at 31 December	於12月31日的賬面值	77,930	36,852

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its realisable value.

持作出售的已完工物業的價值於各報告期末評估。倘賬面值超逾其可變現值，則視為已減值。

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21. TRADE RECEIVABLES

The Group's trade receivables arise from the leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

21. 貿易應收款項

本集團的貿易應收款項源自租賃投資物業及提供物業管理服務。

買家須按照相關買賣協議的條款支付物業的代價。本集團一般就租賃投資物業及提供物業管理服務規定其客戶按月/季預付費用。

由於本集團的貿易應收款項涉及多名不同客戶，故並無重大信貸集中風險。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信貸增強措施。所有貿易應收款項均為免息。

於報告期末，按發票日期及經扣除虧損撥備的貿易應收款項賬齡分析如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within 1 month	1個月以內	1,989	4,371
1 to 3 months	1至3個月	2,653	245
3 to 6 months	3至6個月	1,668	506
6 to 12 months	6至12個月	447	18,098
Over 12 months	超過12個月	10	508
		6,767	23,728

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

22. 預付款項、其他應收款項及其他資產

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Due from non-controlling shareholders of subsidiaries (note 41)	應收附屬公司非控股股東款項 (附註41)	2,301,616	273,525
Other tax recoverable	其他可收回稅項	1,261,655	643,999
Prepayments for acquisition of land use rights	收購土地使用權的預付款項	2,030,376	694,571
Deposits	按金	784,666	445,951
Prepayments for construction cost	建築成本預付款項	605,628	198,632
Due from third parties (note 41)	應收第三方款項(附註41)	230,038	239,338
Other receivables (note 41)	其他應收款項(附註41)	188,665	73,887
Interest receivables (note 41)	應收利息(附註41)	150,624	14,629
Cost of obtaining contracts	取得合約的成本	156,075	67,851
		7,709,343	2,652,383
Impairment allowance	減值撥備	(3,947)	(8,521)
		7,705,396	2,643,862

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

預付款項、其他應收款項及其他資產為無抵押、不計息且無固定還款期限。

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties, and loans to counterparties for acquisition of land use rights was performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB3,947,000 as at 31 December 2019 (2018: RMB8,521,000).

應收附屬公司非控股股東款項及應收第三方款項及就收購土地使用權而向對手方作出的貸款的內部信用評級正在進行評定。本集團已評估該等應收款項的信貨風險自初步確認後並無顯著增加。該等應收款項的預期虧損率評估為0.1%。本集團已評估預期虧損率及賬面總額，並根據12個月的預期信貸虧計量減值，且已評估於2019年12月31日的預期信貸虧損為人民幣3,947,000元(2018年：人民幣8,521,000元)。

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

23. 按公允價值計入損益的金融資產

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Listed equity investments, at fair value	上市權益投資，按公允價值計量	82,587	—
Other unlisted investments, at fair value	其他非上市投資，按公允價值計量	1,065,803	1,130,607
		1,148,390	1,130,607

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

上述權益投資分類為按公允價值計入損益的金融資產，此乃由於其持作交易。

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and a wealth management private fund in Hong Kong. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

本集團投資於非上市投資，該等投資指中國內地銀行發行的財富管理產品及香港的財富管理私人基金。本集團根據具有類似條款及風險的工具的市場利率，採用現金流量貼現估值模式估計該等非上市投資的公允價值。

At 31 December 2019, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB36,025,000 (2018: RMB441,600,000) were pledged to secure bank and other borrowings granted to the Group (note 38).

於2019年12月31日，本集團賬面總額約人民幣36,025,000元(2018年：人民幣441,600,000元)的按公允價值計入損益的金融資產已質押，以獲得授予本集團的銀行及其他借款(附註38)。

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24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

24. 現金及現金等價物以及已質押存款

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘		10,534,146	8,879,893
Time deposits	定期存款		6,310,271	3,576,146
			16,844,417	12,456,039
Less: Pledged deposits	減：已質押存款	(a)	5,848,309	3,578,720
Restricted cash	受限制現金	(b)	2,304,586	2,644,723
Cash and cash equivalents	現金及現金等價物		8,691,522	6,232,596

(a) As at 31 December 2019, bank deposits of RMB5,723,187,000 (2018: RMB3,526,146,000) were pledged as security for bank and other borrowings. As at 31 December 2019, bank deposits of RMB125,122,000 (2018: RMB52,574,000) were pledged as security for purchasers' mortgage loans or construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes (note 38).

(b) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2019, the restricted cash amounted to RMB2,304,586,000 (2018: RMB2,644,723,000).

(a) 截至2019年12月31日，為數人民幣5,723,187,000元（2018年：人民幣3,526,146,000元）的銀行存款已質押，作為銀行及其他借款的抵押品。截至2019年12月31日，為數人民幣125,122,000元（2018年：人民幣52,574,000元）的銀行存款已質押，作為買家按揭貸款或項目建設的抵押品，或質押予銀行作為發行銀行承兌票據（附註38）的抵押品。

(b) 根據有關中國法規，本集團若干房地產開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。截至2019年12月31日，受限制現金為數人民幣2,304,586,000元（2018年：人民幣2,644,723,000元）。

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24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued) 24. 現金及現金等價物以及已質押存款(續)

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物		
Denominated in RMB	以人民幣計值	7,113,024	6,040,006
Denominated in HKD	以港元計值	29,868	733
Denominated in USD	以美元計值	1,548,630	191,857
		8,691,522	6,232,596

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2019, the internal credit ratings of restricted cash, pledged deposits and cash and cash equivalents were performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮動利率賺取利息。銀行結餘乃存置於近期並無違約記錄的信譽良好銀行。現金及現金等價物的賬面值與其公允價值相若。

於2019年12月31日，受限制現金、已質押存款以及現金及現金等價物的內部信貸評級為表現良好。本集團評定，受限制現金、已質押存款以及現金及現金等價物自初始確認以來信貸風險並無顯著增加，並按12個月預期信貸虧損計量減值，亦評定預期信貸虧損並不重大。

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25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Within 1 year	1年以內	4,224,180	2,380,523
Over 1 year	1年以上	621,408	505,123
		4,845,588	2,885,646

The trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

25. 貿易應付款項及應付票據

於報告期末，按發票日期的貿易應付款項及應付票據賬齡分析如下：

貿易應付款項為無抵押及免息，一般基於工程進度結算。

26. OTHER PAYABLES AND ACCRUALS

		Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Contract liabilities	合約負債	(a)	24,974,641	16,639,157
Advances from non-controlling shareholders of subsidiaries (note 41)	附屬公司非控股股東墊款 (附註41)		4,473,878	2,027,651
Consideration payable (note 41)	應付代價 (附註41)		159,870	—
Advances from third parties related to land use right (note 41)	土地使用權相關的第三方墊款 (附註41)		420,048	500,000
Interest payable (note 41)	應付利息 (附註41)		400,311	32,731
Deposits	按金		981,236	257,930
Payroll and welfare payable	應付工資及福利		266,774	156,418
Maintenance fund (note 41)	維修基金 (附註41)		119,965	112,887
Proceeds from asset-backed securities (note 41)	資產支持證券所得款項 (附註41)	(b)	—	600,000
Others	其他		218,806	65,217
			32,015,529	20,391,991

26. 其他應付款項及應計費用

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26. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

- (a) Details of contract liabilities are as follows:

		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元	1 January 2018 2018年 1月1日 RMB'000 人民幣千元
<i>Short-term advances received from customers</i>	收取客戶的短期墊款			
Sale of properties	物業銷售	24,948,327	16,625,238	10,644,266
Rental	租賃	26,314	13,919	29,275
Total contract liabilities	合約負債總額	24,974,641	16,639,157	10,673,541

The Group receives payments from customers based on billing schedules as established in the property sales or rental contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales and rental.

- (b) The balance represented proceeds received from a specific purpose entity ("SPE") set up by a financial institution in the PRC for issuance of asset-backed securities, to which the Group has collateralised the certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

26. 其他應付款項及應計費用(續)

附註：

- (a) 合約負債的細節如下：

本集團根據物業銷售或租賃合約所訂的繳費時間表收取客戶付款。根據合約，付款一般是在履約之前收到，主要來自房地產開發、銷售及租賃。

- (b) 結餘指由中國金融機構建立的特殊目的實體（「特殊目的實體」）就發行資產支持證券收取的所得款項，而本集團將銷售物業餘下收益的若干未來貿易應收款項作抵押。根據本集團及特殊目的實體的分配協議，本集團自客戶收取銷售所得款項時，本集團將匯出其代表特殊目的實體收取的任何現金流量。

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

27. 計息銀行及其他借款

		31 December 2019 2019年12月31日			31 December 2018 2018年12月31日		
		Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB'000 人民幣千元
Current	即期						
Bank loans — secured	銀行貸款 — 有抵押	4.00-6.00	2020	5,154,431	4.35-6.25	2019	3,121,497
Other loans — secured	其他貸款 — 有抵押	9.00-15.00	2020	2,191,995	8.00-15.00	2019	2,267,200
Other loans — unsecured	其他貸款 — 無抵押	—	—	—	12.20	2019	69,410
Current portion of long term bank loans — secured	長期銀行貸款的即期 部分 — 有抵押	4.75-8.62	2020	1,347,366	4.46-6.65	2019	1,519,421
Current portion of long term bank loans — unsecured	長期銀行貸款的即期 部分 — 無抵押	5.32	2020	90,000	5.25	2019	42,188
Current portion of long term other loans — secured	長期其他貸款的即期 部分 — 有抵押	6.44-14.50	2020	1,732,599	6.48-12.07	2019	1,213,981
				10,516,391			8,233,697
Non-current	非即期						
Bank loans — secured	銀行貸款 — 有抵押	4.8-11.70	2021-31	7,769,528	4.46-11.68	2020-31	8,700,105
Bank loans — unsecured	銀行貸款 — 無抵押	5.04-5.32	2021	184,900	4.99-5.25	2021	242,813
Other loans — secured	其他貸款 — 有抵押	9-12.99	2021	1,800,927	6.48-14.5	2020-21	2,149,886
				9,755,355			11,092,804
				20,271,746			19,326,501

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27. INTEREST-BEARING BANK AND OTHER
BORROWINGS (Continued)

27. 計息銀行及其他借款(續)

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Analysed into:	分析如下：		
Bank loans repayable:	須於以下期間償還的 銀行貸款：		
Within one year or on demand	一年內或按要求	6,591,797	4,683,106
In the second year	於第二年	3,872,529	2,912,256
In the third to fifth years, inclusive	於第三年至第五年 (包括首尾兩年)	2,967,633	4,950,053
Beyond five years	超過五年	1,114,266	1,080,609
		14,546,225	13,626,024
Other borrowings repayable:	須於以下期間償還的 其他借款：		
Within one year	一年內	3,924,594	3,550,591
In the second year	於第二年	1,800,927	1,347,022
In the third to fifth years, inclusive	於第三年至第五年 (包括首尾兩年)	—	802,864
		5,725,521	5,700,477
		20,271,746	19,326,501

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property, plant and equipment, investment properties, right-of-use assets, properties under development, completed properties held for sale and financial assets at fair value through profit or loss, details of which are disclosed in note 38 to the financial statements.
- (b) Certain of the Group's bank and other borrowings with an aggregate amount of RMB5,831,652,000 (2018: RMB4,967,632,000) are guaranteed by related parties, including Mr. Zeng Huansha (曾煥沙), Ms. Chen Sihong (陳思紅), Hong Yang Group Co., Ltd. (弘陽集團有限公司), Nanjing Redsun Business World Co., Ltd. (南京紅太陽商業大世界有限公司) and Jiangsu Red Sun Industrial Raw Materials City Co., Ltd. (江蘇紅太陽工業原料城有限公司), as at the end of the reporting period.
- (c) Certain of the Group's bank and other borrowings with an aggregate amount of RMB4,187,792,000 (2018: RMB5,349,586,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group, details of which are set out in note 1 to the financial statements.
- (d) All of the Group's bank and other borrowings were denominated in RMB.
- (e) At the end of the reporting period, except for certain bank and other borrowings of RMB11,656,841,000 (2018: RMB9,752,590,000) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

27. 計息銀行及其他借款(續)

附註：

- (a) 本集團若干銀行及其他借款乃由本集團之銀行存款、物業、廠房及設備、投資物業、使用權資產、開發中物業、持作出售的已完工物業及按公允價值計入損益的金融資產作抵押，有關詳情披露於財務報表附註38。
- (b) 本集團於報告期末總值人民幣5,831,652,000元(2018年：人民幣4,967,632,000元)的若干銀行及其他借款由關聯方，包括曾煥沙先生、陳思紅女士、弘陽集團有限公司、南京紅太陽商業大世界有限公司及江蘇紅太陽工業原料城有限公司擔保。
- (c) 本集團總值人民幣4,187,792,000元(2018年：人民幣5,349,586,000元)的若干銀行及其他借款乃由本集團若干附屬公司股權的股份作擔保，有關詳情載於財務報表附註1。
- (d) 本集團所有銀行及其他借款均以人民幣計值。
- (e) 於報告期末，除若干銀行及其他借款人民幣11,656,841,000元(2018年：人民幣9,752,590,000元)為按固定利率計息外，本集團所有銀行及其他借款均按浮動利率計息。

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28. SENIOR NOTES

28. 優先票據

		31 December 2019 2019年12月31日				31 December 2018 2018年12月31日				
Notes		Principal at original currency US\$'000 以原貨幣 的本金 千美元	Contractual interest rate (%) 合約利率(%)	Maturity 到期	RMB'000 人民幣千元	Principal at original currency US\$'000 以原貨幣 的本金 千美元	Contractual interest rate (%) 合約利率(%)	Maturity 到期	RMB'000 人民幣千元	
附註										
Senior notes due 2020 I ("2020 Notes I")	2020年到期的優先票據I (「2020年票據I」)	(i)	271,200	13.5%	2020	1,894,998	380,000	13.5%	2020	2,592,868
Senior notes due 2021 I ("2021 Notes I")	2021年到期的優先票據I (「2021年票據I」)	(ii)	300,000	11.5%	2021	2,015,098	—	—	—	—
Senior notes due 2022 I ("2022 Notes I")	2022年到期的優先票據I (「2022年票據I」)	(iii)	300,000	9.95%	2022	2,011,562	—	—	—	—
Senior notes due 2022 II ("2022 Notes II")	2022年到期的優先票據II (「2022年票據II」)	(iv)	250,000	10.50%	2022	1,714,932	—	—	—	—
Senior notes due 2021 II ("2021 Notes II")	2021年到期的優先票據II (「2021年票據II」)	(v)	100,000	13.00%	2021	664,203	—	—	—	—
Senior notes due 2022 III ("2022 Notes III")	2022年到期的優先票據III (「2022年票據III」)	(vi)	150,000	9.95%	2022	973,849	—	—	—	—
						9,274,642				2,592,868
Less: current portion	減：即期部分					1,894,998				2,592,868
Non-current portion	非即期部分					7,379,644				—

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28. SENIOR NOTES (Continued)

28. 優先票據(續)

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
The Group's senior notes were repayable as follows:	本集團的優先票據償還情況如下：		
Repayable within one year	須於一年以內償還	1,894,998	2,592,868
Repayable in the second year	須於第二年償還	2,679,301	—
Repayable within two to five years	須於二至五年內償還	4,700,343	—
Subtotal	小計	7,379,644	—
		9,274,642	2,592,868

(i) On 3 December 2018, the Company issued 2020 Notes I at a coupon rate of 13.5% due on 3 December 2020 with an aggregate principal amount of US\$180,000,000. The Company raised net proceeds of US\$175,898,000 (after deduction of the underwriting discount and commissions and other expenses).

On 20 December 2018, the Company issued 2020 Notes I at a coupon rate of 13.5% due on 3 December 2020 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$197,885,000 (after deduction of the underwriting discount and commissions and other expenses).

(i) 於2018年12月3日，本公司發行2020年12月3日到期、票面利率為13.5%、本金總額為180,000,000美元的2020年票據I。本公司籌得所得款項淨額175,898,000美元(經扣除包銷折扣及佣金及其他開支)。

於2018年12月20日，本公司發行2020年12月3日到期、票面利率為13.5%、本金總額為200,000,000美元的2020年票據I。本公司籌得所得款項淨額197,885,000美元(經扣除包銷折扣及佣金及其他開支)。

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28. SENIOR NOTES (Continued)

- (i) (Continued)
Holders of the 2020 Notes I have the right, at their option, to require the Company to repurchase for cash all of their 2020 Notes I, or any portion of the principal thereof that is equal to US\$1,000 or any integral multiple of US\$1,000, on 3 December 2019 at the repurchase price equal to 101.56% of the principal amount of the 2020 Notes I to be repurchased, plus accrued and unpaid interest to, but excluding, 3 December 2019.

On 3 December 2019, the Company repurchased 2020 Notes I at a coupon rate of 13.5% due on 3 December 2020 with an aggregate principal amount of US\$108,800,000.

- (ii) On 4 March 2019, the Company issued 2021 Notes I at a coupon rate of 11.5% due on 4 March 2021 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$290,600,225 (after deduction of the underwriting discount and commissions and other expenses).
- (iii) On 11 April 2019, the Company issued 2022 Notes I at a coupon rate of 9.95% due on 11 April 2022 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$287,342,755 (after deduction of the underwriting discount and commissions and other expenses).
- (iv) On 3 July 2019, the Company issued 2022 Notes II at a coupon rate of 10.50% due on 3 October 2022 with an aggregate principal amount of US\$250,000,000. The Company raised net proceeds of US\$237,710,092 (after deduction of the underwriting discount and commissions and other expenses).

28. 優先票據(續)

- (i) (續)
2020年票據I的持有人有權選擇要求本公司於2019年12月3日按相當於將予購回的2020年票據I本金額101.56%，另加截至2019年12月3日(但不包括該日)的應計未付利息，以現金購回彼等的所有2020年票據I，或任何相當於1,000美元或任何1,000美元完整倍數的本金部分。

於2019年12月3日，本公司購回2020年12月3日到期、票面利率為13.5%、本金總額為108,800,000美元的2020年票據I。

- (ii) 於2019年3月4日，本公司發行2021年3月4日到期、票面利率為11.5%、本金總額為300,000,000美元的2021年票據I。本公司籌得所得款項淨額290,600,225美元(經扣除包銷折扣及佣金及其他開支)。
- (iii) 於2019年4月11日，本公司發行2022年4月11日到期、票面利率為9.95%、本金總額為300,000,000美元的2022年票據I。本公司籌得所得款項淨額287,342,755美元(經扣除包銷折扣及佣金及其他開支)。
- (iv) 於2019年7月3日，本公司發行2022年10月3日到期、票面利率為10.50%、本金總額為250,000,000美元的2022年票據II。本公司籌得所得款項淨額237,710,092美元(經扣除包銷折扣及佣金及其他開支)。

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28. SENIOR NOTES (Continued)

- (v) On 30 October 2019, the Company issued 2021 Notes II at a coupon rate of 13.00% due on 31 October 2021 with an aggregate principal amount of US\$100,000,000. The Company raised net proceeds of US\$95,496,128 (after deduction of the underwriting discount and commissions and other expenses).
- (vi) On 13 November 2019, the Company issued 2022 Notes III at a coupon rate of 9.95% due on 11 April 2022 with an aggregate principal amount of US\$150,000,000. The Company raised net proceeds of US\$140,961,958 (after deduction of the underwriting discount and commissions and other expenses).

The above senior notes are guaranteed by Redsun Properties Investment (Holdings) Limited and Hong Yang Properties Investment Limited.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Unrealised revenue received in advance 未變現預收 收入 RMB'000 人民幣千元	Provision of LAT 土地增值稅 撥備 RMB'000 人民幣千元	Provision for construction cost 建築成本 撥備 RMB'000 人民幣千元	Impairment losses 減值虧損 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	169,470	145,191	59,293	47,690	31,280	4,224	457,148
Acquisition of subsidiaries	收購附屬公司	66,152	—	—	—	—	—	66,152
Deferred tax credited/(charged) to profit or loss during the year	年內計入/(扣除自)損益的 遞延稅項	115,149	73,409	(15,479)	(28,300)	54,362	21,819	220,960
At 31 December 2018 and 1 January 2019	於2018年12月31日及 2019年1月1日	350,771	218,600	43,814	19,390	85,642	26,043	744,260
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	1,014	—	1,014
Disposal of subsidiaries	出售附屬公司	(8,748)	—	—	—	(383)	—	(9,131)
Deferred tax credited/(charged) to profit or loss during the year	年內計入/(扣除自)損益的 遞延稅項	160,798	70,406	(7,798)	(3,999)	5,792	31,336	256,535
At 31 December 2019	於2019年12月31日	502,821	289,006	36,016	15,391	92,065	57,379	992,678

28. 優先票據(續)

- (v) 於2019年10月30日，本公司發行2021年10月31日到期、票面利率為13.00%、本金總額為100,000,000美元的2021年票據II。本公司籌得所得款項淨額95,496,128美元(經扣除包銷折扣及佣金及其他開支)。
- (vi) 於2019年11月13日，本公司發行2022年4月11日到期、票面利率為9.95%、本金總額為150,000,000美元的2022年票據III。本公司籌得所得款項淨額140,961,958美元(經扣除包銷折扣及佣金及其他開支)。

上述優先票據由弘陽地產投資(控股)有限公司及弘陽地產投資有限公司擔保。

29. 遞延稅項

年內的遞延稅項資產及負債的變動如下：

遞延稅項資產

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29. DEFERRED TAX (Continued)

29. 遞延稅項(續)

Deferred tax liabilities

遞延稅項負債

		Fair value adjustment arising from investment properties 導致公允價 值調整 RMB'000 人民幣千元	Fair value adjustment arising from acquisition of subsidiaries 收購附屬 公司導致 公允價值調整 RMB'000 人民幣千元	Withholding Tax 預扣稅 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	1,710,049	301,462	170,000	851	2,182,362
Acquisition of subsidiaries	收購附屬公司	—	456,090	—	—	456,090
Deferred tax charged/(credited) to profit or loss during the year	年內扣除自/(計入) 損益的遞延稅項	57,291	(66,319)	—	1,936	(7,092)
At 31 December 2018	於2018年12月31日	1,767,340	691,233	170,000	2,787	2,631,360
Deferred tax charged/(credited) to profit or loss during the year	年內扣除自/(計入) 損益的遞延稅項	117,190	(60,757)	—	(1,358)	55,075
Deferred tax charged/(credited) to asset revaluation reserve during the year	年內扣除自/(計入) 資產重估儲備的 遞延稅項	6,974	—	—	—	6,974
At 31 December 2019	於2019年12月31日	1,891,504	630,476	170,000	1,429	2,693,409

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29. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項資產淨值	727,598	443,060
Net deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項負債淨值	(2,428,329)	(2,330,160)
		(1,700,731)	(1,887,100)

The Group also has tax losses arising in Mainland China of RMB1,114,403,000 (2018: RMB1,279,254,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

29. 遞延稅項(續)

遞延稅項負債(續)

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的遞延稅項結餘分析：

本集團亦有於中國內地產生的稅項虧損人民幣1,114,403,000元(2018年：人民幣1,279,254,000元)，將於一至五年屆滿，用以抵銷未來應課稅利潤。由於該等虧損乃源自蒙受虧損多時的附屬公司且不被視為可能將有可動用稅項虧損抵銷的應課稅利潤，故並無就該等虧損確認遞延稅項資產。

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自2008年1月1日起生效並適用於2007年12月31日後產生的盈利。倘中國內地與該海外投資者所處司法管轄區存在稅收安排，可採用較低預扣稅率。本集團的適用稅率為10%。因此，本集團須就該等在中國內地成立附屬公司就自2008年1月1日起產生的盈利所分派的股息繳納預扣稅。

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29. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

As at 31 December 2019, RMB170,000,000 has been recognised as withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB8,671,293,000 (2018: RMB7,060,112,000).

30. SHARE CAPITAL

Shares

		31 December 2019 2019年 12月31日	31 December 2018 2018年 12月31日
Authorised:	法定：		
100,000,000,000 (2018: 100,000,000,000) ordinary shares HK\$0.01 each	100,000,000,000股(2018年： 100,000,000,000股)每股 面值0.01港元的普通股	1,000,000,000	1,000,000,000
Issued and fully paid:	已發行及繳足：	RMB'000 人民幣千元	RMB'000 人民幣千元
3,320,000,000 (2018: 3,320,000,000) ordinary shares of HK\$0.01 each	3,320,000,000股(2018年： 3,320,000,000股)每股 面值0.01港元的普通股	28,254	28,254

The Company was incorporated in the Cayman Islands on 21 December 2017 with authorised share capital of HK\$380,000 dividing into 38,000,000 shares of HK\$0.01 par value each.

In preparation for the listing, on 25 June 2018, the authorised share capital of our company was increased to HK\$1,000,000,000 divided into 100,000,000,000 shares of HK\$0.01 each.

29. 遞延稅項(續)

遞延稅項負債(續)

於2019年12月31日，已就本集團於中國內地成立的附屬公司須繳納預扣稅的未匯出盈利應付的預扣稅確認人民幣170,000,000元。本公司董事認為，本集團的資金將留存於中國內地，以擴充本集團的業務，因此該等附屬公司將不大可能於可預見未來分派該等盈利。與投資於中國內地附屬公司有關而尚未確認遞延稅項負債的暫時性差額總額約為人民幣8,671,293,000元(2018年：人民幣7,060,112,000元)。

30. 股本

股份

本公司於2017年12月21日在開曼群島註冊成立，法定股本為380,000港元，分為38,000,000股每股面值0.01港元的股份。

為籌備上市，於2018年6月25日，本公司法定股本增至1,000,000,000港元，分為100,000,000,000股每股面值0.01港元的股份。

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30. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of movements in the Company's share capital is as follows:

		Number of shares in issue 已發行 股份數目	Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 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	1	—	—	—
Issue of shares on 1 March 2018	於2018年3月1日發行股份	99	—	—	—
Issue of shares on 4 June 2018	於2018年6月4日發行股份	100	—	1,202,362	1,202,362
Effect of capitalisation issue on 12 July	於7月12日資本化發行的 影響	2,399,999,800	20,405	(20,405)	—
Issue of shares on 12 July 2018	於2018年7月12日發行股份	800,000,000	6,801	1,518,142	1,524,943
Issue of ordinary shares on an over- allotment option	因超額配股權發行普通股	120,000,000	1,048	231,815	232,863
At 31 December 2018	於2018年12月31日	3,320,000,000	28,254	2,931,914	2,960,168
Final 2018 dividend	2018年末期股息	—	—	(303,613)	(303,613)
At 31 December 2019	於2019年12月31日	3,320,000,000	28,254	2,628,301	2,656,555

On its date of incorporation, 1 ordinary share of HK\$0.01 was allotted by the Company to a subscriber and was transferred to Mr. Zeng Huansha. Mr. Zeng Huansha then transferred the share to Redsun Properties Group (Holdings) Limited on 4 January 2018.

On 1 March 2018, 99 shares were issued to Redsun Properties Group (Holdings) Limited as a consideration for acquisition of the entire equity interest in Nanjing Red Sun Real Estate Development Co., Ltd. On 4 June 2018, Redsun Properties Group (Holdings) Limited injected additional capital in an amount of US\$187,500,000 (equivalent to approximately RMB1,202,362,000) into the Company and 100 shares were issued to Redsun Properties Group (Holdings) Limited in return.

30. 股本(續)

股份(續)

本公司股本的變動概況如下：

於其註冊成立日期，本公司已將1股0.01港元的普通股配發予認購人，並轉讓予曾煥沙先生。曾煥沙先生隨後於2018年1月4日將該股份轉讓予弘陽地產集團(控股)有限公司。

於2018年3月1日，99股股份被發行予弘陽地產集團(控股)有限公司，作為本公司收購南京紅太陽房地產開發有限公司全部股本權益的對價。於2018年6月4日，弘陽地產集團(控股)有限公司向本公司注入額外資金187,500,000美元(相當於約人民幣1,202,362,000元)，作為回報，100股股份被發行予弘陽地產集團(控股)有限公司。

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30. SHARE CAPITAL (Continued)

Shares (Continued)

On 12 July 2018, 2,399,999,800 shares were issued by way of capitalisation with a par value of HK\$0.01 each, and the corresponding share capital amount was approximately RMB20,405,000.

On 12 July 2018, upon its listing on the Hong Kong Stock Exchange, the Company issued 800,000,000 new ordinary shares with a par value of HK\$0.01 each at HK\$2.28 each for a total cash consideration of HK\$1,824,000,000 (equivalent to approximately RMB1,567,964,000). The corresponding share capital amount was approximately RMB6,802,000 and the share premium arising from the issuance was approximately RMB1,522,700,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, a reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB45,264,000 were treated as a deduction against the share premium arising from the issuance.

On 6 August 2018, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 120,000,000 additional shares at HK\$2.28 per share for a total cash consideration of HK\$273,600,000 (equivalent to approximately RMB239,901,000). The corresponding share capital amount was approximately RMB1,048,000 and the share premium arising from the issuance was approximately RMB235,106,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB4,795,000 were treated as a deduction against the share premium arising from the issuance.

30. 股本(續)

股份(續)

於2018年7月12日，2,399,999,800股每股面值0.01港元的股份以資本化方式發行，其相應股本金額約為人民幣20,405,000元。

於2018年7月12日，本公司於香港聯交所上市後，按每股2.28港元發行800,000,000股每股面值0.01港元的新普通股。總現金代價為1,824,000,000港元(相等於約人民幣1,567,964,000元)。相應的股本金額約為人民幣6,802,000元，而發行所產生的股份溢價約為人民幣1,522,700,000元(扣除股份發行成本後)。已支付及應付的股份發行成本主要包括股份包銷佣金、律師費、申報會計師費用及其他相關成本，其為發行新股直接應佔新增成本。金額為人民幣45,264,000元的費用被視為自發行所產生的股份溢價的扣減。

於2018年8月6日，本公司於香港聯交所上市時已部分行使超額配股權，並按每股2.28港元配發及發行120,000,000股額外股份，總現金代價為273,600,000港元(相等於約人民幣239,901,000元)。相應的股本金額約為人民幣1,048,000元，而發行所產生的股份溢價約為人民幣235,106,000元(扣除股份發行成本後)。已支付和應付的股票發行費用主要包括股份包銷佣金及其他相關費用，其為發行新股直接應佔新增成本。金額為人民幣4,795,000元的費用被視為自發行所產生的股份溢價的扣減。

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31. SHARE OPTION SCHEME

As at 31 December 2019, the Company adopted the i) Pre-IPO Share Option Scheme ("Pre-IPO Scheme"), and ii) Post-IPO Share Option Scheme ("Post-IPO Scheme") of employee stock option plans and reserved certain ordinary shares of the Company to be issued upon exercise of options under such plans.

Pre-IPO Share Option Scheme ("Pre-IPO Scheme")

The Company operates the Pre-IPO Scheme for the purpose of providing selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Pre-IPO Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. The Pre-IPO Scheme became effective on 14 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Pre-IPO Scheme is 112,000,000 shares, representing 3.5% of the shares in issue immediately upon completion of the Global Offering in July and August 2018. The exercise price of share options under the scheme is HK\$1.82.

31. 購股權計劃

截至2019年12月31日，本公司已採納僱員購股權計劃(i)首次公開發售前購股權計劃(「首次公開發售前計劃」)及(ii)首次公開發售後購股權計劃(「首次公開發售後計劃」)，並預留本公司若干普通股待有關計劃項下的購股權獲行使時發行。

首次公開發售前購股權計劃(「首次公開發售前計劃」)

首次公開發售前計劃旨在為選定參與者提供機會購買本公司資本權益，並激勵該等人士為本公司及其股東的整體利益作出努力，提升本公司及其股份價值。首次公開發售前計劃使本公司靈活留聘、激勵、獎勵選定參與者並給予酬勞、補償及／或福利。首次公開發售前計劃自2018年6月14日生效，除非另行註銷或修訂，否則自當日起維持有效十年。

根據首次公開發售前計劃，現時可授出的未行使購股權最高數目為112,000,000股股份(佔於2018年7月及8月緊隨全球發售完成後已發行股本3.5%)。計劃下購股權的行使價為1.82港元。

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31. SHARE OPTION SCHEME (Continued)

Pre-IPO Share Option Scheme ("Pre-IPO Scheme")
(Continued)

The share option vesting schedules are:

Vesting date in respect of the option may be vested	Maximum percentage of underlying shares
1 July 2019	25%
1 July 2020	25%
1 July 2021	25%
1 July 2022	25%

The following share options were outstanding under the Pre-IPO Scheme during the year:

31. 購股權計劃(續)

首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

購股權的歸屬時間表為：

可能獲歸屬的購股權的歸屬日期	相關股份的最高百分比
2019年7月1日	25%
2020年7月1日	25%
2021年7月1日	25%
2022年7月1日	25%

年內根據首次公開發售前計劃尚未行使的購股權如下：

		2019 2019年		2018 2018年	
		Weighted average exercise price 加權平均行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千股	Weighted average exercise price 加權平均行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千股
At 1 January	於1月1日	1.82	112,000	—	—
Granted during the year	年內授出	—	—	1.82	112,000
Forfeited during the year	年內沒收	1.82	(4,870)	—	—
Exercised during the year	年內行使	—	—	—	—
At 31 December	於12月31日	1.82	107,130	—	112,000

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31. SHARE OPTION SCHEME (Continued)

Pre-IPO Share Option Scheme (“Pre-IPO Scheme”)
(Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2019

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK\$ 每股港元 per share	Exercise period 行使期
26,783	1.82	1 July 2019 to 1 July 2028 2019年7月1日至2028年7月1日
26,783	1.82	1 July 2020 to 1 July 2028 2020年7月1日至2028年7月1日
26,782	1.82	1 July 2021 to 1 July 2028 2021年7月1日至2028年7月1日
26,782	1.82	1 July 2022 to 1 July 2028 2022年7月1日至2028年7月1日
107,130		

2018

Number of options 購股權數目 '000 千股	Exercise price 行使價 HK\$ 每股港元 per share	Exercise period 行使期
28,000	1.82	1 July 2019 to 1 July 2028 2019年7月1日至2028年7月1日
28,000	1.82	1 July 2020 to 1 July 2028 2020年7月1日至2028年7月1日
28,000	1.82	1 July 2021 to 1 July 2028 2021年7月1日至2028年7月1日
28,000	1.82	1 July 2022 to 1 July 2028 2022年7月1日至2028年7月1日
112,000		

31. 購股權計劃(續)

首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

於報告期末，尚未行使的購股權的行使價及行使期載列如下：

2019年

2018年

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31. SHARE OPTION SCHEME (Continued)

Pre-IPO Share Option Scheme ("Pre-IPO Scheme")
(Continued)

The fair value of the share options granted during 2018 was RMB87,985,000 (HK\$0.95 each), of which the Group recognised a share option expense of RMB31,329,000 (2018: RMB24,326,000) during the year ended 31 December 2019.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		2019 2019年	2018 2018年
Dividend yield (%)	股息率(%)	—	2.14
Expected volatility (%)	預期波幅(%)	—	43.66
Risk-free interest rate (%)	無風險利率(%)	—	3.64
Expected life of options (year)	購股權預計有效年期(年)	—	4.62-7.17
Weighted average share price (HK\$ per share)	加權平均股價(每股港元)	—	2.28

The expected life of the options is based on the benchmark of the industry and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption management made and is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 107,130,000 share options outstanding under the Pre-IPO Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 107,130,000 additional ordinary shares of the Company and additional share capital of RMB161,432,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 107,130,000 share options outstanding under the Pre-IPO Scheme, which represented approximately 3.2% of the Company's shares.

31. 購股權計劃(續)

首次公開發售前購股權計劃(「首次公開發售前計劃」)(續)

於2018年內授出的購股權公允價值為人民幣87,985,000元(每份0.95港元)，其中本集團於截至2019年12月31日止年度確認人民幣31,329,000元(2018年：人民幣24,326,000元)的購股權開支。

本年度授出的股權支付購股權於授出日期按二項式估算，估算時將授出購股權的條件及條款納入考慮。下表載列該模式所使用的參數：

購股權的預計年期乃基於行業基準且並不一定反映可能出現的行權方式。預期波幅反映管理層的假設且能表明未來趨勢(但不一定為實際結果)。

公允價值的計算並無計入已授出的購股權的其他特點。

於報告期末，本公司在首次公開發售前計劃下擁有107,130,000份尚未行使的購股權。在本公司現行資本架構下，行使全數未行使的購股權將會導致本公司發行107,130,000股額外普通股及人民幣161,432,000元額外股本(扣除發行開支前)。

截至該等財務報表批准之日，本公司在首次公開發售前計劃下有107,130,000份尚未行使的購股權，相等於本公司股份的約3.2%。

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31. SHARE OPTION SCHEME (Continued)

Post-IPO Share Option Scheme (“Post-IPO Scheme”)

The Company operates the Post-IPO Scheme for the purpose of providing selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and shareholders as a whole. The Post-IPO Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. The Post-IPO Scheme became effective on 25 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares that may be granted is 320,000,000 representing 10% of the shares in issue immediately upon completion of the Global Offering in July and August 2018. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

31. 購股權計劃(續)

首次公開發售後購股權計劃(「首次公開發售後計劃」)

首次公開發售後計劃旨在為選定參與者提供機會購買本公司資本權益，並激勵該等人士為本公司及其股東的整體利益作出努力，提升本公司及其股份價值。首次公開發售後計劃使本公司靈活留聘、激勵、獎勵選定參與者並給予酬勞、補償及／或福利。首次公開發售後計劃自2018年6月25日生效，除非另行註銷或修訂，否則自當日起維持有效十年。

現時可授出的未行使購股權最高數目為320,000,000股股份(佔於2018年7月及8月緊隨全球發售完成後已發行股本10%)。於任何12個月期間，根據計劃授予各合資格參與者的購股權可予發行股份最高數目限於本公司於任何時間的已發行股份的1%。如欲進一步授出超越此限額的任何購股權，須獲本公司股東於股東大會批准。

將購股權授予董事或本公司主要股東、行政總裁或任何彼等聯繫人士前，須預先獲得獨立非執行董事的批准。此外，於任何12個月期間，授予主要股東或本公司獨立非執行董事或任何彼等聯繫人士的任何購股權倘逾本公司於任何時間已發行的股份的0.1%，或總額(根據授出日期，本公司的股價)逾5百萬港元，須預先於股東大會獲得股東批准。

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31. SHARE OPTION SCHEME (Continued)

**Post-IPO Share Option Scheme (“Post-IPO Scheme”)
(Continued)**

The offer of a grant of share options may be accepted within 20 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. Pursuant to the Post-IPO Scheme, the Board is authorised at any time to make an offer of share options to any qualified employee in its absolute discretion. Share options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the board may determine. There were 320,000,000 ordinary shares initially reserved for the issuance of options under this scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

According to the Post-IPO Scheme, the vesting schedule of the option to be issued under this plan will be specified in the respective option grant notice. Up to 31 December 2019, there were no options granted under the Post-IPO Scheme.

31. 購股權計劃(續)

首次公開發售後購股權計劃(「首次公開發售後計劃」)(續)

承授人支付1港元的象徵式總代價後，授出的購股權的要約可於授出日期起計20日內接納。根據首次公開發售後計劃，董事會獲授權可全權酌情決定隨時向任何合資格僱員提呈購股權。董事會可決定購股權的歸屬、行使或其他方面的條款及條件。在本計劃項下就發行購股權初步預留320,000,000股普通股。

購股權並無賦予持有人獲派股息或於股東大會上投票的權利。

根據首次公開發售後計劃，在本計劃項下發行的購股權的歸屬時間表將於各購股權的授出通知內列出。截至2019年12月31日，概無根據首次公開發售後計劃授出購股權。

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32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 219 to 220 of this annual report.

(a) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserves may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the corporate restructuring and the reorganisation.

32. 儲備

截至本年度及之前年度，本集團的儲備金額及其變動呈列於本年報第219至220頁的綜合權益變動表。

(a) 法定盈餘公積

根據中國《公司法》及於中國成立的附屬公司的組織章程細則，本集團須按稅後利潤淨額的10%計提法定盈餘公積，此乃根據中國會計準則釐定，直至儲備餘額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘公積可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的用途，亦不得作為現金股息分派。

(b) 合併儲備

本集團的合併儲備指公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下的若干附屬公司權益持有人的注資。

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33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS 33. 擁有重大非控股權益的非全資附屬公司

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

本集團擁有重大非控股權益的附屬公司詳情載列如下：

		2019 2019年	2018 2018年
Percentage of equity interest held by non-controlling interests:	通過非控股權益持有的股權百分比：		
Jiangxi Xin Yue Hong Lan	江西新越弘嵐	56%	—
Jiangyin Tong Yang	江陰通陽	50%	—
Mingliu Properties	名流置業	10%	45%
Changzhou Xu Jing	常州旭景	50%	50%
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Profit/(loss) for the year allocated to non-controlling interests:	分配至非控股權益的年內利潤／(虧損)：		
Jiangxi Xin Yue Hong Lan	江西新越弘嵐	(3,742)	—
Jiangyin Tong Yang	江陰通陽	(825)	—
Mingliu Properties	名流置業	17,917	(15,770)
Changzhou Xu Jing	常州旭景	143,830	(18,084)
Accumulated balances of non-controlling interests at the reporting date:	於報告日期，非控股權益累計結餘：		
Jiangxi Xin Yue Hong Lan	江西新越弘嵐	343,683	—
Jiangyin Tong Yang	江陰通陽	268,185	—
Mingliu Properties	名流置業	204,885	907,451
Changzhou Xu Jing	常州旭景	115,123	(28,707)

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33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries, from the date they became subsidiaries of the Group to 31 December 2018 and 2019. The amounts disclosed are before any inter-company eliminations:

33. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的財務資料概要(自彼等成為本集團附屬公司之日起至2018年及2019年12月31日止)。所披露的金額未計及任何公司間抵銷：

2019	2019年	Jiangxi	Changzhou	Jiangyin	Mingliu
		Xin Yue Hong Lan 江西 新越弘嵐 RMB'000 人民幣千元	Xu Jing 常州旭景 RMB'000 人民幣千元	Tong Yang 江陰通陽 RMB'000 人民幣千元	Properties 名流置業 RMB'000 人民幣千元
Revenue	收入	—	2,333,590	—	48,752
Total expenses	開支總額	(8,770)	(32,178)	(2,165)	(22,403)
(Loss)/profit for the period	期內(虧損)/利潤	(6,709)	287,660	(1,650)	21,025
Total comprehensive (loss)/profit for the period	期內全面(虧損)/利潤總額	(6,709)	287,660	(1,650)	21,025
Current assets	流動資產	1,846,374	705,176	743,043	6,549,175
Non-current assets	非流動資產	23,716	5,287	932	108,891
Current liabilities	流動負債	(620,870)	(479,342)	(107,604)	(4,153,831)
Non-current liabilities	非流動負債	(605,930)	(875)	(100,000)	(455,387)
Net cash flows (used in)/from operating activities	經營活動(所用)/所得現金流量淨額	(684,496)	319,339	(524,419)	1,445,282
Net cash flows used in investing activities	投資活動所用現金流量淨額	(200)	—	(110,922)	—
Net cash flows from/(used in) financing activities	融資活動所得/(所用)現金流量淨額	731,133	(103,075)	688,235	(2,030,524)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	46,437	216,264	52,894	(585,242)

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33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL
NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries, from the date they became subsidiaries of the Group to 31 December 2018 and 2019. The amounts disclosed are before any inter-company eliminations: (continued)

33. 擁有重大非控股權益的非全資附屬公司
(續)

下表說明上述附屬公司的財務資料概要(自彼等成為本集團附屬公司之日起至2018年及2019年12月31日止)。所披露的金額未計及任何公司間抵銷:(續)

2018	2018年	Changzhou Xu Jing 常州旭景 RMB'000 人民幣千元	Mingliu Properties 名流置業 RMB'000 人民幣千元
Revenue	收入	—	327,452
Total expenses	開支總額	(48,386)	(23,000)
Loss for the period	期內虧損	(36,167)	(35,241)
Total comprehensive loss for the period	期內全面虧損總額	(36,167)	(35,241)
Current assets	流動資產	2,520,437	4,871,735
Non-current assets	非流動資產	45,227	62,470
Current liabilities	流動負債	(2,622,349)	(2,077,322)
Non-current liabilities	非流動負債	(729)	(829,060)
Net cash flows from operating activities	經營活動所得現金流量淨額	1,260,900	361,367
Net cash flows used in investing activities	投資活動所用現金流量淨額	(101)	(21)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(1,402,009)	(171,722)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(141,210)	189,624

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34. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of subsidiaries that are not businesses
Year ended 31 December 2019

During the year ended 31 December 2019, the Group acquired certain assets through acquisition of subsidiaries. The following table summarises the financial information in relation to the acquisition of subsidiaries.

34. 收購附屬公司

(a) 收購非業務的附屬公司

截至2019年12月31日止年度

截至2019年12月31日止年度，本集團通過收購附屬公司收購了若干資產。下表總結有關收購附屬公司的財務資料。

		Xuzhou Xincheng Hongyang Property Development Co., Ltd. 徐州新城弘陽 房地產開發 有限公司 RMB'000 人民幣千元	Sichuan Ren Shou 四川仁壽 RMB'000 人民幣千元	Xuzhou Xincheng Yihui 徐州新城億輝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	—	345	13	358
Deferred tax assets	遞延稅項資產	383	—	631	1,014
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	860	1,767	2,469	5,096
Properties under development	開發中物業	1,892,113	235,288	455,950	2,583,351
Cash and cash equivalents	現金及現金等價物	190	448	140	778
Trade and bills payables	貿易應付款項及應付票據	(9,345)	(1,810)	(13,784)	(24,939)
Other payables and accruals	其他應付款項及應計費用	(583,666)	(56,480)	(324,329)	(964,475)
Due to related companies	應付關聯公司款項	(387,535)	(179,558)	(101,090)	(668,183)
Total identifiable net assets	可識別資產淨值總額	913,000	—	20,000	933,000
Reclassification from pre-existing interests in a joint venture to investment in a subsidiary	從一家合營企業中已存在的權益重新分類為於一家附屬公司的投資	(365,200)	—	—	(365,200)
Satisfied by cash	以現金支付	547,800	—	20,000	567,800

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

- (a) Acquisition of subsidiaries that are not businesses (Continued)

Year ended 31 December 2019 (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the above acquisitions is as follows:

		Xuzhou Xincheng Hongyang Property Development Co., Ltd. 徐州新城弘陽 房地產開發 有限公司	Sichuan Ren Shou 四川仁壽	Xuzhou Xincheng Yihui 徐州新城億輝	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cash consideration	現金代價	(547,800)	—	(20,000)	(567,800)
Cash and bank balances acquired	所收購現金及銀行結餘	190	448	140	778
Net outflow of cash and cash equivalents included in cash flows from investing activities	包括於投資活動現金流量的現金及現金等價物流出淨額	(547,610)	448	(19,860)	(567,022)

- (b) Acquisition of subsidiaries that are businesses

Year ended 31 December 2018

Pursuant to the share transfer agreement entered into on 4 February 2018, the Group acquired 85% equity interests of Changzhou Hua Feng from its original shareholders.

34. 收購附屬公司(續)

- (a) 收購非業務的附屬公司(續)

截至2019年12月31日止年度(續)

有關上述收購的現金及現金等價物流入淨額的分析如下：

- (b) 收購屬於業務的附屬公司

截至2018年12月31日止年度

根據於2018年2月4日訂立的股份轉讓協議，本集團從常州華風的原先股東收購其85%股本權益。

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

The fair values of the identifiable assets and liabilities of Changzhou Hua Feng as at the date of acquisition were as follows:

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

常州華風的可識別資產及負債於收購日期的公允價值如下：

		Fair value recognised on acquisition 於收購時確認 的公允價值 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	212
Properties under development	開發中物業	380,600
Completed properties held for sale	持作出售的已完工物業	70,300
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	297
Cash and cash equivalents	現金及現金等價物	1,003
Trade and bills payables	貿易應付款項及應付票據	(3,346)
Other payables and accruals	其他應付款項及應計費用	(347,687)
Tax payables	應繳稅項	(17)
Deferred tax liabilities	遞延稅項負債	(44,027)
Total identifiable net assets at fair value	按公允價值計量的可識別資產淨 值總額	57,335
Non-controlling interests	非控股權益	(8,600)
Gain on bargain purchase recognised in acquisition of a subsidiary	收購一家附屬公司的已確認議價 購買收益	(701)
Satisfied by cash	以現金支付	48,034

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Changzhou Hua Feng is as follows:

Cash paid	已付現金	(48,034)
Cash and cash equivalents acquired	已購現金及現金等價物	1,003
<hr/>		
Net outflow of cash and cash equivalents in respect of the acquisition of Changzhou Hua Feng	收購常州華風的現金及現金等價物流出淨額	(47,031)

The Group incurred transaction costs of RMB160,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Pursuant to the share transfer agreement entered into on 16 August 2018, the Group acquired 100% equity interests in Kaifeng Bao Long from its original shareholders.

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

有關收購常州華風的現金及現金等價物流出淨額的分析如下：

已付現金	(48,034)
已購現金及現金等價物	1,003
<hr/>	
收購常州華風的現金及現金等價物流出淨額	(47,031)

本集團從該收購產生交易成本人民幣160,000元。該等交易成本已經支銷，並計入綜合損益表的其他開支。

根據於2018年8月16日訂立的股份轉讓協議，本集團從開封市寶隆的原先股東收購其100%股本權益。

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

The fair values of the identifiable assets and liabilities of Kaifeng Bao Long as at the date of acquisition were as follows:

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

於收購日期，開封市寶隆的可識別資產及負債的公允價值如下：

		Fair value recognised on acquisition 於收購時確認 的公允價值 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	708
Inventories	存貨	42
Properties under development	開發中物業	888,100
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	36,378
Cash and cash equivalents	現金及現金等價物	1,578
Trade and bills payables	貿易應付款項及應付票據	(84,939)
Other payables and accruals	其他應付款項及應計費用	(411,404)
Deferred tax liabilities	遞延稅項負債	(57,886)
Interest-bearing bank loans and other borrowings	計息銀行貸款及其他借款	(100,000)
Total identifiable net assets at fair value	按公允價值計量的可識別資產淨 值總額	272,577
Gain on bargain purchase recognised in acquisition of a subsidiary	收購一家附屬公司的已確認議價 購買收益	(2,244)
Satisfied by cash	以現金支付	270,333

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Kaifeng Bao Long is as follows:

Cash paid	已付現金	(270,333)
Cash and cash equivalents acquired	已購現金及現金等價物	1,578
<hr/>		
Net outflow of cash and cash equivalents in respect of the acquisition of Kaifeng Bao Long	收購開封市寶隆的現金及現金等價物流出淨額	(268,755)

The Group incurred transaction costs of RMB160,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Pursuant to the share transfer agreement entered into on 25 September 2018, the Group acquired 55.25% equity interests in Mingliu Properties from its original shareholders.

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

有關收購開封市寶隆的現金及現金等價物流出淨額的分析如下：

已付現金	(270,333)
已購現金及現金等價物	1,578
<hr/>	
收購開封市寶隆的現金及現金等價物流出淨額	(268,755)

本集團從該收購產生交易成本人民幣160,000元。該等交易成本已經支銷，並計入綜合損益表的其他開支。

根據於2018年9月25日訂立的股份轉讓協議，本集團從名流置業的原先股東收購其55.25%股本權益。

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

The fair values of the identifiable assets and liabilities of Mingliu Properties as at the date of acquisition were as follows:

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

於收購日期，名流置業的可識別資產及負債的公允價值如下：

		Fair value recognised on acquisition 於收購時確認 的公允價值 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	440
Properties under development	開發中物業	3,339,582
Completed properties held for sale	持作出售的已完工物業	476,142
Prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產	741,906
Due from related companies	應收關聯公司款項	461,568
Tax recoverable	可收回稅項	7,146
Cash and cash equivalents	現金及現金等價物	854,666
Trade and bills payables	貿易應付款項及應付票據	(442,890)
Other payables and accruals	其他應付款項及應計費用	(1,877,330)
Due to related companies	應付關聯公司款項	(555,000)
Deferred tax liabilities	遞延稅項負債	(223,167)
Interest-bearing bank loans and other borrowings	計息銀行貸款及其他借款	(720,000)
Total identifiable net assets at fair value	按公允價值計量的可識別資產淨 值總額	2,063,063
Non-controlling interests	非控股權益	(923,221)
Satisfied by cash	以現金支付	1,139,842

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34. ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisition of subsidiaries that are businesses (Continued)

Year ended 31 December 2018 (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Mingliu Properties is as follows:

Cash paid	已付現金	(1,139,842)
Cash and cash equivalents acquired	已購現金及現金等價物	854,666
<hr/>		
Net outflow of cash and cash equivalents in respect of the acquisition of Mingliu Properties	收購名流置業的現金及現金等價物流出淨額	(285,176)

The Group incurred transaction costs of RMB5,025,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

34. 收購附屬公司(續)

(b) 收購屬於業務的附屬公司(續)

截至2018年12月31日止年度(續)

有關收購名流置業的現金及現金等價物流出淨額的分析如下：

已付現金	(1,139,842)
已購現金及現金等價物	854,666
<hr/>	
收購名流置業的現金及現金等價物流出淨額	(285,176)

本集團從該收購產生交易成本人民幣5,025,000元。該等交易成本已經支銷，並計入綜合損益表的其他開支。

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35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

35. 出售附屬公司

(a) 出售附屬公司

有關出售對本集團資產及負債的影響載列如下：

	Notes 附註	2019 2019年 RMB'000 人民幣千元
Net assets disposed of:	出售以下的資產淨值：	
Property, plant and equipment	物業、廠房及設備	297
Deferred tax assets	遞延稅項資產	5,572
Properties under development	開發中物業	2,650,256
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	25,526
Tax recoverable	可收回稅項	6,574
Due from related companies	應收關聯公司款項	13,849
Cash and cash equivalents	現金及現金等價物	24,862
Trade and bills payables	貿易應付款項及應付票據	(33,249)
Other payables and accruals	其他應付款項及應計費用	(1,133,311)
Due to related companies	應付關聯公司款項	(653,191)
		907,185
Non-controlling interests	非控股權益	441
Net assets attributable to the Group disposed of:	出售以下本集團應佔資產淨值：	907,626
Gain on disposal of subsidiaries	出售附屬公司的收益	14,874
		922,500
Satisfied by:	由以下支付：	
Cash	現金	141,950
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	273,900
Fair value of the retained equity interest in a joint venture	於一間合營企業的保留股權權益的公允價值	506,650

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35. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

35. 出售附屬公司(續)

(a) 出售附屬公司(續)

有關出售附屬公司的現金及現金等價物流入淨額的分析如下：

		2019 2019年
Cash consideration	現金代價	141,950
Cash and bank balances disposed of	出售現金及銀行結餘	(24,862)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司的現金及現金等價物流入淨額	117,088

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35. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of a subsidiary

The effect of such disposal on the Group's assets and liabilities is set out below:

35. 出售附屬公司(續)

(b) 被視為出售一間附屬公司

有關出售對本集團資產及負債的影響載列如下：

	Notes 附註	2019 2019年 RMB'000 人民幣千元
Net assets disposed of:	出售以下的資產淨值：	
Deferred tax assets	遞延稅項資產 29	3,559
Properties under development	開發中物業 19	302,835
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	33,531
Due from related companies	應收關聯公司款項	29,517
Tax recoverable	可收回稅項	3,074
Restricted cash	受限制現金	105,965
Cash and cash equivalents	現金及現金等價物	40,307
Trade and bills payables	貿易應付款項及應付票據	(7,468)
Other payables and accruals	其他應付款項及應計費用	(224,214)
Tax payable	應付稅項	(2,724)
Interest-bearing bank loans and other borrowings	計息銀行貸款及其他借款	(247,089)
		37,293
Non-controlling interests	非控股權益	(18,747)
Net assets attributable to the Group disposed of:	出售以下本集團應佔資產淨值：	18,546
Reclassification to investments in joint ventures at fair value at date of deemed disposal	於被視為出售日期按公允價值重新分類為於合營企業的投資	18,546

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35. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Deemed disposal of a subsidiary (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of a subsidiary is as follows:

35. 出售附屬公司(續)

(b) 被視為出售一間附屬公司(續)

有關被視為出售一間附屬公司的現金及現金等價物流出淨額的分析如下：

	2019 2019年
Cash and bank balances deconsolidated and outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	不再綜合入賬的現金及銀行結餘以及就被視為出售附屬公司的現金及現金等價物流出 (146,272)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB89,756,000 and RMB89,756,000, respectively, in respect of lease arrangements for plant and equipment (2018: Nil).

36. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團就廠房及設備租賃安排對使用權資產及租賃負債有非現金添置分別為人民幣89,756,000元及人民幣89,756,000元(2018年：零)。

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36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

36. 綜合現金流量表附註(續)

(b) Changes in liabilities arising from financing activities

(b) 融資活動產生的負債變動

		Interest-bearing bank and other borrowings 計息銀行及其他借款 RMB'000 人民幣千元	Senior notes 優先票據 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Due to related companies 應付關聯公司款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	11,629,499	—	—	2,835,539	14,465,038
Cash flows from financing activities	融資活動所得現金流量	6,924,140	2,598,646	—	320,001	9,842,787
Acquisition of subsidiaries	收購附屬公司	820,000	—	—	550,000	1,370,000
Cash flows from non-financing activities	非融資活動現金流量	—	—	—	1,235,949	1,235,949
Non-cash changes:	非現金變動：					
Accrual of interest	應計利息	(47,138)	27,498	—	—	(19,640)
Exchange difference	匯兌差額	—	(33,276)	—	—	(33,276)
At 31 December 2018	於2018年12月31日	19,326,501	2,592,868	—	4,941,489	26,860,858
Effect of adoption of IFRS16	採納國際財務報告準則第16號的影響	—	—	867,963	—	867,963
At 1 January 2019 (restated)	於2019年1月1日(經重列)	19,326,501	2,592,868	867,963	4,941,489	27,728,821
Cash flows from financing activities	融資活動所得現金流量	1,259,983	6,672,892	(49,038)	(328,995)	7,554,842
Disposal of subsidiaries	出售附屬公司	(247,089)	—	—	—	(247,089)
Cash flows from non-financing activities	非融資活動現金流量	—	—	—	774,762	774,762
New leases	新租賃	—	—	203,153	—	203,153
Change of contract terms	合約條款變動	—	—	(113,397)	—	(113,397)
Interest expense	利息開支	—	—	49,605	—	49,605
Non-cash changes:	非現金變動：					
Accrual of interest	應計利息	(67,649)	104,836	—	—	37,187
Exchange difference	匯兌差額	—	(95,954)	—	—	(95,954)
At 31 December 2019	於2019年12月31日	20,271,746	9,274,642	958,286	5,387,256	35,891,930

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36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

36. 綜合現金流量表附註(續)

(c) 租賃現金流出總額

包括在現金流量表的租賃現金流出總額如下：

	2019 2019年 RMB'000 人民幣千元
Within financing activities	49,038

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37. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

37. 或然負債

於報告期末，並未於財務報表內撥備的或然負債如下：

	Notes 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(i)	8,454,930	5,800,192
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates, net of counter-guarantees from joint venture partners		3,424,290	1,784,700
Add : counter-guarantees from joint venture partners		229,500	—
Guarantees given to banks and other institutions in connection with facilities granted to related companies	(ii)	3,653,790	1,784,700
		12,108,720	7,584,892

(i) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

(i) 本集團就若干銀行向本集團持作出售的已完工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

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37. CONTINGENT LIABILITIES (Continued)

(i) (Continued)

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

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

37. 或然負債(續)

(i) (續)

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品；倘該等買家拖欠抵押還款，該等銀行有權接管有關法定業權，並通過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關證明一般會於買家接管相關物業後的一至兩年內取得。

初始確認時的擔保的公允價值和預期信貸虧損撥備並不重大，因為本公司董事認為，如果付款方面發生違約，相關物業的可變現淨值可涵蓋要償還的按揭本金，連同應計利息及罰款。

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37. CONTINGENT LIABILITIES (Continued)

- (ii) As at 31 December 2019, the Group provided guarantees to the extent of RMB3,653,790,000 (2018: RMB1,784,700,000) in respect of credit facilities granted to the joint ventures and associates. In addition, as at 31 December 2019, the joint venture partners entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partners provided counter-guarantees to the Group in proportion to those joint venture partners' respective interests in the joint ventures in respect of guarantees provided by the Group to the banks and other lenders on behalf of the joint venture partners. In the event of default on payment by the joint ventures, the Group is responsible for repaying the outstanding loan principals together with the accrued interest and penalties owed by the joint ventures, and the Group has the right to recover from the joint venture partners the attributable portion of liabilities paid pursuant to the counter-guarantee agreements.

In the opinion of the directors, the fair values of the guarantees at initial recognition and the ECL allowance are not significant.

37. 或然負債(續)

- (ii) 於2019年12月31日，本集團就授予合營企業及聯營公司的信貸融資提供擔保人民幣3,653,790,000元(2018年：人民幣1,784,700,000元)。此外，於2019年12月31日，合營企業合夥人與本集團訂立反擔保協議，據此，合營企業合夥人按該等合營企業合夥人各自於合營企業的權益比例向本集團提供反擔保，乃就本集團向銀行及其他貸款人代表合營企業合夥人提供的擔保而作出。倘合營企業拖欠還款，本集團有責任償還未償還的貸款本金以及合營企業所欠的應計利息及罰款，而本集團有權根據反擔保協議向合營企業合夥人收回已付負債應佔部分。

董事認為，初步確認之擔保之公允價值及預期信貸虧損撥備並不重大。

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38. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group and the related companies:

38. 資產抵押

於報告期末，本集團以下列資產作抵押，以抵押授予本集團及關連公司的若干銀行及其他借款：

		Notes	31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
		附註		
Investment properties	投資物業	14, (a)	8,375,881	8,520,150
Property, plant and equipment	物業、廠房及設備	13, (a)	281,645	631,914
Pledged deposits	已質押存款	24, (a)	5,723,187	3,526,146
Right-of-use assets	使用權資產	15, (a)	9,377	—
Prepaid land lease payments	預付土地租賃款項	15, (a)	—	22,473
Properties under development	開發中物業	19, (a)	18,592,645	15,636,245
Completed properties held for sale	持作出售的已完工物業	20, (a)	117,057	—
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	23, (a)	36,025	441,600
Interests in joint ventures and associates	於合營企業及聯營公司的權益	(b)	534,108	37,142
			33,669,925	28,815,670

Notes:

- (a) These assets were pledged to secure certain bank and other borrowings granted to the Group.
- (b) Interests in joint ventures and associates were pledged to secure certain bank and other borrowings granted to the Group's joint ventures.

附註：

- (a) 該等資產已抵押作為授予本集團的若干銀行及其他借款的抵押品。
- (b) 已抵押合營企業及聯營公司的權益，作為授予本集團合營企業的若干銀行及其他借款的抵押品。

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39. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

39. 承擔

於報告期末，本集團有以下資本承擔：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但尚未撥備：		
Property development activities	物業開發活動	8,667,601	5,274,248
Acquisition of land use rights	收購土地使用權	818,607	338,400
Property, plant and equipment	物業、廠房及設備	51,618	12,245
Investment properties	投資物業	27,878	193,428
Capital contributions payable to	向以下注資：		
Joint venture	合營企業	54,630	—
Associates	聯營公司	30,000	145,386
		9,650,334	5,963,707

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40. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

40. 關聯方交易

- (a) 除本財務報表其他部分詳述的交易外，本集團本年度與關聯方的交易如下：

			2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
		Notes 附註		
Associates:	聯營公司：			
Project management service income	項目管理服務收入	(i)	332,269	63,771
Interest income	利息收入	(ii)	94,698	96,530
Joint ventures:	合營企業：			
Project management service income	項目管理服務收入	(i)	80,313	—
Other related parties:	其他關聯方：			
Rental income from related parties*	來自關聯方的租金收入*	(iii)	205,246	205,081
Rental expense to related parties	給予關聯方的租金開支		2,031	—
Property management services from related parties*	來自關聯方的物業管理服務*	(iv)	118,017	61,516
Raw materials purchased from related parties*	自關聯方購置的原材料*	(v)	90,941	42,058
Interest expenses to related parties	給予關聯方的利息開支	(vi)	—	519,666
Advertising and business development expenses from related parties*	來自關聯方的廣告及業務發展開支*		—	4,100

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40. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

- (i) The income was derived from management consulting services from joint ventures and associates at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (ii) This represented the interest income from the associates and joint ventures, which is after the elimination of interest between the Group and the associates or joint ventures. The Group has provided funds to the associates and joint ventures.
- (iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by the controlling shareholder at rates similar to the terms and conditions set out in the rental agreements entered into with other tenants of the Group.
- (iv) Property management service charged from related parties at rates similar to terms and conditions was set out in the contracts entered into with other suppliers.
- (v) The Company purchased certain raw materials and services from related parties in the ordinary course of business.
- (vi) This represented interest expenses from the related parties controlled by the controlling shareholders.

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

- * These related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Other transactions with related parties:

As at 31 December 2019, the Group provided guarantees to the extent of RMB3,653,790,000 (2018: RMB1,784,700,000) in respect of credit facilities granted to the joint ventures and associates.

40. 關聯方交易(續)

(a) (續)

附註：

- (i) 收入來自合營企業和聯營公司的管理諮詢服務，其利率與本集團其他主要客戶訂立的合同中規定的條款和條件相近。
- (ii) 此為聯營公司及合營企業的利息收入，乃本集團與聯營公司或合營企業之間沖銷利息後的收入。本集團已向聯營公司及合營企業提供資金。
- (iii) 收入來自本集團向控股股東控制的關聯公司以與本集團其他租戶訂立的租賃協議中規定的條款和條件相近的利率出租投資物業所產生的收入。
- (iv) 與其他供應商訂立的合同中載有向關聯方以與條款和條件相似的費率收取的物業管理服務的費用。
- (v) 本公司在日常業務過程中向關聯方購買了某些原材料和服務。
- (vi) 此為控股股東控制的關聯方的利息支出。

這些交易乃根據有關各方共同商定的條款和條件進行的。

- * 此等關聯方交易構成上市規則第14A章定義下的持續關連交易。

(b) 與關聯方的其他交易：

於2019年12月31日，本集團就授予合營企業及聯營公司的信貸融資提供擔保人民幣3,653,790,000元(2018年：人民幣1,784,700,000元)。

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40. RELATED PARTY TRANSACTIONS (Continued)

40. 關聯方交易(續)

(c) Outstanding balances with related parties:

(c) 與關聯方的未付結餘：

		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
Due from joint ventures and associates:	應收合營企業及聯營公司款項：	8,346,905	6,802,635
Due from other related parties:	應收其他關聯方款項：		
Non-trade related	非貿易相關	—	3,125
Trade related	與貿易相關	108,000	144,105
		8,454,905	6,949,865
Due to joint ventures and associates:	應付合營企業及聯營公司款項：	5,321,272	4,578,451
Due to other related parties:	應付其他關聯方款項：		
Non-trade related	非貿易相關	—	328,995
Trade related	與貿易相關	65,984	34,043
		5,387,256	4,941,489

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40. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group:

40. 關聯方交易(續)

(d) 本集團主要管理人員薪酬：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	工資、津貼及實物福利	5,692	4,746
Performance-related bonuses	績效獎金	1,817	2,574
Pension scheme contributions and social welfare	養老金計劃供款及社會福利	242	249
Equity-settled share-based payment expenses	股本結算股份付款開支	4,410	2,563
Total compensation paid to key management personnel		12,161	10,132

Further details of directors' emoluments are included in note 8 to the financial statements.

有關董事酬金的進一步詳情載於財務報表附註8。

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41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2019

Financial assets

41. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

2019年

金融資產

		Financial assets at fair value through profit or loss 按公允價值 計入損益的 金融資產	Financial assets at amortised cost 按攤銷成本 列賬的金融 資產	Total 總計
		Mandatorily designated as such 強制指定 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets included in prepayments, other receivables and other assets (note 22)	計入預付款項、其他應收款項及其他資產的金融資產(附註22)	—	2,870,943	2,870,943
Trade receivables (note 21)	貿易應收款項(附註21)	—	6,767	6,767
Financial assets at fair value through profit or loss (note 23)	按公允價值計入損益的金融資產(附註23)	1,148,390	—	1,148,390
Due from related companies (note 40)	應收關聯公司款項(附註40)	—	8,454,905	8,454,905
Restricted cash (note 24)	受限制現金(附註24)	—	2,304,586	2,304,586
Pledged deposits (note 24)	已質押存款(附註24)	—	5,848,309	5,848,309
Cash and cash equivalents (note 24)	現金及現金等價物(附註24)	—	8,691,522	8,691,522
		1,148,390	28,177,032	29,325,422

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41. FINANCIAL INSTRUMENTS BY CATEGORY
(Continued)

2019 (Continued)

Financial liabilities

41. 按類別劃分的金融工具(續)

2019年(續)

金融負債

		Financial liabilities at amortised cost 按攤銷 成本列賬的 金融負債 RMB'000 人民幣千元
Trade and bills payables (note 25)	貿易應付款項及應付票據(附註25)	4,845,588
Financial liabilities included in other payables and accruals (note 26)	計入其他應付款項及應計費用的 金融負債(附註26)	5,574,072
Interest-bearing bank and other borrowings (note 27)	計息銀行及其他借款(附註27)	20,271,746
Senior notes (note 28)	優先票據(附註28)	9,274,642
Lease liabilities (note 15)	租賃負債(附註15)	958,286
Due to related companies (note 40)	應付關聯公司款項(附註40)	5,387,256
		46,311,590

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41. FINANCIAL INSTRUMENTS BY CATEGORY
(Continued)

2018

Financial assets

41. 按類別劃分的金融工具(續)

2018年

金融資產

		Financial assets at fair value through profit or loss 按公允價值 計入損益的 金融資產	Financial assets at amortised cost 按攤銷成本 列賬的金融 資產	Total 總計
		Mandatorily designated as such 強制指定 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets included in prepayments, other receivables and other assets (note 22)	計入預付款項、其他應收 款項及其他資產的金融 資產(附註22)	—	601,379	601,379
Trade receivables (note 21)	貿易應收款項(附註21)	—	23,728	23,728
Financial assets at fair value through profit or loss (note 23)	按公允價值計入損益的金 融資產(附註23)	1,130,607	—	1,130,607
Due from related companies (note 40)	應收關聯公司款項 (附註40)	—	6,949,865	6,949,865
Restricted cash (note 24)	受限制現金(附註24)	—	2,644,723	2,644,723
Pledged deposits (note 24)	已質押存款(附註24)	—	3,578,720	3,578,720
Cash and cash equivalents (note 24)	現金及現金等價物 (附註24)	—	6,232,596	6,232,596
		1,130,607	20,031,011	21,161,618

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41. FINANCIAL INSTRUMENTS BY CATEGORY
(Continued)

2018 (Continued)

Financial liabilities

41. 按類別劃分的金融工具(續)

2018年(續)

金融負債

		Financial liabilities at amortised cost 按攤銷成本列賬的金融負債 RMB'000 人民幣千元
Trade and bills payables (note 25)	貿易應付款項及應付票據(附註25)	2,885,646
Financial liabilities included in other payables, and accruals (note 26)	計入其他應付款項及應計費用的金融負債(附註26)	3,273,269
Interest-bearing bank and other borrowings (note 27)	計息銀行及其他借款(附註27)	19,326,501
Senior notes (note 28)	優先票據(附註28)	2,592,868
Due to related companies (note 40)	應付關聯公司款項(附註40)	4,941,489
		33,019,773

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

42. 金融工具的公允價值及公允價值層級

本集團金融工具(不包括該等賬面值與公允價值合理相若的金融工具)的賬面值及公允價值如下:

		Carrying amounts		Fair values	
		賬面值		公允價值	
		2109 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Financial assets	金融資產				
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	1,148,390	1,130,607	1,148,390	1,130,607
		1,148,390	1,130,607	1,148,390	1,130,607
Financial liabilities	金融負債				
Interest-bearing bank and other borrowings	計息銀行貸款及其他借款	20,271,746	19,326,501	20,193,239	19,174,923
Senior notes	優先票據	9,274,642	2,592,868	9,686,053	2,612,371
		29,546,388	21,919,369	29,879,292	21,787,294

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, lease liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

管理層已評估現金及現金等價物、已質押存款、受限制現金、應收關聯公司款項、貿易應收款項、貿易應付款項及應付票據、計入預付款項、其他應收款項及其他資產的金融資產、租賃負債、計入其他應付款項及應計費用的金融負債的公允價值很大程度與其賬面值相若，這是由於該等工具的到期日較短所致。

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant.

The fair values of senior notes are based on quoted market prices.

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and wealth management private funds in Hong Kong. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

42. 金融工具的公允價值及公允價值層級 (續)

本集團財務部門由財務經理帶領，負責釐定金融工具公允價值計量的政策及程序。財務經理直接向財務總監及審核委員會彙報。於各報告日期，財務部門分析金融工具價值的變動，確定估值採用的主要輸入數據。估值由財務總監審批。每年與審核委員會討論兩次評估過程和結果，以進行中期和年度財務報告。

金融資產及負債的公允價值以該工具自願交易方(強迫或清盤出售除外)當前交易下可交易金額入賬。以下方法及假設均用來估算公允價值：

計息銀行貸款及其他借款的公允價值已就預期未來現金流量按條款、信貸風險及剩餘到期情況相類似的工具的目前可用比率貼現計算。截至2019年12月31日，本集團計息銀行貸款及其他借款的未履約風險引致的公允價值變動被評定為不重大。

優先票據的公允價值乃基於市場報價。

上市權益投資的公允價值基於市場報價。

本集團投資於非上市投資，即中國內地銀行發行的理財產品及及香港理財產品私募基金。本集團已使用貼現現金流估值模型，按條款及風險相似的工具的市場利率，估計該等非上市投資的公允價值。

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF
FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2019

42. 金融工具的公允價值及公允價值層級
(續)

公允價值層級

下表說明本集團金融工具的公允價值層級：

以公允價值計量的資產：

於2019年12月31日

	Fair value measurement using 使用下列數據的公允價值計量			Total 總計
	Quoted prices in active markets (Level 1) 活躍市場報價 (第1級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第2級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第3級) RMB'000 人民幣千元	
Financial assets at fair value through profit or loss	82,587	1,065,803	—	1,148,390
	82,587	1,065,803	—	1,148,390

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2018

42. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

於2018年12月31日

	Fair value measurement using 使用下列數據的公允價值計量			Total 總計
	Quoted prices in active markets (Level 1) 活躍市場報價 (第1級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第2級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第3級) RMB'000 人民幣千元	
Financial assets at fair value through profit or loss	—	1,130,607	—	1,130,607
	—	1,130,607	—	1,130,607

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2019 and 2018.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

Liabilities for which fair values are disclosed:

As at 31 December 2019

42. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

以公允價值計量的負債：

截至2019年及2018年12月31日，本集團並無按公允價值計量任何金融負債。

年內，第1級與第2級之間並無公允價值計量的轉撥，亦無金融資產及金融負債轉入或轉出第3級(2018年：無)。

披露公允價值的負債：

於2019年12月31日

		Fair value measurement using 使用下列數據的公允價值計量			
		Quoted prices in active markets (Level 1) 活躍市場報價 (第1級) RMB'000 人民幣千元	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第2級) RMB'000 人民幣千元	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第3級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	20,271,746	—	20,271,746
Senior notes	優先票據	9,274,642	—	—	9,274,642
		9,274,642	20,271,746	—	29,546,388

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2018

42. 金融工具的公允價值及公允價值層級 (續)

公允價值層級(續)

於2018年12月31日

		Fair value measurement using 使用下列數據的公允價值計量			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) 重大可觀察 輸入數據 (第2級)	Significant unobservable inputs (Level 3) 重大不可觀察 輸入數據 (第3級)	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	19,326,501	—	19,326,501
Senior notes	優先票據	2,592,868	—	—	2,592,868
		2,592,868	19,326,501	—	21,919,369

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, senior notes, lease liabilities, financial instruments at fair value through profit or loss, pledged deposits, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations.

43. 財務風險管理目標及政策

本集團的主要金融工具包括計息銀行和其他借款、優先票據、租賃負債、按公允價值計入損益的金融工具、已質押存款，與關聯公司的往來款項和其他應收款項。這些金融工具的主要目的是為集團的運營籌集資金。集團擁有各種自其營運所直接產生的其他金融資產和負債，例如現金和銀行結餘、受限制現金、貿易應收款項以及貿易應付款項和其他應付款項。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

43. 財務風險管理目標及政策(續)

本集團金融工具產生的主要風險包括利率風險、外幣風險、信貸風險及流動資金風險。董事會檢討及協定控制各類風險的政策，有關政策概述如下：

利率風險

本集團所承受市場利率變動風險主要與本集團的浮動利率長期債務有關。

下表載列在所有其他變數維持不變之情況下，本集團之稅前利潤(透過浮動利率借款所受影响)對利率合理可能出現變動之敏感程度。

		Increase/ (decrease) in basis points 基點 增加/(減少)	Increase/ (decrease) in profit before tax 稅前利潤 增加/(減少) RMB'000 人民幣千元
31 December 2019	於2019年12月31日		
RMB	人民幣	25	(21,537)
RMB	人民幣	(25)	21,537
31 December 2018	於2018年12月31日		
RMB	人民幣	25	(23,935)
RMB	人民幣	(25)	23,935

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

以上的敏感度分析乃假設利率變動已於年終時發生而釐定，並已計入於該日存在的銀行貸款及其他借款所面臨的利率風險。估計百分比上調或下調指管理層對直至下一個報告期間結束年度利率的可能合理變動的評估。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. None of the Group's sales (2018: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst 100% (2018: 100%) of costs were denominated in the units' functional currencies.

In addition, the Group has currency exposures from its cash and cash equivalents, financial assets at fair value through profit or loss and senior notes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and HKD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

43. 財務風險管理目標及政策(續)

外匯風險

本集團面臨交易貨幣風險。有關風險源自與非功能貨幣單位的購貨及銷售交易。本集團的銷售均無(2018年：無)以進行出售的經營單位的功能貨幣以外的貨幣計算，而100%(2018年：100%)的成本則以該等單位的功能貨幣計算。

此外，本集團因現金及現金等價物、按公允價值計入損益的金融資產及優先票據而面臨外匯風險。

下表闡述於各報告期末，在所有其他變數維持不變的情況下，本集團的稅前利潤(由貨幣資產及負債的公允價值變動所致)對美元及港元匯率合理可能變動的敏感度：

		Increase/ (decrease) in USD/HKD rate 美元/港元 匯率上升/ (下降) %	Increase/ (decrease) in profit before tax 稅前利潤上升 /(下降) RMB'000 人民幣千元
2019	2019年		
If the RMB weakens against the USD	如人民幣兌美元貶值	-5%	(117,484)
If the RMB strengthens against the USD	如人民幣兌美元升值	+5%	117,484
If the RMB weakens against the HKD	如人民幣兌港元貶值	-5%	933
If the RMB strengthens against the HKD	如人民幣兌港元升值	+5%	(933)
2018	2018年		
If the RMB weakens against the USD	如人民幣兌美元貶值	-5%	(2,155)
If the RMB strengthens against the USD	如人民幣兌美元升值	+5%	2,155
If the RMB weakens against the HKD	如人民幣兌港元貶值	-5%	71
If the RMB strengthens against the HKD	如人民幣兌港元升值	+5%	(71)

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

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

Management makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related companies as well as individual assessments on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group classified financial assets included in prepayments and other receivables and amounts due from related companies in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related companies.

43. 財務風險管理目標及政策(續)

信貸風險

本集團根據共同的信貸風險特徵(例如工具類型和信貸風險等級)劃分金融工具，以確定信貸風險的重大增加和減值的計算。為管理貿易應收款項產生的風險，本集團已制定政策以確保信貸條件僅適用於具有適當信貸記錄的交易對手，並且管理層對本集團的交易對手進行持續的信貸評估。授予客戶的信貸期通常為六個月，並根據其財務狀況、過往經驗和其他因素評估這些客戶的信貸質量。本集團還有其他監控程序，以確保採取後續行動以收回逾期應收款項。此外，本集團定期檢討貿易應收款項的可收回金額，以確保就無法收回的金額計提足夠的減值虧損。本集團並無重大信貸風險集中，風險分散於大量交易對手及客戶。

管理層根據歷史還款記錄及過往經驗定期對計入預付款項及其他應收款項的金融資產及應收關聯公司款項進行共同評估，並對其他應收款項及應收關聯公司款項的可收回性進行單獨評估。本集團將計入預付款項及其他應收款項的金融資產及應收關聯公司款項分為第1階段，並持續監控其信貸風險。本公司董事認本集團計入預付款項及其他應收款項的金融資產以及應收關聯公司款項並無固有的重大信貸風險。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

		12-month ECLs		Lifetime ECLs		
		12個月 預期信貸虧損		存續期預期信貸虧損		
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade receivables*	貿易應收款項*	—	—	—	6,767	6,767
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應 收款項及其他資產 的金融資產					
— Normal**	— 正常**	3,810,526	—	—	—	3,810,526
Due from related companies	應收關聯公司款項	8,454,905	—	—	—	8,454,905
Pledged deposits	已質押存款	5,848,309	—	—	—	5,848,309
Restricted Cash	受限制現金	2,304,586	—	—	—	2,304,586
Cash and cash equivalents	現金及現金等價物	8,691,522	—	—	—	8,691,522
		29,109,848	—	—	6,767	29,116,615

43. 財務風險管理目標及政策(續)

信貸風險(續)

最高風險及年結階段

下表載列基於本集團的信貸政策的信貸質素及最高信貸風險，主要基於逾期資料(除非其他資料可在無須付出不必要成本或努力的情況下獲得)及年結階段分析。所呈列的有關金額指金融資產總賬面值。

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2019年12月31日43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2018

		12-month ECLs	Lifetime ECLs			Total
		12個月 預期信貸虧損	存續期預期信貸虧損			
		Stage 1	Stage 2	Stage 3	Simplified	
		第1階段	第2階段	第3階段	簡化方法	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade receivables*	貿易應收款項*	—	—	—	23,728	23,728
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應 收款項及其他資產 的金融資產					
— Normal**	— 正常**	1,189,464	—	—	—	1,189,464
Due from related companies	應收關聯公司款項	6,949,865	—	—	—	6,949,865
Pledged deposits	已質押存款	3,578,720	—	—	—	3,578,720
Restricted Cash	受限制現金	2,644,723	—	—	—	2,644,723
Cash and cash equivalents	現金及現金等價物	6,232,596	—	—	—	6,232,596
		20,595,368	—	—	23,728	20,619,096

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 21. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, senior notes, trade and bills payables, lease liabilities, amounts due to related companies and other payables. Cash flows are being closely monitored on an ongoing basis.

43. 財務風險管理目標及政策(續)

信貸風險(續)

最高風險及年結階段(續)

於2018年12月31日

* 就本集團應用簡化減值方法的貿易應收款項，基於預期信貸虧損所作出資料於附註21披露。概無重大信貸集中風險。

** 計入預付款項、其他應收款項及其他資產中的金融資產信貸質量在未逾期時被視為「正常」，並且沒有資料表明該等金融資產自初始確認以來信貸風險顯著增加。

流動資金風險

本集團的目標是通過使用計息銀行及其他借款、優先票據、貿易應付款項及應付票據、租賃負債、應付關聯公司款項及其他應付款項維持資金持續性及靈活性之間的平衡。現金流量的情況受持續密切監控。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

43. 財務風險管理目標及政策(續)

流動資金風險(續)

本集團於報告期末按合約未貼現付款計算的金融負債的到期情況如下：

		On demand 按要求 RMB'000 人民幣千元	Less than 3 months 3個月以內 RMB'000 人民幣千元	3 to 12 months 3至12個月 RMB'000 人民幣千元	Over 1 year 1年以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
31 December 2019	2019年12月31日					
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	2,820,064	8,581,689	11,404,228	22,805,981
Senior notes	優先票據	—	262,756	2,678,677	8,200,455	11,141,888
Trade and bills payables	貿易應付款項及應付票據	4,845,588	—	—	—	4,845,588
Financial liability included in other payables	計入其他應付款項的金融負債	5,574,072	—	—	—	5,574,072
Lease liabilities	租賃負債	—	14,767	51,464	1,442,831	1,509,062
Due to related companies	應付關聯公司款項	5,387,256	—	—	—	5,387,256
		15,806,916	3,097,587	11,311,830	21,047,514	51,263,847
		On demand 按要求 RMB'000 人民幣千元	Less than 3 months 3個月以內 RMB'000 人民幣千元	3 to 12 months 3至12個月 RMB'000 人民幣千元	Over 1 year 1年以上 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
31 December 2018	2018年12月31日					
Interest-bearing bank and other borrowings	計息銀行及其他借款	—	489,727	9,105,041	13,145,711	22,740,479
Senior notes	優先票據	—	—	2,976,374	—	2,976,374
Trade and bills payables	貿易應付款項及應付票據	2,885,646	—	—	—	2,885,646
Financial liability included in other payables	計入其他應付款項的金融負債	3,273,269	—	—	—	3,273,269
Due to related companies	應付關聯公司款項	4,941,489	—	—	—	4,941,489
		11,100,404	489,727	12,081,415	13,145,711	36,817,257

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2019年12月31日**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)****Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

43. 財務風險管理目標及政策(續)**資本管理**

本集團資本管理的主要目標是為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況變化及相關資產的風險特色管理及調整其資本架構。為維持或調整資本架構，本集團可調整派付予股東的股息、向股東歸還資本或發行新股。本集團不受限於任何外部施加的資本要求。截至2019年12月31日止年度及截至2018年12月31日止年度，資本管理的目標、政策或流程未發生變化。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank and other borrowings, senior notes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

		31 December 2019 2019年 12月31日	31 December 2018 2018年 12月31日
Trade and bills payables	貿易應付款項及應付票據	4,845,588	2,885,646
Other payables and accruals	其他應付款項及應計費用	5,574,072	3,273,269
Interest-bearing bank and other borrowings	計息銀行及其他借款	20,271,746	19,326,501
Senior notes	優先票據	9,274,642	2,592,868
Lease liabilities	租賃負債	958,286	—
Due to related companies	應付關聯公司款項	5,387,256	4,941,489
Less: Cash and cash equivalents	減：現金及現金等價物	(8,691,522)	(6,232,596)
Net debt	債務淨額	37,620,068	26,787,177
Equity attributable to owners of the parent	母公司擁有人應佔權益	13,887,745	12,694,905
Capital and net debt	資本及債務淨額	51,507,813	39,482,082
Gearing ratio	資本負債比率	73%	68%

Note: The Group has adopted IFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 January 2019 with no adjustments to the comparative amounts as at 31 December 2018. This resulted in an increase in the Group's net debt, and hence, the Group's gearing ratio increased from 68% to 69% on 1 January 2019 when compared with the position as at 31 December 2018.

43. 財務風險管理目標及政策(續)

資本管理(續)

本集團採用資本負債比率(即債務淨額除以經調整資本與債務淨額的和)來監控資本。債務淨額包括計息銀行及其他借款、優先票據、貿易應付款項及應付票據、其他應付款項及應計費用、租賃負債及應付關聯公司款項減現金及現金等價物。資本包括母公司擁有人應佔權益。於報告期末的資本負債比率如下：

附註：本集團已經採納國際財務報告準則第16號使用經修改追溯法，而初次採用的影響按2019年1月1日的年初結餘作出調整，對2018年12月31日的可資比較金額概無調整。此引致本集團的債務淨額增加，因此與2018年12月31日的狀況比較，本集團的資本負債比率於2019年1月1日由68%增至69%。

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44. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2023. The senior notes bear interest at 9.70% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 16 April 2023.

There has been an outbreak of the novel coronavirus that was first reported from Wuhan, China in December 2019. To prevent or control the epidemic, the Chinese government has adopted a series of measures nationwide, including among others, restrictions on enterprises from resuming work, traffic control and travel bans.

As of the date of this financial statements, the assessment is still in progress, the Group will continue to closely monitor the development of the novel coronavirus, assess and actively respond to its impact on the financial condition, operating results and other aspects of the Group.

45. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, the Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, IAS 17, and related interpretations.

44. 報告期間後事項

於2020年1月14日，本公司發行於2023年到期本金額為300,000,000美元的優先票據。優先票據按年利率9.70%計息，每半年支付一次。優先票據到期日為2023年4月16日。

新型冠狀病毒疫情自2019年12月由中國武漢呈報的首宗個案起爆發。為預防及控制疫情，中國政府已於全國各地採取一系列措施，其中包括限制企業復工、交通管制及旅遊禁令。

於本財務報表日期，評估工作仍在進行中，本集團將繼續密切監察新型冠狀病毒疫情的進展，評估並積極應對其對本集團財務狀況、經營業績及其他方面的影響。

45. 可資比較金額

誠如財務報表附註2.2所解釋，本集團於2019年1月1日採納國際財務報告準則第16號並使用經修改追溯法。根據此法，財務報表的可資比較金額並無重列，繼續按先前國際會計準則第17號及相關詮釋的準則規定報告。

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46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

46. 本公司的財務狀況表

有關本公司於報告期末的財務狀況表的資料如下：

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
NON-CURRENT ASSET	非流動資產		
Investment in a subsidiary	於一間附屬公司的投資	1,945,919	1,945,919
Total non-current assets	非流動資產總值	1,945,919	1,945,919
CURRENT ASSETS	流動資產		
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	139,032	13,561
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	492,898	343,160
Due from subsidiaries	應收附屬公司款項	3,644,367	2,205,807
Pledged deposits	已質押存款	6,199,771	2,830,946
Cash and cash equivalents	現金及現金等價物	1,019,448	190,321
Total current assets	流動資產總值	11,495,516	5,583,795
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	267,723	—
Due to a subsidiary	應付一間附屬公司款項	—	46,735
Senior notes	優先票據	1,894,998	2,592,868
Total current liabilities	流動負債總值	2,162,721	2,639,603
NET CURRENT ASSETS	流動資產淨值	9,332,795	2,944,192
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	11,278,714	4,890,111
NON-CURRENT LIABILITIES	非流動負債		
Senior notes	優先票據	7,379,644	—
Total non-current liabilities	非流動負債總值	7,379,644	—
Net assets	資產總值	3,899,070	4,890,111
EQUITY	權益		
Share capital	股本	28,254	28,254
Share premium	股份溢價	4,574,220	4,877,833
Other reserves	其他儲備	(703,404)	(15,976)
Total equity	權益總額	3,899,070	4,890,111

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46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

46. 本公司的財務狀況表(續)

附註：

本公司的儲備概要如下：

		Share Capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Accumulated loss 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2018	於2018年1月1日的結餘	—	—	—	—	—
Issuance of new shares	發行新股份	28,254	—	—	—	28,254
Share premium	股份溢價	—	2,981,973	—	—	2,981,973
Capital contribution from the controlling shareholder	控股股東注資	—	1,945,919	—	—	1,945,919
Share issue expense	股份發行開支	—	(50,059)	—	—	(50,059)
Equity-settled share option arrangements	以股權結算之購股權安排	—	—	24,326	—	24,326
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	—	(40,302)	(40,302)
Total identifiable net assets	可識別資產淨值總額	28,254	4,877,833	24,326	(40,302)	4,890,111
Balance at 1 January 2019 and 31 December 2018	於2019年1月1日及2018年12月31日的結餘	28,254	4,877,833	24,326	(40,302)	4,890,111
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	—	(718,757)	(718,757)
Equity-settled share option arrangements	以股權結算之購股權安排	—	—	31,329	—	31,329
Final 2018 dividend declared	2018年已宣派末期股息	—	(303,613)	—	—	(303,613)
Balance at 31 December 2019	於2019年12月31日的結餘	28,254	4,574,220	55,655	(759,059)	3,899,070

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

47. 核准財務報表

財務報表已於2020年3月25日經董事會批准並授權刊發。

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